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Fraud, forgery on the rise

Expert says firms now more likely to report crimes

By Tim Martin
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The wave of embezzlement charges that has swept mid-Michigan recently highlights a statewide rise in reported embezzlement, fraud and forgery offenses - up at least 15 percent from 1997 through 2001.

Some have blamed the rise on the sour economy or gambling debts. But experts offer a more fundamental analysis: In an effort to deter future thefts, more organizations are reporting and prosecuting crimes they once shielded from the public.

"It's not like in the past, where companies might give the employee a pink slip and send them quietly on their way," said Mahesh Nalla, a Michigan State University criminal justice professor. "They want to send a message to other employees - they'll prosecute these crimes."

It's also easier to commit some types of fraud because of the Internet and computer technology. But employers are using the same tools to catch more of the criminals.

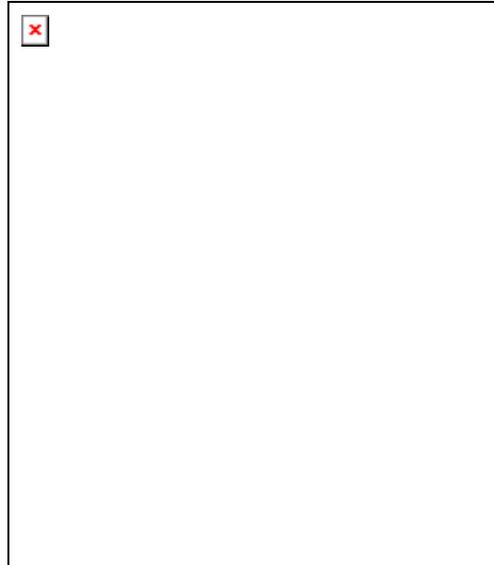
In the Lansing area, recent prosecutions include two cases each at Sparrow Hospital and the United Way and one each from city governments in Grand Ledge and Lansing.

The extent of the white collar crimes isn't fully known. But reported fraud and embezzlement charges climbed 15 percent between 1997 and 2001, according to the state police. Forgery and counterfeiting offenses rose 23 percent. Statewide numbers aren't yet available for 2002.

Some fraud goes undetected, and at least 25 percent of discovered cases are never reported to law enforcement officers, according to estimates by the Association of Certified Fraud Examiners.

The reason: Organizations, especially private companies, don't want bad publicity. Their reluctance has led to embezzlers going free, usually with a deal to pay back the money they took.

Some of those barriers may be breaking down. United Way officials in mid-Michigan went public with two cases - a \$1.9 million theft from the Capital Area United Way, and a suspected \$1,800 theft from the Shiawassee United Way.



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Money crimes: Eaton County Assistant Prosecuting Attorney Nathan Williams (right) talks about fraud.

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Mid-Michigan cases

- Jacquelyn Allen-MacGregor, former vice president of finance for Capital Area United Way, pleaded guilty this month to federal charges connected to the embezzlement of \$1.9 million. She will be sentenced May 19.
- Jinny Clark, a former aide at Shiawassee United Way, is charged with embezzling \$1,800 from the charity. A plea agreement is expected to be entered April 14.
- Patricia Agnes Walters, a former Sparrow Hospital employee, is charged with embezzling at least \$60,000. A preliminary hearing is scheduled for

Sparrow Hospital went public with two suspected embezzlements this year totaling at least \$190,000.

"We believe that breaking the law deserves due punishment," said Lorri Rishar, a Sparrow spokeswoman.

The publicity from the incidents - and the prosecution in local court systems - could act as a deterrent for other employees. They also help sound the alarm at other organizations.

"It's a difficult thing to do, but it's the right thing to do," Ingham County Prosecutor Stuart Dunnings III said of the decision to report the crimes.

Sparrow has increased the thoroughness and frequency of internal auditing in recent years, Rishar said, as the growing health care system handles more and more money. That process detected both suspected embezzlements.

An outside audit caught the suspected Shiawassee United Way embezzlement. A review of records sparked by a finance officer's departure led to the discovery of the \$1.9 million theft from the Capital Area United Way.

Eaton County launched an economic crimes unit last year, partly in response to a growth in bad check and other fraud cases.

Some types of fraud - including identity theft and cases involving stolen credit card numbers - are clearly growing along with the Internet. So may be crimes committed with fake checks - easily forged with laptop computers, scanners, printers and software for sale at electronics stores.

"You can walk into Best Buy and get what you need to make good-looking, fake checks," said Nathan Williams, an assistant prosecuting attorney for Eaton County. "The technology is getting better and better."

So are the tools to catch the crooks. Williams helped run a training seminar Wednesday for Eaton County merchants, teaching them to look for the signs of employee theft and fraud.

"Technology might make it easier for criminals sometimes, but it can also make the crime easier to detect," said Lansing police Lt. Bruce Ferguson.

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March 7.

- Teresa Ann Smith, a former Sparrow cashier, is charged with embezzling \$130,000. Her preliminary hearing is Friday.
- Joy Linell Martin, a former city of Grand Ledge employee, is charged this week with stealing more than \$8,000 in water bill and property tax payments. A preliminary hearing is scheduled for March 7.
- **Definitions**
- **Embezzlement:** The illegal taking, misapplying or misappropriating of money or items of value entrusted to a person's care or custody.
- **Forgery and counterfeiting:** The making, uttering or possessing - with intent to defraud - faked materials that are attempted to pass as true. This could include faked checks or forged signatures.
- **Fraud:** The conversion and obtaining of money by false pretense. This could include computer crimes and identity thefts.