

# The audacity of greed, Gen-X style

## Employee embezzlement's dueling divas

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### Case in Point: Case history applications



In my earlier *Fraud Magazine* Case in Point, "[Fluffie the Bank Account Slayer](#)" (January/February 2014), I chronicled the adventures of a classic paperhanger whose expensive, girly narcissism cost hundreds of individuals and businesses more than \$430,000 in 3½ years and whose criminal case cost me — a paralegal CFE with a county attorney's office — an equal amount of irritation.

In subsequent cases, I've learned — much to my dismay — that Fluffie wasn't unique in her felony-diva vibe; in fact, she was a role model of sorts for the generations that follow her. Shortly before her case was concluded, I found myself shepherding not one but two employee embezzlement cases whose details — including the Fluffie Quotient — were so similar that at times I was in great danger of mixing them up in my evidence/discovery files, my spreadsheets (my beloved spreadsheets), my calls to law enforcement, prosecutors and defense attorneys, and my poor head.

However, there's still so much more to learn from my tale of Sydney and Joely. (I've changed all names to protect the innocent and guilty.)

### **SYDNEY AND JOELY: DARK STARS CIRCLING**

Sydney was born in 1980, and by 2008 she was the unmarried mother of two children and proud possessor of six traffic charges, two DWI charges and three theft charges (at least two of which were check-related). She also had the face and physique of a brunette model for The Gap, and she knew it.

In July 2008, Sydney ran into one Justin Thomas at a party. Justin was the owner of Home Renewal and Repair LLC — a very small, newish local company that specialized in repairing and remodeling homes that had suffered storm damage. Justin, quite by coincidence, was Sydney's boyfriend's best friend. At this party, she learned Justin was looking for a new bookkeeper, and over tequila shots she lobbied Justin for the job. Justin, who trusted his best friend's selection of women and was impressed by Sydney's looks, her purported bookkeeping training and taste in tequila brands, hired her to be his new fulltime bookkeeper.

Meanwhile, across town, there was Joely. She was born in 1982, and in 2008 was single with no children, no advanced education, no consistent job history, but she had a thriving night life and Facebook account. She, like Sydney, was an attractive brunette who resembled actress Natalie Portman.

Joely's father, an attorney with questionable ethics, had gotten tired of financing Joely's night life, so she signed on with a local office-temp agency. In September 2008, she got an assignment at Landscape Luxe Inc., another very small local company that had been in business for 32 years. Landscape Luxe hired Joely to temporarily replace its longtime office administrator who was retiring. The owners of the company, seasoned businessmen Sam Reilly and Harris Jones, were pleased with Joely's performance, so they hired her permanently in November 2008.

## **NO TIME WASTED**

Just a few days after Sydney assumed all bookkeeping responsibilities, she began to forge Justin's name on business checks and use them to pay herself for cash and her landlord for rent payments. She buried these fraudulent transfers in the office's QuickBooks system, changed the payee information and miscoded the purpose of the transfers — sometimes hiding the entry's row electronically.

Sydney also accessed the business' corporate VISA credit card and charged innumerable purchases on the main account number and a sub-account she opened without Justin's knowledge. In an employee embezzlement Ponzi scheme of sorts, she forged checks from the business account to pay the outstanding balances on the credit card account and transferred the balance of one sub-account to a second sub-account she opened up for herself. She also opened up store accounts with a couple of local big-box retailers by using a deceptive conflation of her name with the former bookkeeper's name and the business' taxpayer ID number.

Within 15 months, Sydney stole more than \$165,000 under the nose of Justin — who trusted her, was better at doing the business than *running* the business and had his own problems. Now, in comparison with the dollar loss of other fraud schemes we CFEs have encountered, \$165K can seem like small potatoes. But this was a big enough potato to eventually drive Justin out of his fledgling business, out of his house and onto his mother's couch, and send several employees to the unemployment line.

Meanwhile, in October 2008, about a month *before* Joely was formally hired as a permanent employee at Landscape Luxe, she began embezzling by issuing checks to herself from the business bank account by, at times, forging one of the owner's signatures on the checks.

After she became a permanent employee, she had complete control over the distribution of incoming mail and management of the company's online communication systems, so she began making unauthorized personal charges on the business' credit cards. She opened new accounts in Landscape Luxe's name — sometimes with an owner's personal information — and paid the credit card thefts with the business bank account.

Like Sydney, she manipulated the business' bookkeeping records to hide these blossoming credit card bills, and she changed the credit card and bank statement delivery from snail mail to her own email account. The owners — both very busy men who had had no problems with Joely's predecessor — seldom noticed any changes in the administration of the office, and when they did notice something, Joely explained it away. Between October 2008 and her final termination in March 2011, Joely stole more than \$130,000. Not bad for a garage-band groupie who grew up in a cul-de-sac.

## **GREAT MOMENTS IN WRETCHED EXCESS**

It's axiomatic that you can tell embezzlers' genders by the statements of the victims' plundered bank and credit card accounts. Even though they didn't know each other, Sydney's and Joely's spending patterns were so similar I could almost imagine them texting each other from different courts at the Mall of America and so predictable that they were like a set of twins that had fallen out of an issue of *InStyle* magazine.

They were so similar that I used one spreadsheet template for both cases for my data dumps. Victoria's Secret and Soma Intimates. The Aqua Nightclub and First Avenue. Lifetime Fitness Diamond-level memberships and Pizza Lucé and Weight Watchers. Darque Tan and lots of booze emporia. Jack Wills shoes for boyfriends and subscriptions to Match.com. Delta Airline tickets and Modria Hotel stays and Las Vegas rollercoaster rides. Nordstrom and Christian Dior and iTunes. Rent and utilities and Verizon.

For Sydney, Hottie Clothing in Tempe, Ariz., and select plastic surgeries, presumably to model the clothing more satisfactorily. For Joely, edgier purchases of an extraordinary number of rock concert tickets through StubHub, tattoo parlors, hot-yoga studio private sessions, Twins/Timberwolves/Vikings/Wild tickets and some random junk from a business called Monkey in a Dryer Screen Printing.

Given the number of restaurants they each frequented, including the requisite chef-driven phantasmagorias where the bubbles in the artesian water were locally sourced, I don't believe either ever cooked one meal. And reviewing the amount of money they stole from their employers, it's doubtful they ever had to dip into their own personal checking accounts even once.

## **SYDNEY'S GRAVY TRAIN DERAILS**

Justin found out about Sydney's thefts when he had to lay her off, along with other employees, because of financial problems in the business. Sydney had password-protected the QuickBooks system, so Justin contacted QuickBooks' IT department, which told him he could run a report on voided, deleted or altered transactions. He did so and found quite a few. He then got his own copies of bank statements and credit card statements and learned just how much Sydney had stolen and how quickly she began doing so after he hired her. He confronted her at a local restaurant; she cried and pleaded to be given a chance to pay him back, singing *The Struggling Single Mom Canticle*. She even hand-wrote a confession of sorts that Justin held on to.

A month's-long text dialogue went something like this:

"when RU gonna pay me?"  
"IDK was expecting tax rfnd now no"  
"WTH U think i can wait?"  
"pls be patient my kids need shoes"  
"UR kids W/E, i have bills too!"  
"OMG I'M TRYING"  
"IDC try nothing, i want my money u lied"  
"O RLY NTIM but shane broke up w/me this wk thks to u"  
"IDC good for him i want my money or i call cops EOD"  
"LOL ill call cops 2 for ur fake bizns"  
"u do that CUL8R"

It took Justin a surprising amount of time to get tired of all of this, but he finally went to the police station.

## **JOELY'S CHUTZPAH AND SHELL-COMPANY PLOY**

Harris Jones learned about Joely's misadventures while she was vacationing in Cabo San Lucas on the business' nickel. He'd attempted to use one of the business' credit cards and was declined; he got suspicious because he knew

a substantial payment had been made recently on this card's balance. He reviewed the card's statements and found several charges in Cabo San Lucas, then began his own audit of the company's financial accounts and learned the dimensions of Joely's thefts.

He and Sam confronted Joely when she got back; she cried and pleaded to be given a chance to keep working and pay them back. Both men of compassion and fathers of daughters, they agreed. Instead of the company taking repayment deductions from Joely's paychecks, she recruited her ethics-challenged attorney father to try to set up a shell company in Delaware through which the company could funnel the theft losses, and Harris and Sam could report these losses on their taxes. (Hopefully, this confuses you as much as it does me.) Harris and Sam may have been compassionate, but they weren't stupid; they realized that this would be a scam. They subsequently fired Joely and reported her to the police. (She still managed to open up yet another credit account in the business' name during her second-chance period.)

### **THE TORTURE OF A PARALEGAL CFE**

Sydney was charged with four counts of felony theft by swindle over \$35,000 and Joely was charged with nine counts of felony theft by swindle over \$5,000. The cases were prosecuted simultaneously just through sheer coincidence. My analysis of each case, as originally submitted by detectives, of course, revealed that there were more thefts than the investigations first alleged. So, my office had to subpoena more bank and credit card records. (Yes, I almost scanned Sydney's records into Joely's folder and vice versa.)

My preparation of the criminal complaints required that I create spreadsheets detailing each and every fraudulent transaction. And, yes, I almost input bank and credit card data from Joely's case into Sydney's spreadsheet and vice versa. I had to disclose to the defendants' respective attorneys all evidence including bank and credit card records. And yes, I almost disclosed one whole case file to one whole wrong attorney. In one inspired burst of confusion I tried to import Sydney's aggregated theft schedule table into Joely's case's sentencing memorandum draft.

Thankfully, both Sydney and Joely opted to plead guilty rather than go to trial, thereby sparing their respective victims that much more anguish and yours truly that much more time in felony-dueling Divaville — time I would never get back.

Sydney and Joely each continues to try to reduce the length of their respective sentences, but that's okay because neither of the prosecutors needs any of *my* assistance anymore.

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