

NORTH CAROLINA ASSOCIATION FOR MIDDLE LEVEL EDUCATION

# JOURNAL

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Spring 2019, Volume 31, Number 2

## **Current Bookkeeper Crimes:**

### **What Not to Do and How to Protect your School's Resources**

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### Abstract

Effective school finance is essential to public education, as schools rely on funding to provide an equitable education to all students. Ensuring that these funds are being dispersed correctly and ethically often falls on the school bookkeeper. However, this opens the door for possible fraudulent activity, as one individual has the responsibility of handling large sums of money from various accounts within the school. It is no surprise that bookkeeper crimes are prevalent and occur in many different capacities around the United States. This paper will review seven recent school bookkeeper embezzlement scandals and then outline methods to significantly reduce the chances of a long-term scheme occurring within a school.

*Keywords:* school bookkeeper, fraud, embezzlement, crime, finance, public education

## Introduction

Leading schools at any level has become increasingly difficult as administrators work to have a positive impact on teaching and student learning, while also maintaining the daily operations which are pivotal to a school's success. Running and improving schools depends on obtaining the proper resources, which relies on money. Therefore, the importance of maintaining an effective and efficient accounting system within public schools cannot be over emphasized. Effective financial practices equate to managing funds and accounts so that the budget aligns with the school strategic plan. While school budgeting varies from state to state and district to district, one role remains at the center of this process: the bookkeeper. Outside of the principal role, this position is of the utmost importance in managing and maintaining proper financial records and processes.

The role of the bookkeeper requires someone to be detail oriented, organized, communicative, and, above all else, trustworthy. Trustworthiness is integral to this position because this individual is constantly handling large sums of money, linked to all accounts within the school, which provides endless opportunities for money to be laundered. Therefore, what happens when a less than trustworthy individual acquires this position? Embezzlement. There is no shortage of embezzlement scandals within public schools throughout the United States. The following will outline several of these cases and then identify practices that can serve to prevent these crimes from occurring or, at the very least, detect it in the early phases.

Knowledge is power. The following information should be used as a springboard for action. The most effective leaders will read, process the information, and then create action steps to avoid detrimental situations and keep all resources where they should be, with students and teachers.

### **Current Bookkeeper Crimes**

#### **Case #1: Middle School, Brevard County, FL (2017)**

On June 30, 2017 a bookkeeper from Southwest Middle School pleaded guilty to embezzlement and was sentenced to seven years in prison. Over the course of seven years (2007-2014), Natalie Jean Jones embezzled \$108,000 from school accounts intended for field trips, school supplies, and extracurricular activities. Her fraudulent behaviors were discovered by the principal, after he noticed discrepancies within the school accounts. Over the seven-year period, Jones “would write checks to vendors and record them in the school's ledger, then cancel them and forge a new check to herself” (Glenn, 2018). During this time, Jones also regularly discussed her vacations to New York and annual passes to Disney, which might have served as an indicator that she was living beyond her means.

Despite Jones’ behaviors, many of her close friends and family members spoke to Jones’ trustworthiness. They noted her community involvement and the fact she was a regular volunteer for her church. Her second employer at a local construction company also explained that she was a model employee and that everyone deserves a second chance. However, others felt that this act was beyond reproach, as her principal explained that the incident “not only damaged employee morale but the community's trust in the school” (Glenn, 2018). Therefore, the prosecution requested the punishment fit the crime, calling for a seven year sentence, which was equitable to the amount of time she committed the crime.

It would seem that with the media coverage of this event and the subsequent arrest of Jones, that it would deter others within the district from acting on similar impulses. However, only a few years after Jones’ arrest another bookkeeper within this district was accused of stealing \$170,000. In reaction to these events, the district has “made moves to implement more

surprise audits, provide more training to principals and is considering centralizing all school accounts under the district headquarters and contracting an armored car service” (Glenn, 2018).

### **Case #2: High School, York County, VA (2018)**

A bookkeeper employed at Bruton High School was sentenced to three years in prison on May 24, 2018, along with being ordered to pay \$5,000 in restitution to the York County School Board. Charlene Denis Flood-Liggon was found guilty of “nine counts of embezzlement and fifteen counts of forgery” (Albiges, 2018), involving the theft of students activity funds. Over the course of four years, Flood-Liggon embezzled approximately \$150,000, all of which would have been put toward funding new uniforms, equipment, club activities, and field trips. Several of the school sponsors noted accounts being lower than they should be and the principal, Arletha Dockery, noticed that there were “several years of cash deposits missing from school accounts” (Albiges, 2018). Once these observations were made, Dockery immediately reported the suspected embezzlement on the part of Flood-Liggon.

When called upon to explain the discrepancies, Flood-Liggon simply claimed that she had made a mistake and was shortly dismissed from her position. Upon further investigation, Dockery also discovered that Flood-Liggon had created an Amazon account from which she made several fraudulent purchases. Dockery’s efforts were praised by the Commonwealth’s Attorney, Ben Hahn, despite the fact that she came under heavy criticism for her investigation. Hahn claimed that it was “abundantly clear that Ms. Dockery [was] the true hero of this sad saga. The citizens of York County owe her a debt of gratitude” (Albiges, 2018). This is increasingly apparent upon the consideration that under Flood-Liggon’s occupancy in her position the student activities fund equaled 20,693 and after her dismissal now totals over \$152,000.

**Case #3: Middle School, Beaufort County, SC (2018)**

Patricia Sams, a former bookkeeper for Lady's Island Middle school, was charged on July 30, 2018 with "breach of trust with fraudulent intent of more than \$2,000 but less than \$10,000" (Angst, 2018). Sams was the primary holder of the school credit card and did not have to pass any type of financial background check during the hiring process. If she had, it would have shown that she had a history of financial fraud. The investigation revealed that Sams had "used the card without authorization to make personal purchases totaling more than \$2,000 at various locations across South Carolina between May and June 2018" (Angst, 2018).

Jim Foster, the district spokesperson, explained that the districts internal controls alerted them to the unauthorized purchases and action was taken promptly. Sams' case was the first incident of this type that they are aware of and felt it crucial to take preventative measures to ensure it did not occur again. Based on this incentive, "the district is implementing additional internal controls to monitor the use of its 44 district credit cards" (Angst, 2018). In addition, they are creating two positions in their finance department overseeing the controls and auditing requirements. No further information has been posted on Sam's sentencing.

**Case #4: District Office, Mercer County, NJ (2018)**

On August 13, 2018, Angie Dellitt, the district office bookkeeper for the Mercer County School District, was charged with felony embezzlement. The exact amount that Dellitt was accused of stealing is not specified, however it is between \$500 and \$10,000 from the district and between \$10,000 and \$100,000 from the Mercer County Athletic Booster Club. The charges brought against her claim that the "funds were used for, 'her own personal use,' including hotel

rooms, restaurants, meals and other personal items” (Smoldt, 2018). Upon receiving these charges, Dellitt resigned from her position and turned herself in.

Both of the counts she is charged with are class two felonies and could have landed her significant jail time. However, on December 12, 2018, she signed a plea agreement to the second count of felony theft of 10,000 to 100,000, and the other charge was dropped. Based on the plea agreement, she was sentenced to “120 days in the Mercer County Jail, with 20 days to be served and the remainder stayed, pending her compliance with other parts of her sentence” (Decker, 2019). Dellitt was also ordered to serve 30 months of probation and pay \$50,000 in restitution to the booster club. Additionally, she was required to “obtain a mental health evaluation and complete any recommended treatment” (Decker, 2019). Her lawyer felt that the sentencing was appropriate, considering she was a first time offender.

#### **Case #5: Board of Education, Kearny, NJ (2018)**

Even the Board of Education is not impervious to embezzlement, as Gina Neri, the bookkeeper for the Kearny Board of Education, was accused of stealing \$190,000 over the course of several years. It was found that Neri “was ‘unlawfully negotiating checks’ from the board of education’s bank account between 2011 and 2017” (Kanzler, 2018). The district’s business office noticed discrepancies in the accounts and launched a month-long investigation. This investigation resulted in Neri being charged with second-degree theft by deception. The board placed Neri on administrative leave without pay; however, Neri later resigned from her position.

Neri pleaded guilty to the theft, as well as failing to file a tax return. While second-degree crimes can result in as many as 10 years in prison, Neri took a plea deal and pleaded to third-

degree theft by deception. While this could have still resulted in as many as 5 years in prison, since Neri was a first time offender, she only received five years of probation. However, part of the plea deal required her to “pay \$318,000 in restitution and also file updated tax returns” (Conte, 2018). As for why she committed the crime, Neri’s lawyer simply stated that there were “extenuating circumstances that led to the thefts” (Conte, 2018).

### **Case Study #6: High School, Manatee County, FL (2019)**

Assistant bookkeepers can also play a hand in the deception tied to fraudulent behavior concerning school accounts. Typhani Butler, a former assistant bookkeeper from Braden River High School in Manatee County, was charged with stealing more than \$27,000 while employed with the school. She was originally hired to assist Ann Mannino, the head bookkeeper, in August of 2014. When she was out sick in February of 2018, Mannino “discovered issues with Butler’s records, and she soon realized \$2,750 was missing from the school’s safe” (Sabella, 2018). When questioned, Butler claimed the money was locked in her desk, but no money was found upon opening it. When further questioned, Butler had no response other than to ask what would occur if the money was returned. The same day she was questioned, she submitted her resignation and an investigation ensued.

On June 25, 2018, Butler was arrested and charged with a scheme to defraud. In addition, it was found that Butler had also schemed the welfare system, failing to report her employment while collecting welfare benefits. Butler originally put in a plea of not guilty, and the case was intended to go to a jury trial. However, on March 27, 2019, “Butler pleaded no contest to charges of welfare fraud and scheme to defraud” (Sabella, 2019), both of which are felonies. Butler was sentenced to 15 years of probation, five days in jail, and was ordered to pay more than \$20,000



to Braden River High School and close to \$6,600 to the Florida Department of Children and Families.

### **Case Study #7: High School, Walker County, GA (2019)**

The transition from one bookkeeper to the next can often times yield results of fraud as well. On February 25<sup>th</sup>, 2019, Lonna Louise Crow, a former bookkeeper for Ridgeland High School in Walker County, was charged with “22 counts of financial transaction card fraud” (Jett, 2019). Crow has been accused of stealing \$8,868 from the school. Using the school’s Lowe’s credit card, she purchased Visa, Mastercard, and iTunes gift cards. Her actions were discovered after she had resigned from her position and another bookkeeper was taking over her duties. The school has line item transactions along with video footage supporting the allegations. Damon Raines, Walker County School Superintendent, claims that the district “will continue to reinforce internal controls and procedures as well as provide ongoing training to all system bookkeepers in an effort to eliminate these actions in the future” (Walker Co. Sheriff's Office, 2019). Crow will appear in court at a later date.

### **Conclusion**

The fact of the matter is that bookkeeper crimes happen all over the United States, in several different capacities. There are large sums of money consistently being transferred at the school level, which leaves it wide open to fraudulent activities. School bookkeepers have the means and some have the motivation to scheme against the school, no matter how trustworthy they might seem to be. The unintelligent approach is to assume it could never happen at your school. Therefore, principals need to make sure they are vigilant when it comes to school accounting in order to avoid any financial mishaps, intentional or accidental.

Five steps to assist in preventing fraud within the school system are as follows:

1. Establish strong internal controls
2. Implement confidential reporting hotlines
3. Perform surprise audits
4. Utilize data analysis
5. Train employees (Fish, 2018).

In addition, even though “there are typically no distinguishing factors of the ‘average’ perpetrator of fraud” (Fish, 2018), some behaviors to be aware of that could imply less than appropriate behavior would be: an employee living beyond his or her means, financial difficulties, unusually close association with a vendor, wheeler-dealer attitude, control issues and an unwillingness to share duties, family problems, and irritability, suspiciousness or defensiveness (Fish, 2018). Putting these safeguards into place and being cognizant of these other behaviors may not prevent fraudulent activities from occurring, but they will help to ensure that the behaviors are caught before they become too detrimental to the school and the very students that are meant to be served.

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Dr. James Davis has research interests that include school transformation, teacher effectiveness, teacher leadership, principal support, and serving at-risk populations. He strives to implement his personal mission statement on a daily basis: "Love Kids, Support Teachers, Involve Parents, and Pass it On."

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