

To Whom It May Concern:

Attached is the Chandler Police Department Embezzlement Reporting Packet. As explained in the packet we will need the evidence placed into a 3 ring notebook and organized as outlined in the embezzlement packet. We will also need an exact copy of the original notebook to give to the Maricopa County Attorney when the case is submitted. It is also recommended that you make an additional copy for yourself.

There are pictures below to help you get an idea of how the notebooks should be put together. Please make sure that all applicable items in the embezzlement packet are included in the two notebooks. Failure to include all applicable evidence will result in delays and detectives will not take incomplete notebooks.

When you have the two notebooks ready, please turn them into the Chandler Police Department (Attention: Financial Crimes Unit). If you are local and unable to drop off or mail the notebooks, please call and we will arrange to pick them up.

Please be patient during the process and feel free to call with any questions you have reference the embezzlement packet and how it should be completed.

### Example of completed evidence notebook:



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# **Embezzlement Reporting Packet**

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**Chandler Police Department**

**Report Number:**\_\_\_\_\_

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## Instructions

This is the embezzlement reporting packet that is a requirement to be completed by the victim that provides a detailed description of how the crimes were committed. We **cannot proceed** until this packet is **properly completed and all necessary evidence is submitted**. The format used in this packet is directly derived from the format of embezzlement cases that have been successfully adjudicated and that prosecutorial agencies have requested we use when submitting an embezzlement case.

The packet is divided into **three (3)** parts the **narrative, people** and the **evidence**:

- 1) The **narrative** of the crime includes a brief overview of the case, background on the victim company, background on the suspect, and a detailed explanation of the discovery of the theft and what investigation has been completed and what was discovered. Below you will find links to that provide examples of the required narratives as well as link to a blank space to write your own narrative.
- 2) The **people** section includes basic contact information for the suspect as well as any witnesses involved in the case. In addition we request that you provide evidence that the suspect was legitimately paid by the company, i.e. W-2's and payroll reports. If you are going to be reimbursed by a bank or insurance company, please complete a reimbursement form for them. Below you will find links to the blank suspect, witness, and reimbursement information sheets for you to complete.
- 3) The **evidence** of the crime includes copies of all accounting records that document the theft scheme and show the suspect(s) efforts to conceal the theft. The following is a list the types of evidence that we are requesting:
  - Spreadsheets
  - Audit/Accounting Reports
  - Cancelled checks
  - Bank statements
  - Check Registers/General Ledger/Check stubs

Often times in embezzlement cases the embezzler employs several methods/schemes to steal money from the company. For example, the embezzler forges checks, uses the company credit card for personal expenditures, and also steals cash from deposits. Therefore, it is necessary to provide a breakdown of each of the schemes and the corresponding dollar amount involved in the loss.

We request, that once completed, you place the information along with the corresponding evidence into **two (2) separate binders**, one with the originals (where possible), and one exact copy.

The binders should be divided into the following **4 Sections**:

1. **Narrative** – to include the overview, backgrounds, and detailed explanation
2. **Suspect information** – to include personnel and payroll records
3. **Witness information** – to include witness statements
4. **Evidence** – to include spreadsheets, bank records, and internal accounting records

The original binder will be impounded in our property facility and once the case is completely adjudicated it will be returned to you. The copy binder will be used as the working case file. In addition, it is ***critical that you make a copy of your submitted binder(s) for your own reference.***

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**Ctrl + Click on the hyperlink or place cursor on hyperlink and hit “Enter” key.**

**Narrative** – the following are links that provide an example of the type of information to be included in each of the steps as well as a blank sheet for completing your own. You do not have to use the blank forms for your narrative and you may use whatever word processing program you prefer.

[Step 1 – Brief Overview - Example](#)

**Blank - Brief Overview**

[Step 2 – Background on Company - Example](#)

**Blank – Background on Company**

[Step 3 – Background on Suspect - Example](#)

**Blank – Background on Suspect**

[Step 4 – Detailed Explanation of Case – Example](#)

**Blank – Detailed Explanation of Case**

**People** – please complete the following forms as they apply to your case. The forms also indicate the types of evidence needed on the suspect as well as from the witnesses. Be sure to include copies of the suspect’s personnel and payroll records.

[Step 5 – Suspect Information Sheet](#)

[Step 6 – Witness Information Sheet](#)

[Step 7 – Insurance/Bank Reimbursement Sheet](#) to be completed if you have been or are anticipating being reimbursed by your bank or insurance carrier.

**Evidence** – if necessary list all occurrences of theft in a spreadsheet. Be sure to provide copies of relevant cancelled checks, account statements, internal accounting records reflecting the concealment of the theft.

[Step 8 – Spreadsheet](#)

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## Step 1 - Brief Overview –

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An internal audit revealed that from 01/01/03 through 01/31/04, in-house bookkeeper, Melinda Wells, embezzled \$56,000 from the company.

Ms. Wells embezzled funds from the company by three (3) different methods; writing several checks from the company's general account payable to either herself, her husband, Larry Wells, or in payment of their debts; utilizing the company credit card to purchase personal items or cash advances at casinos, and stealing cash from deposits that she was solely responsible for taking to the bank. The following is a list of theft schemes and the corresponding losses:

Theft Scheme	Loss Amount
Unauthorized Checks	\$35,000
Unauthorized Credit Card purchases Cash Advances	\$12,500
Cash theft from deposits	\$8,500
Total	\$56,000

Ms. Wells wrote 20 checks payable to either herself, her husband, Larry Wells, or in payment of their debts. The unauthorized checks total \$35,000, and began in early January 2003 and continued until January of 2004. Ms. Wells was an authorized signer on the account.

Ms. Wells utilized the ABC Supplies Capital One Business Visa #0000-1234-5678-9000 to purchase personal items including plane tickets to St. Louis, MO for her family reunion in October of 2003 as well as cash advances at casinos. There were 22 unauthorized charges and cash advances on the credit card, which total \$12,500. The unauthorized charges/cash advances began in August of 2003 and continued through till December of 2003.

Ms. Wells stole \$8,500 in cash from 12 company deposits beginning in September of 2003 and continuing through January of 2004.

On February 5, 2004, Ms. Wells was interviewed by Sally Dublin, Human Resources Director, and Gerald Drake, Chief Financial Officer, regarding the theft. Ms. Wells confessed to the embezzlement and advised that she had a gambling addiction. Ms. Wells was terminated on February 5, 2004.

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## Step 2 – Background on Company

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ABC Supplies is a manufacturer of paint and painting supplies. ABC Supplies is headquartered in Phoenix, Arizona and was founded in 1984, by Jeff Doe and employs 85 full-time staff. ABC Supplies uses Quickbooks for the internal accounting system. We maintain 1 business checking account at Wells Fargo. The authorized signers on the account during the time of the embezzlement were Joe Doe, Mary Rice, and Melinda Wells. Our payroll is processed by Paychex and our employees are paid every two weeks on Fridays

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## Step 3 – Background on Suspect

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Melinda Wells was employed as in-house bookkeeper of ABC Supplies from June 15, 2000 until February 5, 2004 when she was terminated upon learning of the embezzlement. Ms. Wells had previous experience in bookkeeping for similarly sized manufacturing companies and had positive references. Ms. Wells rapidly became a trusted member of the ABC Supplies family and displayed an exceptional work ethic, often staying late and working weekends.

At the end of Ms. Well's employment with ABC she was paid a gross salary of \$40,000 plus medical benefits. Ms. Wells was responsible for handling accounts payable, accounts receivable, bank reconciliation, submitting payroll information to Paychex, and other general bookkeeping duties. As stated before, Ms. Wells was an authorized signer on the business checking account.

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## Step 4 – Detailed Explanation of Case

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### **Discovery of the theft – how the theft was discovered**

On February 1, 2004, Gerald Drake CFO for ABC Supplies came into work early and happened to review an unopened bank statement for the company in an attempt to determine why the company's net income had been lower than what he and the owner thought it should be for the sales that they had been making. Upon review of the bank statement and cancelled checks Gerald found four checks (2392, 2459, 2469, and 2478) checks that were payable to Ms. Wells that he knew were not her paycheck. Gerald then looked these checks up in the general ledger and found that the checks were for the same dollar amounts; however, they were listed as payable to legitimate company vendors. Gerald then called Jeff Doe the owner and advised him of what he had found. Jeff requested that Gerald conduct a full audit of all of the accounts for the past four years. Gerald then called Sally Dublin, Human Resources Director, and told her what he found and that he was going to conduct a review of all of the accounts to determine the extent of the theft.

## **Investigation – what was done by company up and until it was handed over to the Police Department**

From 02/01/04 through 02/03/04 Gerald reviewed all of the bank statements and available cancelled checks and obtained copies of checks from their bank which were missing back to 2002. Initially Gerald was able to find a total of thirteen (13) unauthorized checks that were written to Melinda Wells or Larry Wells her husband.

On 02/04/04 at 8:00 am at the offices of ABC Supplies, Gerald and Sally confronted Melinda about the thirteen (13) checks. Melinda began crying and stating that she was desperate and that she had gambling problem and that she was very sorry. Gerald asked Melinda if there were any other ways she was stealing. Melinda advised that she had been using the company credit card. Melinda sign a written confession stating that she knew what she did was wrong and that she wants to pay the company back.

On 02/04/04 Gerald called the Chandler Police Department and was directed the Financial Crimes Unit. Gerald spoke to Sgt. Smith and arrangements were made for a Detective to drop off an embezzlement reporting packet.

On 02/07/04 Detective Jones dropped off the Embezzlement Reporting Packet and went over the details of the case.

Between the dates of 02/07/04 through 04/30/04 Gerald and Sally worked to compile the evidence related to the case and conduct a full audit. In the course of that work additional theft was discovered.

On 03/15/04 Jeff received a call from a man by the name of Joseph Rogers advising that he was Melinda's attorney and that he would like to work out a deal with Melinda paying the money back. Mr. Rogers explained that deal was contingent on them not reporting the case to the police. Jeff explained to Mr. Rogers that they did not want to make any deals with Ms. Wells and that they have already contacted the police about conducting a criminal investigation. This was the only contact that has been made by Melinda or her representative since the 02/04/04 interview.

On 05/01/04 the case was turned over to Detective Jones of the Phoenix Police Department.

## **Detailed explanation of the theft scheme(s)**

### **Theft Scheme 1**

Ms. Wells wrote 20 checks payable to either herself, her husband, Larry Wells, or in payment of their debts. Ms. Wells was an authorized signer on the account and signed her name on all of the checks. The unauthorized checks total \$35,000, and began in early January 2003 and continued until January of 2004. Ms. Wells concealed the theft by listing the payees on the general ledger for the unauthorized checks as legitimate vendors of the company i.e. Staples, Office Max, and Alpha Graphics.

Ms. Wells was solely responsible for reconciling the account. See Step 8 – Spreadsheet for a complete list of the checks and supporting evidence.

## **Theft Scheme 2**

Ms. Wells utilized the ABC Supplies Capital One Business Visa #0000-1234-5678-9000 to purchase personal items including plane tickets to St. Louis, MO for her family reunion in October of 2003. In addition, Ms. Wells took cash advances from the credit card. There were 22 unauthorized charges or cash advances on the credit card, which total \$12,500. The unauthorized charges/cash advances began in August of 2003 and continued through till December of 2003.

Ms. Wells had possession of a company credit card and was an authorized signer; however, per written policy, she was only allowed to use the card for the purchase of office supplies under \$50.00. Again, Ms. Wells was solely responsible for reconciling the credit card account, and concealed the theft by paying the balance of the credit card account every month with a company check. Ms. Wells also listed the unauthorized credit card purchases/cash advances on the general ledger as legitimate vendors. See Step 8 - Spreadsheet for a complete list of the credit card purchases/cash advances and supporting evidence.

## **Theft Scheme 3**

Ms. Wells stole \$8,500 in cash from 12 company deposits beginning in September of 2003 and continuing through till January of 2004.

Ms. Wells was solely responsible for making all deposits to the bank. The deposits included checks as well as cash. Inconsistencies between the sales receipts, cash receipts journal, and the deposits as listed on the bank statements indicated that cash was missing from the deposits.

The cash received as reported on the individual sales receipts, which were completed by the sales representatives, and the cash receipts journal entries, which were completed by the accounting clerks, and the cash entries on the general ledger, which was completed by Ms. Wells, all matched. However, the amount listed as deposited cash on the actual deposit slips was either a lesser amount or missing entirely. Ms. Wells was solely responsible for imputing deposits into the general ledger, creating the deposit slips for every deposit, and making the deposits to the bank. See Step 8 - Spreadsheet for a complete listing of the cash theft and supporting evidence.

The total loss suffered by ABC Supplies is \$56,000 based on the evidence collected as of the date of this report.

## **Concealment of the Theft**

Ms. Wells was able to conceal her theft by:

- Maintaining complete control of the bank and credit card statements. The statements were independently opened and reconciled by Ms. Wells;
- Listing legitimate payees in the general ledger to cover the unauthorized checks and credit card purchases/cash advances;
- Paying the entire balance of the seldom used business credit card as to avoid any question; and,
- Entering the cash deposits in the general ledger the same as what was reflected on the sales receipts and the cash receipts journal.

**Description of suspect(s) interviews and subsequent statements, if any.**



On 02/04/04 at 8:00 am at the offices of ABC Supplies, Gerald and Sally confronted Melinda about the thirteen (13) checks. Melinda began crying and stating that she was desperate and that she had gambling problem and that she was very sorry. Gerald asked Melinda if there were any other ways she was stealing. Melinda advised that she had been using the company credit card. Melinda signed a written confession stating that she knew what she did was wrong and that she wants to pay the company back. See copy of written confession statement from Melinda Wells.

**Possible motives for the theft**

Gambling problem

Increasing lifestyle

**Defenses that the suspect(s) will likely assert**

None that we are aware of.

Sample

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Step 5 - Suspect Information Sheet. Make additional copies as needed.

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Suspect \_\_\_\_ of \_\_\_\_:

Last Name:				Middle:	
Date of Birth:		Social Security Number:			
Home Address:					
City:		State:		Zip Code:	
Home Phone Number:		Other Phone Number:			
Position/Title:		Hire Date:			
Termination Date:		Salary/Pay:			
Other Information:					

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Please provide the following items:

- ✓ Job Description/Duties
- ✓ Direct deposit form
- ✓ Payroll information – this is necessary to show they were legitimately paid – W-2 or payroll reports
- ✓ Job application

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Step 6 - Witness Information Sheet – There are five (5) blank witness information sheets provided below. If you have more than five witnesses make copies of the blank forms.

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Witness \_\_\_ of \_\_\_:

Last Name:		First Name:		Middle:	
Date of Birth:		Social Security Number:			
Home Address:					
City:		State:		Zip Code:	
Home Phone Number:		Other Phone Number:			
Position/Title:		Hire Date:			
Termination Date:		Willing to testify:			
Other Information:					

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**Please provide a witness statement from every witness.**

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### Step 6 - Witness Information Sheet

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Witness \_\_\_\_ of \_\_\_\_:

Last Name:		First Name:		Middle:	
Date of Birth:		Social Security Number:			
Home Address:					
City:		State:		Zip Code:	
Home Phone Number:		Other Phone Number:			
Position/Title:		Hire Date:			
Termination Date:		Willing to testify:			
Other Information:					

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**Please provide a witness statement from every witness.**

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### Step 6 - Witness Information Sheet

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Witness \_\_\_\_ of \_\_\_\_:

Last Name:		First Name:		Middle:	
Date of Birth:		Social Security Number:			
Home Address:					
City:		State:		Zip Code:	
Home Phone Number:		Other Phone Number:			
Position/Title:		Hire Date:			
Termination Date:		Willing to testify:			
Other Information:					

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**Please provide a witness statement from every witness.**

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### Step 6 - Witness Information Sheet

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Witness \_\_\_\_ of \_\_\_\_:

Last Name:		First Name:		Middle:	
Date of Birth:		Social Security Number:			
Home Address:					
City:		State:		Zip Code:	
Home Phone Number:		Other Phone Number:			
Position/Title:		Hire Date:			
Termination Date:		Willing to testify:			
Other Information:					

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**Please provide a witness statement from every witness.**

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### Step 6 - Witness Information Sheet

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Witness \_\_\_\_ of \_\_\_\_:

Last Name:		First Name:		Middle:	
Date of Birth:		Social Security Number:			
Home Address:					
City:		State:		Zip Code:	
Home Phone Number:		Other Phone Number:			
Position/Title:		Hire Date:			
Termination Date:		Willing to testify:			
Other Information:					

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**Please provide a witness statement from every witness.**

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Step 7 – Insurance or Bank Reimbursement Sheet. There are two (2) forms provided below, make additional copies as needed.

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\_\_\_ of \_\_\_:

Company Name:		Claim Number:	
Contact:			
Mailing Address:			
Phone Number:		Other Phone Number:	
Position/Title:		Date of Claim	
Date Paid:		Amount Paid out:	
Other Information:			

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Attach copies of the claim and any reimbursement information.



## Insurance or Bank Reimbursement Sheet

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\_\_\_ of \_\_\_:

Company Name:		Claim Number:	
Contact:			
Mailing Address:			
Phone Number:		Other Phone Number:	
Position/Title:		Date of Claim	
Date Paid:		Amount Paid out:	
Other Information:			

Attach copies of the claim and any reimbursement information.

**Step 8 - Spreadsheet – Make additional copies as needed.**

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		Total	\$		

## Step 8 - Spreadsheet

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		Total	\$		

## Step 8 - Spreadsheet

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		Total	\$		

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Step 1 - Brief Overview –

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Theft Scheme	Loss Amount
<b>Total</b>	<b>\$</b>

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Step 2 – Background on Company

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Step 3 – Background on Suspect

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Step 4 – Detailed Explanation of Case

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**Discovery of the theft – how the theft was discovered**

**Investigation – what was done by company up and until it was handed over to the Police Department**

**Detailed explanation of the theft scheme(s)**

Concealment of the Theft

**Description of suspect(s) interviews and subsequent statements, if any**

**Possible motives for the theft**

**Defenses that the suspect(s) will likely assert**