

[Back](#)

Brown County embezzlement cases cause alarm

Businesses warned as incidents surge

By Paul Srubas

psrubas@greenbaypressgazette.com May 3, 2006

The largest robbery case that Brown County District Attorney John Zakowski ever prosecuted involved some guy making off with about \$1,200.

That's peanuts compared with what white-collar criminals are doing routinely in Brown County, Zakowski told a group of about 100 businessmen and women Tuesday.

"Whoever said you can steal more with a suit and tie or a nice dress than you can with a gun knew what he was talking about," Zakowski said before ticking off a variety of recent cases in Brown County that meant losses of tens of thousands of dollars for the victims.

Embezzlement cases are clearly on the rise in Brown County, he said, but whether it's due to more criminals or more people getting caught, "we don't know."

Zakowski was the keynote speaker in a program put on at the Holiday Inn City Centre in Green Bay by Schenck Business Solutions, an Appleton-based company that provides accounting and other business services.

Schenck's fraud specialists, LeRoy Matuszak and Bill Ritchay, spoke at the event, which was offered free to anyone who preregistered as an assist to local businesses.

A recent spate of local embezzlements — in particular one at the NEW Zoo in Suamico — prompted the event, according to Schenck's promotional literature on the event.

Nonprofit businesses, small businesses, large corporations and government services all are typical victims of internal theft, the three men all said.

The typical perpetrator is an older, long-term employee, because most frauds require extensive knowledge of a company's operations and bookkeeping practices, all three said. And a long-term employee is more likely to be trusted with access that allows embezzlement, they said.

A typical embezzler has "an unshareable need" — a gambling addiction, for example — that must be kept secret, Ritchay said.

And he or she typically has learned to rationalize the theft — that he or she is "just borrowing the money" or that "the company won't miss it," Ritchay said.

Tips and accidental discoveries are more commonly responsible for catching embezzlers than are audits or internal controls, Matuszak said.

"It doesn't exactly give you a warm feeling to know that so many are discovered accidentally," he said.

Among their suggestions for loss prevention:

- Pay close attention to your company's expenditure journal entries. Watch for irregular entries to cash accounts, write-offs of inventory or write-offs of accounts receivable. Entries should differentiate between regular or recurring entries and "one-time" entries.
- Separate the authorization, purchasing, receiving, shipping and accounting functions at your company. Standardize your documentation of authorization procedures for purchase orders, invoices and payments. Review the vendor list periodically, for strange vendors and addresses.
- Review your cash-handling procedures regularly. Some pitfalls: Often, the same person who performs the bank reconciliation also performs nearly all other accounting functions with little or no supervision. Companies often become complacent because the employees with cash-handling ability are trusted, competent employees, but that's often when thefts occur.

If you are victimized, don't be afraid to report it, Zakowski said.

He spoke of a local case in which a service business lost almost \$10,000 to an employee. The company learned after the theft that the employee had previously done the same thing at two other businesses, but neither of the previous victims reported it, so it didn't show up in a background check done on the employee, Zakowski said.

The most eye-opening part of the conference for Edgar Graves, the financial officer for Pepsi Cola Bottling Co., was the size of the embezzlements in the cases Zakowski talked about.

"You'd never think they were so large, especially in some of these small businesses," Graves said.

Graves said he's confident of his company's safe business practices, but he always finds it helpful to be reminded of cases of embezzlement, just because it raises awareness.

Kim Ward of Space Explorers Inc. of Green Bay found the conference interesting — "especially the part by the district attorney, which had some practical examples." She said she wished they could have spent more time on preventive measures. She planned to pore over the booklet that Schenck handed out to find more tips.