

Statistical Thinking For Data Science And Analytics

Real-life financial statement
frauds and case studies

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What is Fraud & Abuse?



Fraud & Abuse

- **Fraud**

“Any crime for gain, which uses deception as its principle mode of operation”

- **Occupational Fraud (abuse)**

“The use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization’s resources or assets”

Other Definitions

- A deceitful act, a corrupt practice an improper use or treatment, “misuse”
- Any intentional or deliberate act
 - To deprive another of property or money
 - By deception or other unfair means



Black's Law Dictionary – Definition of Fraud

- *“A knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment”*

What is Forensic Accounting?

- Forensic accounting is the integration of accounting, auditing and investigation skills
- “Forensic” according to ***Websters’ Dictionary*** means “*Belonging to, used in or suitable to courts of judicature or to public discussion and debate*”
- Not dead person

In Other Words

- Forensic accounting is the action of identifying, recording, settling, extracting, sorting, reporting, and verifying past financial data or other accounting activities for settling current or prospective legal disputes, or using such past financial data for projecting future financial data to settle legal disputes

Fraud Happens

- Fraud happens as honest mistakes
- What happens when an employee makes a mistake and does not get caught?
- It does not take a genius to steal
- Many fraudulent situations are relatively easy to understand and easy to perpetrate schemes

What is a CFE?

- Certified Fraud Examiner (CFE)
- Specialist in the detection and/or deterrence of a wide variety of fraudulent activity



ACFE Organization

- Established in 1988 and headquartered in Austin, TX, the ACFE has grown from:



- 1992 – 5,500 members
 - 2004 – 29,000 members
 - 2007 – 40,000 members
 - 2010 – 55,000 members
 - 2012 – 60,000 members
 - 2014 – 70,000 members
 - 2016 – 75,000 members
- Membership represents 185 chapters in over 150 countries worldwide
 - 94 Chapters in USA (New Jersey Area Chapter) (FL 7 chapters)
 - Membership requires CFE adhere to strict code of professional conduct and ethics

Certified Fraud Examiners

- Certified Fraud Examiners (CFEs) are anti-fraud experts who have demonstrated knowledge in four critical areas:
 - Financial Transactions and Fraud Schemes
 - Law,
 - Investigation, and
 - Fraud Prevention and Deterrence.



ACFE 2016 Report to the Nation on Occupation Fraud and Abuse

- Estimated Typical Organization Losses 5% of Revenues each Year due to Fraud – (\$3.7 trillion)
- Fraud Schemes are Extremely Costly
 - Median loss \$150k
 - 23.2% of case losses > \$1m
- Asset Misappropriation most common occupational fraud (83% of cases)
- Schemes Can Last for Years - Median duration 18 months
- Tips are Key in Detecting Fraud
 - More than 39.1% cases detected by tips
 - Higher percentage with Companies with hotlines



ACFE 2016 Report to the Nation on Occupation Fraud and Abuse – cont'd

- Whistleblowers most likely to report fraud to:
 - Direct supervisors (20.6%)
 - Company executives (18%)
- Cases involving government victim
 - Federal level - \$194k median loss
 - State level - \$100k median loss
 - Local level - \$80k median loss



www.acfe.com

Copies of the *Report to the Nations on Occupational Fraud and Abuse* are available from:

Association of Certified Fraud Examiners
World Headquarters • The Gregor Building
716 West Avenue • Austin, TX 78701-2727 • USA

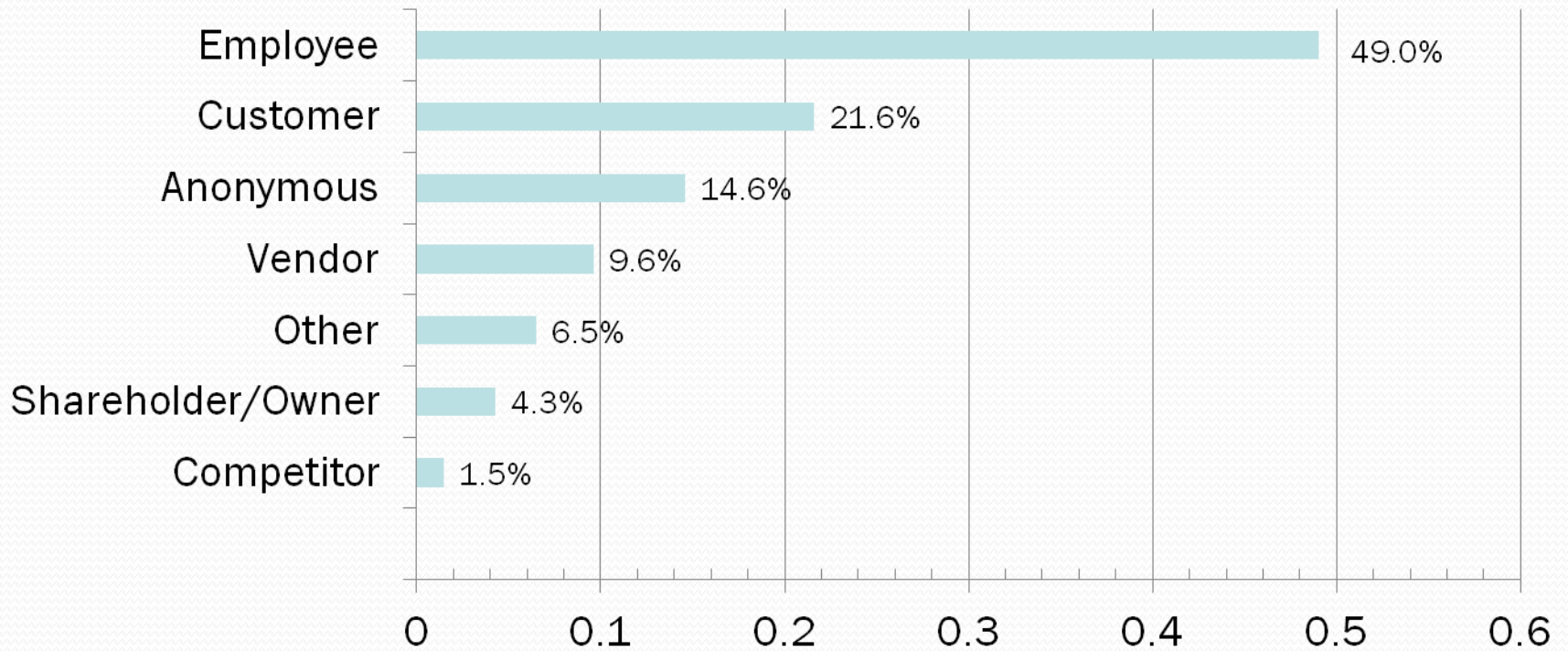
(800) 245-3321 (USA & Canada)
(0800) 962049 (United Kingdom)
+1 (512) 478-9000 (International)
Fax: +1 (512) 478-9297
ACFE.com

How is Internal Theft Discovered?

2016 - United States

- 42.2% - Tips from co-worker or complaints 37.0%
- 16% Management Review 14.3%
- 17.7% - Audits 18.1%
 - internal 14.7% 14.1%;
 - external 3% 4%
- 6.8% - By accident 7.2%

Source of Tips



2014 Report to the Nations on Occupational Fraud and Abuse. Copyright 2014 by the Association of Certified Fraud Examiners, Inc.

Source of Tips - 2016

- 51.5% - Employees
- 17.8% - Customer
- 14.0% - Anonymous
- 12.6% - Other
- 9.9% - Vendor
- 2.7% - Shareholder/Owner
- 1.6% - Competitor

Impact of Hotlines – Percent of Cases 2016

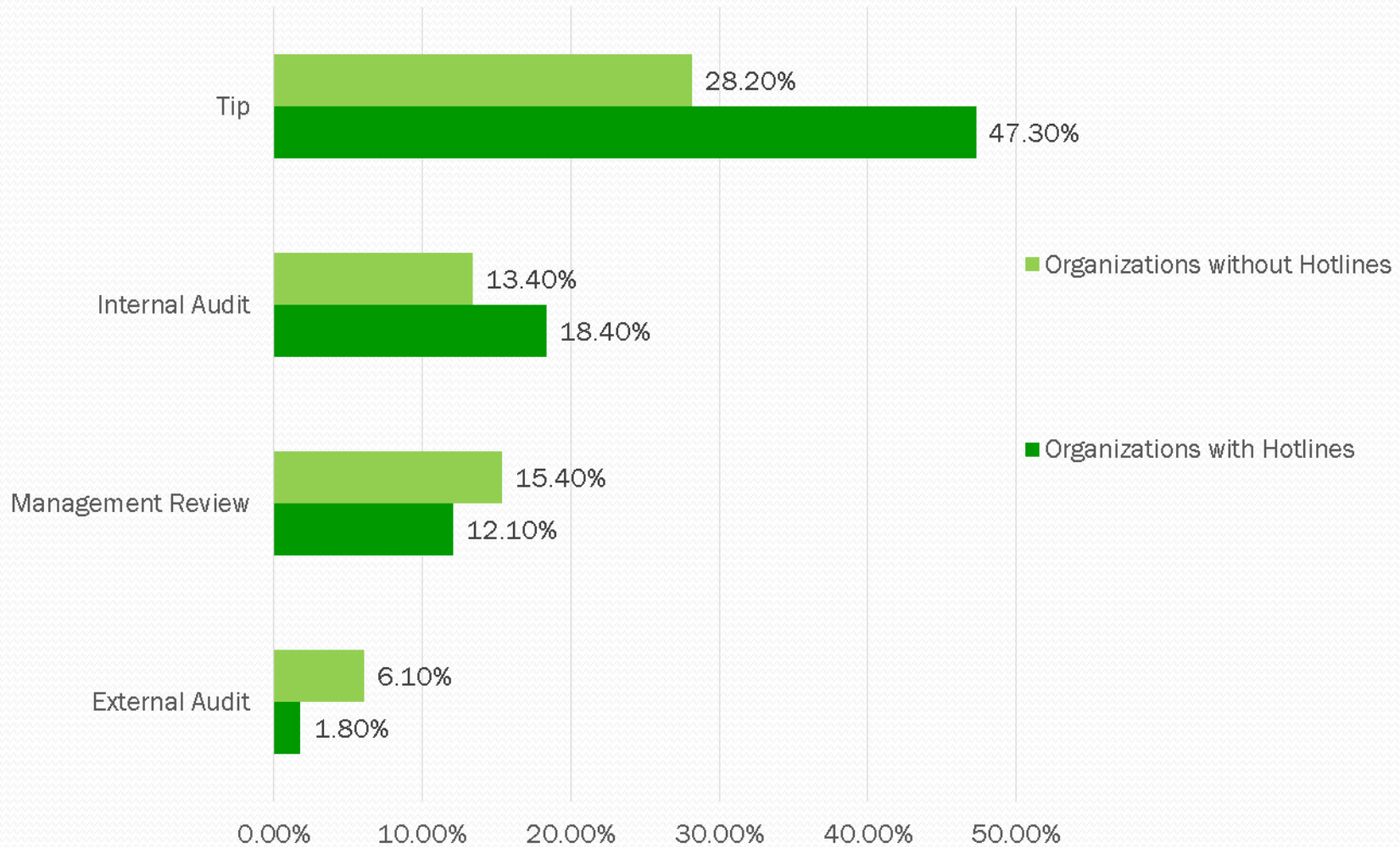


Figure 4: Occupational Frauds by Category — Frequency

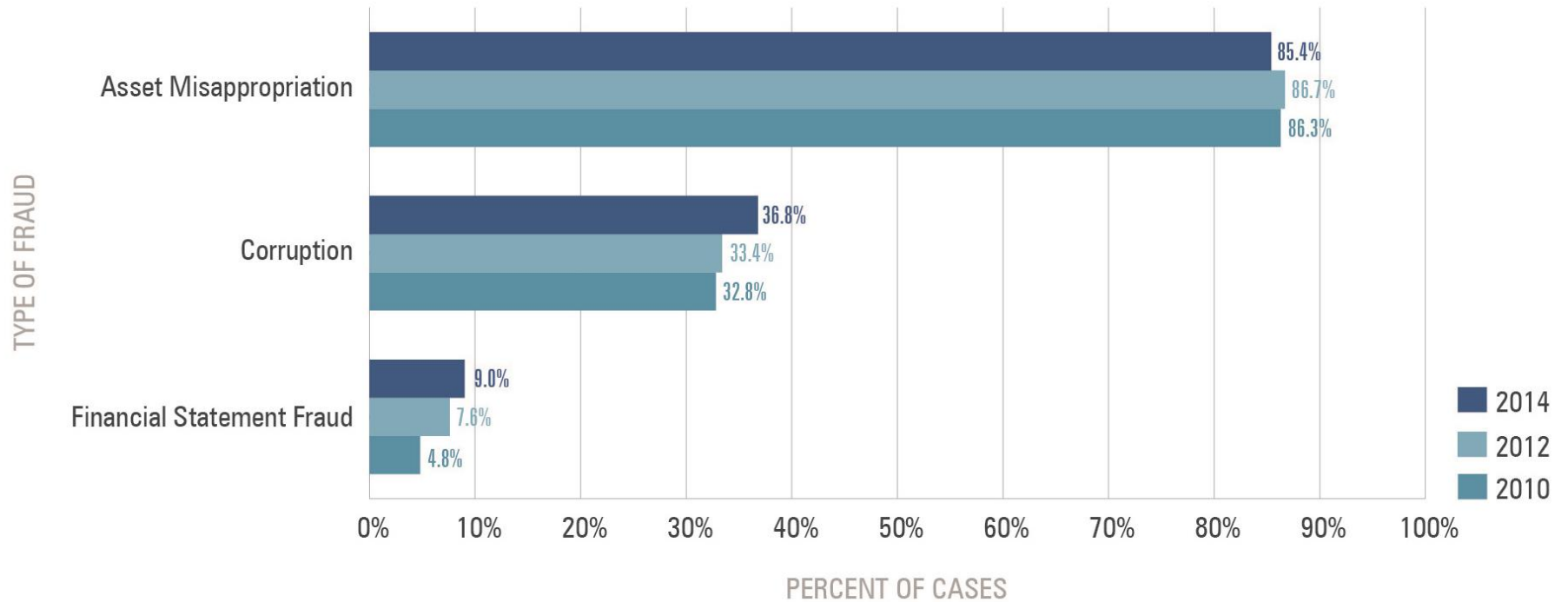
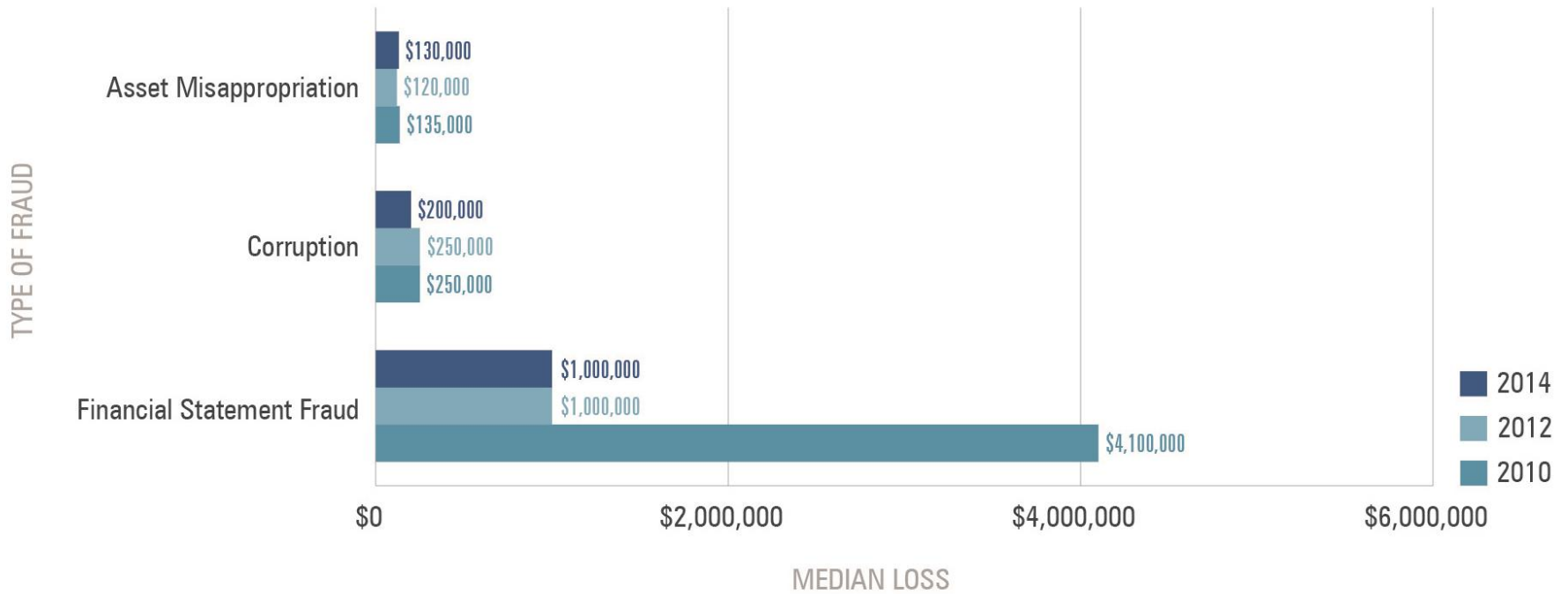
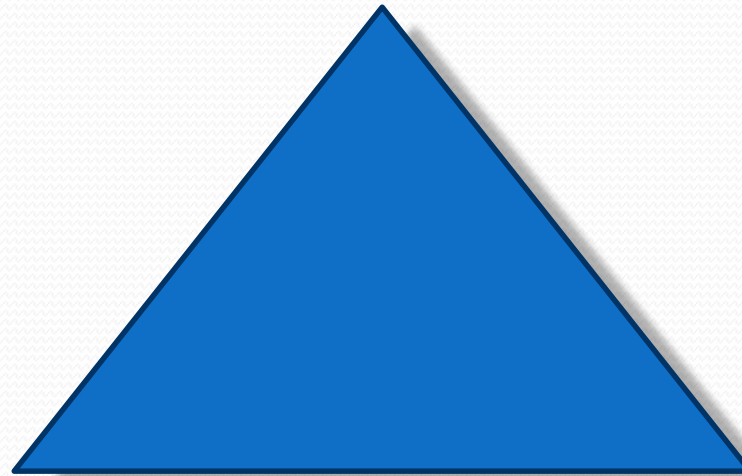


Figure 5: Occupational Frauds by Category — Median Loss



Fraud Triangle

Opportunity

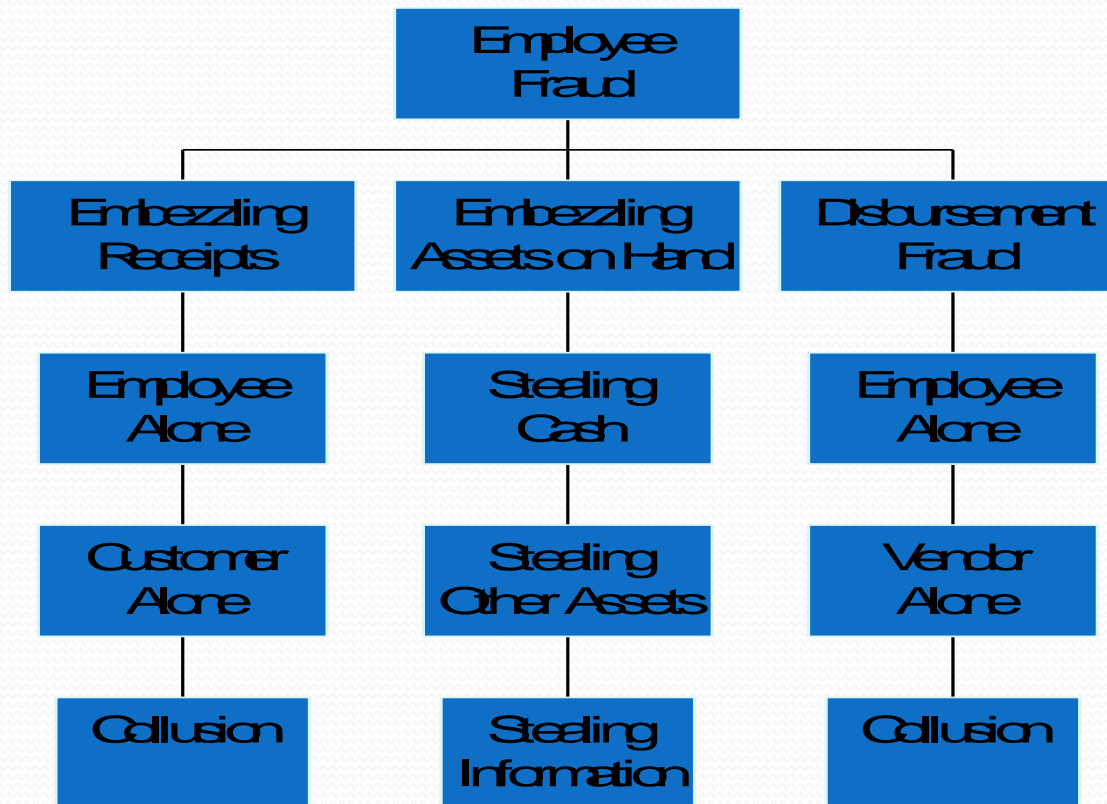


Incentives/Pressures

Rationalization/Attitudes

Ways to Commit Fraud

Chart Title



Opportunity

- Poor controls/lack of segregation of duties
- Poor supervision
- Too much trust
- Poor communication within organization or Board

Incentives/pressures

- Financial pressures
 - Meeting investor/analyst expectations
 - Meeting debt covenant requirements
 - Credit cards and bills
 - Sickness of unfortunate circumstances
- Vice pressures
 - Addictions
 - Drugs, gambling

Incentives/pressures

- Work related pressures
 - Fear of losing job
 - Being overlooked for a promotion
 - Feeling underpaid
 - Get even with employer
- Other pressures
 - Satisfy greed with high lifestyle
 - Imposed by self, spouse or others

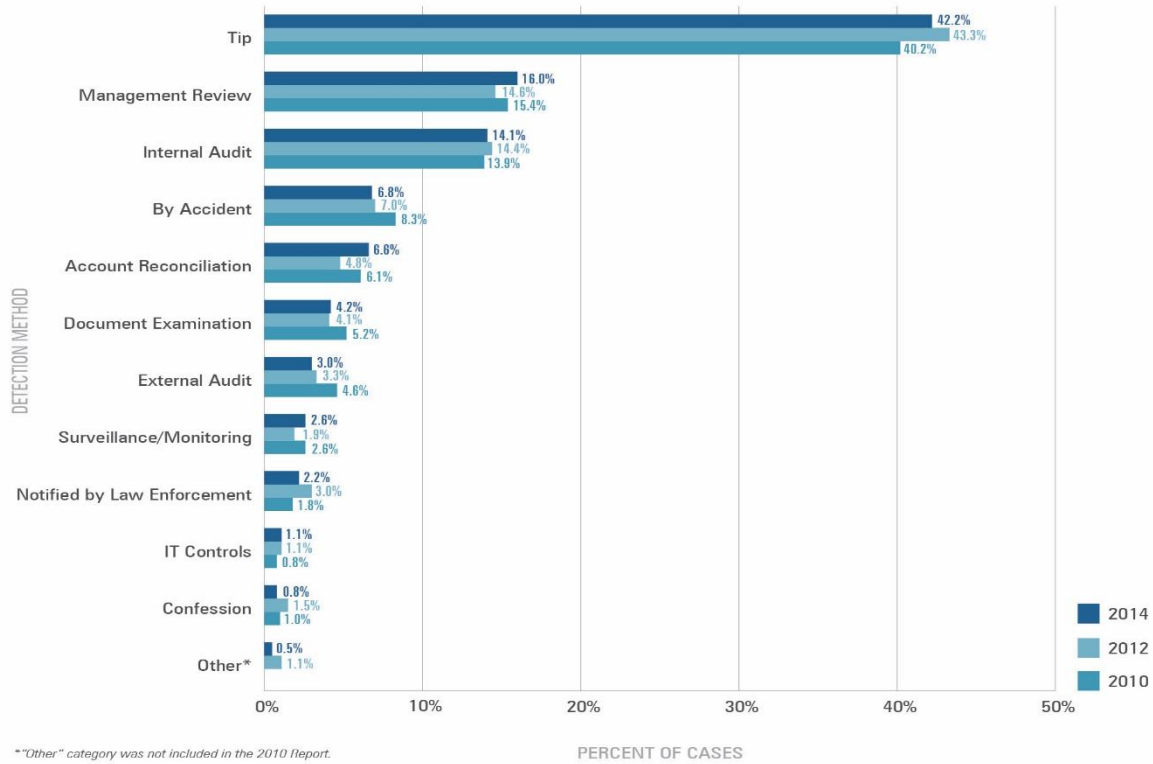
Rationalization/attitudes

- I (or the company) deserve(s) it.
- The company can turn it around if we can just comply with debt covenants one more time.
- It's not hurting anyone (or investors, lenders).
- I'm only borrowing it and I'll pay it back.
- I need it more than my boss.
- The company can afford it.
- It's for a good purpose.

Whistleblower Hotline

- Tips and complaints #1 way fraud uncovered
- 48.7% from employees
- Other parties such as customers and vendors
- Should consider all factors when establishing a whistleblower policy
- And the reporting mechanism
- 47% hotline calls overnight or on the weekends

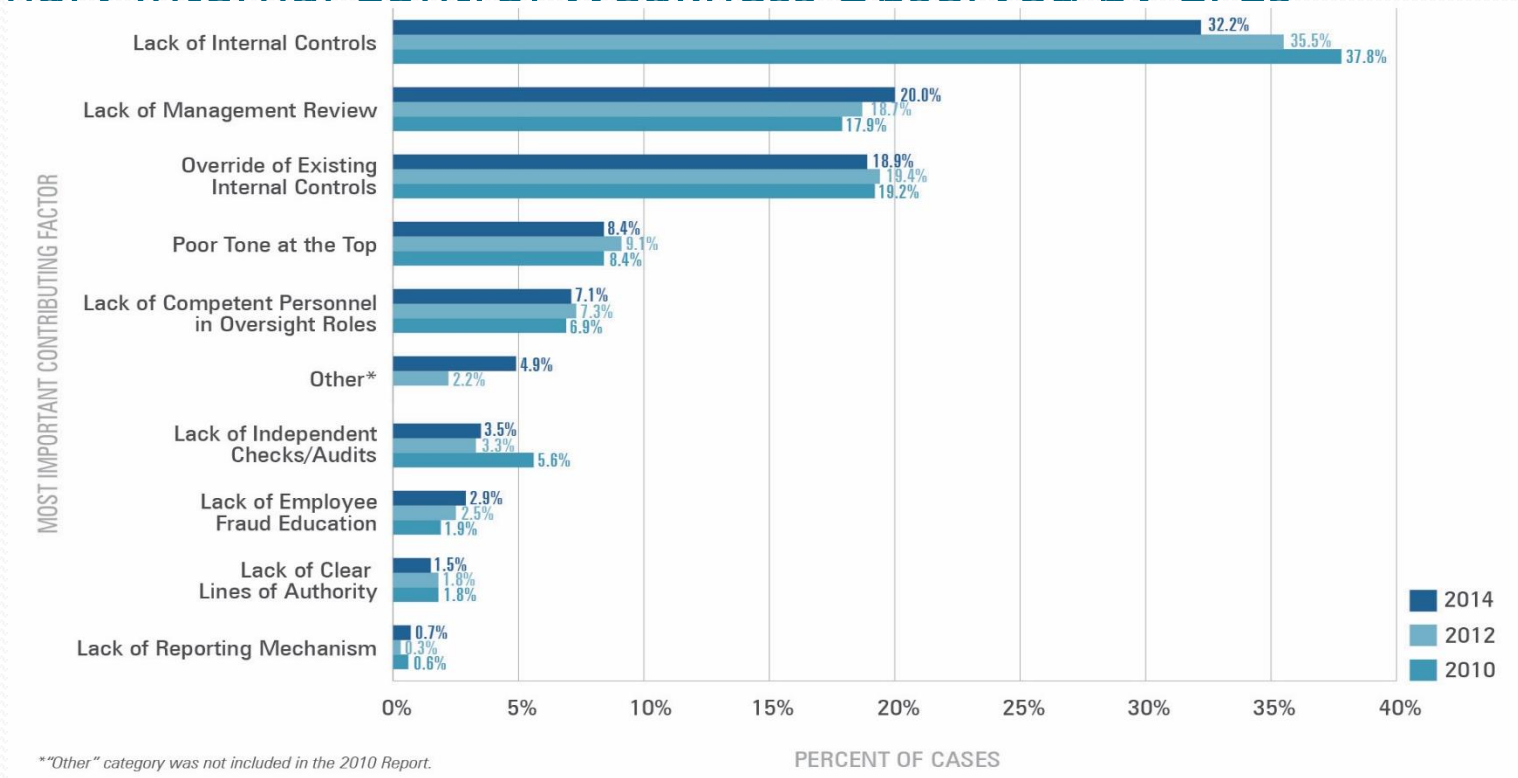
Figure 11: Initial Detection of Occupational Frauds



Types of People in the World

- Those who do not steal anything
- Those who would steal if the circumstance were right
- Predators, long history of stealing
- \$100

Primary Internal Control Weakness Observed by CFEs



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Employee Red Flags

- Employees' lifestyle changes
- Expenses, cars, jewelry, homes, clothes
- Significant personal debt and credit problems
- Behavioral changes: drug, gambling
- High employee turnover
- Refusal to take vacation or sick leave
- Lack of segregation of duties in a vulnerable area

Government Fraud Case

Rita Crundwell, Age 59 - \$54 Million



America's Queen of Municipal Embezzlement

- City of Dixon, Illinois
- 16,000 residents
- Annual Budget - < \$10 Million
- Comptroller and Treasurer - annual salary \$80,000
- With the City for 30 years
- Charged with single count of wire fraud
- Arrested April 17, 2012
- Sentenced to 19 years 7 months

Crundwell – Asset Recovery

- June 2012 – Federal Magistrate Judge ordered sale of over 400 horses once owned by Crundwell
- A similar request to sell five of Crundwell’s properties and a \$2.1 luxury motor home was granted July 2012
- Kelly Pope, an accounting professor at De-Paul University, and Tom Golden, a retired forensic accounting partner with Pricewaterhouse Coopers, made a documentary film covering the events surrounding the arrest of Rita Crundwell

Crundwell – Secret Bank Account

- Over a 20 year period, Crundwell diverted money to an account she set up for personal use, spending it on luxury homes, jewelry, vehicles and a horse-breeding operation
- She was accused of transferring city revenue into it, including incoming sales taxes and other money from the state, before it got to the city's books
- Found she also transferred \$100,000 from the Police and Fire Pension Funds to pay city bills
- Transferred money to general fund over the past few years and later put back into pension funds

Crundwell – Controls?

- Crundwell was able to open a bank account without anyone knowing (because she picked up all the mail)
- Bank Account named RSCDA (Reserve Sewer Capital Development Account)
- She was the only signor on the account
- Money would be deposited into the Capital Development Fund Account
- She created false invoices, and would write checks payable to “Treasurer”
- Deposit them into the RSCDA account

Crundwell – Controls?

- Bank statements sent to PO Box
- One person was able to write checks without anyone else approving or signing off on them
- Also created fake invoices from the State of Illinois to show city auditors – slow pay
- A relative performed her job any time she was out of the office

Crundwell – Who's to Blame?

- The City of Dixon filed a civil complaint against its auditors for not catching any of the alleged \$53 million dollar embezzlement
- City stated the two accounting firms it hired to audit the books over the past five years, failed to catch the embezzlement
- Complaint stated the auditors were “negligent”
- City also named two banks.

Phony Invoices Reviewed by Auditors



"When you put these (invoices) in comparison to one another the discrepancies are obvious and should have been obvious for over 20 years" to auditors – Attorney Devon Bruce told reporters.

Phony Invoices Reviewed by Auditors

- To justify the payment of city funds to the secret bank account, Crundwell created almost 180 invoices over two decades to make it appear the state was billing the city for work it had done in Dixon, Bruce said.
- The auditors, though, failed to notice that Crundwell's phony invoices contained misspellings and were not on state letterhead, he said.
- He also said the auditors didn't try to verify the projects by calling the state, checking with a city engineer or personally examining the projects.

Who is to Blame? (continued)

- For at least two decades, the same auditors reviewing Dixon's finances were also preparing Crundwell's personal tax returns, but
- They failed to be alarmed by the hundreds of thousands of dollars she claimed in income a year on her returns even though she had no documentation, according to Attorney.

Who is to Blame? (continued)

- Attorney Bruce also faulted the bank for violating banking standards by allowing Crundwell to open a city account in 1990 without proper documentation, even if employees knew she worked for the city.
- The bank also accepted checks from the city's Capital Development Fund account simply made out to "Treasurer" he said.

Who is to Blame? (continued)

"That could be treasurer of the petunia festival in the city of Dixon, that could be the treasure of the Lions Club in the city of Dixon," Bruce said.

"That check made simply payable to 'Treasurer' should never be allowed to be negotiated."

Who is to Blame? (continued)

In addition, the bank should have been monitoring the account and investigating charges to a city account for jewelry, spas and trips, Attorney Bruce said. When preparing a list of accounts for the annual audit, he said it is also the bank's responsibility to disclose all accounts. But Crundwell's secret account was not included on the reports until 2010. Even then, auditors did not question its appearance.

"It's absolutely a red flag in the accounting industry, and they should have investigated that and they did not," Bruce said.

Crundwell – Trusted Her

- They simply trusted her
- Even after Rita Crundwell bought the \$2.1 million motor home
- Even after her herd of fine quarter horses grew to more than 300 animals
- Even after she bought semi-trailers worth hundreds of thousands of dollars
- She was well-liked
- “She’s always had work-ethic, up early, up late,”
- Very generous with her money, donating to and sponsoring several horse shows

Crundwell - Background

- Rita Humphrey graduated from Dixon High in 1971. She made the National Honor Society her senior year (one of 19 in a class of 331), was elected senior attendant in the 1970 homecoming court, and served as president of the Office Occupations Club. In high school, Rita interned with the Dixon city government and stayed on after graduation.

Crundwell - Background

- Married engineering tech Jerry L. Crundwell in 1974 while working as a secretary for city of Dixon's mayor, they divorced in 1986, no children
- She began showing quarter horses in 1978.
- In 1983 she was appointed the treasurer/comptroller for the city of Dixon
- In 1990, she created a secret city account into which she allegedly began transferring city receipts and spending from the account to support her rapid rise up the rungs of the national quarter horse world

Crundwell - Background

- The attractive Crundwell became the best in the American Quarter horse Association by 2011 having won “best owner and exhibitor” eight years in a row
- To feed her ever more expensive habit, she had a **Florida vacation home** and apparently \$300,000-plus in jewelry paid for by the city
- She even stole \$3 million from the city in just the six months during the investigation
- The city had to refinance \$6 million in debt
- For three years, city employees did not get a raise

Arrested April 17, 2012

Where the City of Dixon's money went for the five months ending February 2012:



*According to FBI allegations. Spending amounts are from the fiscal year 2011-12 budget restated by the City of Dixon in September; they assume that budgeted amounts were in fact spent and pro-rates them over the five-month period.

SOURCES: Federal Bureau of Investigation, City of Dixon, *Chicago* estimates

Crundwell - Uncovered

- When on vacation a relative would pick up the mail, however
- While Rita was away on vacation last year, city clerk filled in and discovered the secret account
- She and the mayor took the evidence to the FBI and kept their secret for six months while the FBI investigated —and Rita continued her thievery
- The city manager of neighboring city said he noticed negative fund balances in Dixon and raised red flags with unnamed Dixon officials

Crundwell - Sentenced

- Feb 14, 2013 sentenced 19 years7 months for \$54M fraud. Serving in federal prison in Waseca Minnesota. She will be 77 when released.



Crundwell

- As Dixon's own Ronald Reagan said so famously:
"Trust, but verify."

September 25, 2013

*“Dixon City Council approved a \$40-million settlement with auditors and Fifth Third Bank at a special meeting today. The **out-of-court settlement** was reached on Friday with the companies the city blames for allowing former comptroller Rita Crundwell to embezzle \$54-million over twenty years.”*

City of Dixon - Recovery

- The City of Dixon was able to recover about \$40-million dollars through settlements with a bank and former auditors for not catching Crundwell's embezzlement.
- The deal was worked out in a 17-hour meeting in Chicago. Former auditor CliftonLarsonAllen to pay \$36-million, former auditor Sam Card to pay \$1-million, and Fifth Third Bank to pay nearly \$3-million.

City of Dixon – Recovery – Cont'd

- The city received approximately \$10-million from the auction of Crundwell's possessions: (that amount will just about cover the city's attorneys' fees).
- Took U. S. Marshalls 1 ½ years to sell:
 - **400 horses, (\$5 Million)**
 - **Ranch, and other properties (Millions)**
 - **Jewelry (\$250k)**
 - **Trailer and 2 vehicles (\$36k)**
- Government also seized bank accounts, insurance policy refunds, retirement fund reimbursements (\$90k) and loans owed to her. Assets include various pieces of artwork and about 700 trophies.

City of Dixon – Recovery – Cont'd

She wanted to keep the **trophies**.

Those who purchased horses (including one stallion for \$775k) are interested in the trophies connected to them.



primary

“Allowing Ms. Crundwell to keep these particular assets because they have more sentimental than tangible value is allowing Ms. Crundwell to benefit her crime”...according to the feds.....”these awards represent the motivation of her massive fraud”

Sold sealed bid auction \$5,560 – Dec 1, 2015

3 Years Later 2015

- Justice Department filed a motion on December 18, 2015 with the federal court in Illinois requesting approval of a settlement agreement over the interest held by Ms. Crundwell in Humphrey Family Farms (a partnership that owns over 340 acres of farmland in Lee County, Illinois)
- Crundwell's 20% partnership interest is valued at \$665k
- 3rd online auction scheduled to close Jan 21, 2016 with 376 items, featuring designer clothing, western wear, furnishings, collectables and jewelry
- Auctions that closed Nov 3 and Dec 1, 2015 generated \$124,392 in proceeds

3 Years Later 2015– Cont'd

- The City of Dixon is making it clear that they're moving forward and putting the past behind them.
- "They are in a better shape than what I expected them to be, walking in the door a year and a half ago," said new Finance Director for the City of Dixon Paula Meyer.
- "Because there is more money in the budget every year, because it isn't being taken we're able to catch up on some stuff that we haven't been able to do, different maintenance projects and some different replace of equipment," said Meyer.

3 Years Later 2015– Cont'd

- Paper checks have also been eliminated. Meyer says they also have new policies when it comes to authorizing expenditures. That includes having one person submit an approved invoice, while another person cuts the check.
- Each employee does not have access to what the other is doing during that process.

Today

- Of the roughly \$30M that came in from the lawsuit settled with its auditor and bank + \$10M from the sale of assets:
 - City debt repayment: \$21 million
 - Operating reserve (a savings account): \$5 million
 - East River Street reconstruction: \$4 million
 - Capital reserve (a saving account): \$3 million
 - Dixon Public Library repairs: \$1.2 million

Other Fraud Cases

Cash Disbursements

- Entity has had “reviewed” financial statements for many years
- Hired by organization
- Not aware of fraud
- **Received tip about gambling**
- Came in under pretense to review internal controls
- Look at strengths and weaknesses
- Provide recommendations

Disbursements by Vendor

- **Purpose**

- To identify which vendors receive the most amount of cash disbursements from the Entity.

- **Procedure**

- We obtained a cash disbursement detail from the IT Department for the period 1/1/06 through 6/12/07. This list included 17,351 checks totaling over \$404,000,000.

- **Conclusion**

- We sorted the data by vendor name according to the cash disbursement information supplied by the IT Department. We prepared a schedule representing the top 20 vendors which had more than 50 transactions. The total of these 20 vendors made up 73% of the total cash disbursements.

Disbursements by Vendor

- Results
 - 5th Vendor with most checks written as payee was “Petty Cash”
 - 124 checks
 - Total over \$302,000
 - During 18 month period (\$16,000+ /month)

Petty Cash Checks

Petty Cash Checks				
CHECK NUM	CHECK	CHECK DATE	AMOUNT	VENDOR NAME
72334	CHECK	1/3/2006	4,932.50	PETTY CASH
72438	CHECK	1/6/2006	1,257.81	PETTY CASH
72946	CHECK	1/18/2006	200.00	PETTY CASH
73064	CHECK	1/19/2006	555.25	PETTY CASH
73310	CHECK	1/30/2006	150.00	PETTY CASH
73311	CHECK	1/30/2006	150.00	PETTY CASH
73514	CHECK	2/3/2006	5,057.50	PETTY CASH
73568	CHECK	2/7/2006	600.00	PETTY CASH
73578	CHECK	2/7/2006	270.00	PETTY CASH
73946	CHECK	2/15/2006	155.85	PETTY CASH
74041	CHECK	2/17/2006	554.94	PETTY CASH
74098	CHECK	2/21/2006	3,000.00	PETTY CASH
74253	CHECK	2/28/2006	549.46	PETTY CASH
74407	CHECK	3/6/2006	4,690.00	PETTY CASH
74642	CHECK	3/10/2006	575.00	PETTY CASH
74948	CHECK	3/17/2006	4,500.00	PETTY CASH
75060	CHECK	3/20/2006	980.00	PETTY CASH
75175	CHECK	3/23/2006	441.71	PETTY CASH
75205	CHECK	3/27/2006	159.60	PETTY CASH
75287	CHECK	3/29/2006	0.01	PETTY CASH
75395	CHECK	3/31/2006	1,500.00	PETTY CASH
75486	CHECK	4/4/2006	5,637.50	PETTY CASH
75539	CHECK	4/6/2006	424.30	PETTY CASH
75569	CHECK	4/6/2006	196.49	PETTY CASH
75883	CHECK	4/12/2006	111.85	PETTY CASH
75986	CHECK	4/14/2006	900.00	PETTY CASH
76168	CHECK	4/20/2006	537.53	PETTY CASH
76212	CHECK	4/24/2006	7,700.00	PETTY CASH
76226	CHECK	4/25/2006	146.00	PETTY CASH
77072	CHECK	4/28/2006	442.85	PETTY CASH
77172	CHECK	5/2/2006	5,272.50	PETTY CASH
77195	CHECK	5/2/2006	147.01	PETTY CASH
77196	CHECK	5/2/2006	205.81	PETTY CASH
77504	CHECK	5/9/2006	442.47	PETTY CASH
77580	CHECK	5/10/2006	182.57	PETTY CASH
77691	CHECK	5/15/2006	96.45	PETTY CASH
77696	CHECK	5/15/2006	950.00	PETTY CASH
77808	CHECK	5/17/2006	534.74	PETTY CASH
77915	CHECK	5/22/2006	5,600.00	PETTY CASH
78081	CHECK	5/30/2006	700.78	PETTY CASH
78121	CHECK	5/31/2006	267.21	PETTY CASH
78241	CHECK	6/5/2006	5,637.50	PETTY CASH
78246	CHECK	6/5/2006	315.40	PETTY CASH
78635	CHECK	6/14/2006	941.04	PETTY CASH
78977	CHECK	6/27/2006	173.40	PETTY CASH
79036	CHECK	6/29/2006	922.86	PETTY CASH
79174	CHECK	7/5/2006	880.00	PETTY CASH

(continued)

79221	CHECK	7/6/2006	128.76	PETTY CASH
79412	CHECK	7/10/2006	5,690.00	PETTY CASH
79472	CHECK	7/12/2006	142.81	PETTY CASH
79565	CHECK	7/13/2006	269.48	PETTY CASH
79578	CHECK	7/13/2006	954.52	PETTY CASH
79961	CHECK	7/31/2006	922.46	PETTY CASH
80108	CHECK	8/4/2006	4,192.50	PETTY CASH
80495	CHECK	8/15/2006	840.00	PETTY CASH
80496	CHECK	8/15/2006	809.63	PETTY CASH
80788	CHECK	8/22/2006	146.14	PETTY CASH
80951	CHECK	8/30/2006	1,000.00	PETTY CASH
81038	CHECK	9/1/2006	4,682.50	PETTY CASH
81063	CHECK	9/5/2006	345.89	PETTY CASH
81062	VOIDED	9/5/2006	345.89	PETTY CASH
81084	CHECK	9/6/2006	215.20	PETTY CASH
81404	CHECK	9/11/2006	893.86	PETTY CASH
81728	CHECK	9/20/2006	870.00	PETTY CASH
81729	CHECK	9/20/2006	817.92	PETTY CASH
81916	CHECK	9/22/2006	100.19	PETTY CASH
82156	CHECK	10/3/2006	4,895.00	PETTY CASH
82220	CHECK	10/6/2006	828.40	PETTY CASH
82772	CHECK	10/19/2006	225.95	PETTY CASH
82830	CHECK	10/20/2006	927.65	PETTY CASH
83041	CHECK	11/1/2006	7,000.00	PETTY CASH
83097	CHECK	11/3/2006	6,192.50	PETTY CASH
83360	CHECK	11/9/2006	881.62	PETTY CASH
83374	CHECK	11/9/2006	950.00	PETTY CASH
83753	CHECK	11/17/2006	313.49	PETTY CASH
83858	CHECK	11/22/2006	869.11	PETTY CASH
83984	CHECK	11/29/2006	7,500.00	PETTY CASH
84106	CHECK	12/4/2006	5,627.50	PETTY CASH
84167	CHECK	12/6/2006	952.69	PETTY CASH
84175	CHECK	12/6/2006	8,000.00	PETTY CASH
84461	CHECK	12/11/2006	175.52	PETTY CASH
84506	CHECK	12/12/2006	3,500.00	PETTY CASH
84510	CHECK	12/13/2006	63,825.00	PETTY CASH
84588	CHECK	12/15/2006	741.80	PETTY CASH
84598	CHECK	12/15/2006	915.00	PETTY CASH
84623	CHECK	12/15/2006	8,000.00	PETTY CASH
84694	CHECK	12/19/2006	1,175.00	PETTY CASH
84928	CHECK	12/30/2006	8,300.00	PETTY CASH
84970	CHECK	1/3/2007	6,692.50	PETTY CASH
84972	CHECK	1/3/2007	1,026.74	PETTY CASH
85007	CHECK	1/3/2007	177.50	PETTY CASH
85085	CHECK	1/5/2007	194.21	PETTY CASH
85155	CHECK	1/9/2007	965.00	PETTY CASH
85460	CHECK	1/16/2007	810.40	PETTY CASH
85710	CHECK	1/23/2007	1,210.00	PETTY CASH
86005	CHECK	2/2/2007	822.71	PETTY CASH
86004	VOIDED	2/2/2007	6,990.00	PETTY CASH
86308	CHECK	2/9/2007	500.00	PETTY CASH
86396	CHECK	2/12/2007	748.35	PETTY CASH

Petty Cash Checks (continued)

86440	CHECK	2/14/2007	745.00	PETTY CASH
86441	CHECK	2/14/2007	217.37	PETTY CASH
86004	CHECK	2/19/2007	6,990.00	PETTY CASH
86767	CHECK	2/26/2007	761.53	PETTY CASH
86926	CHECK	3/5/2007	5,865.00	PETTY CASH
87029	CHECK	3/7/2007	6,000.00	PETTY CASH
87294	CHECK	3/13/2007	902.64	PETTY CASH
87295	CHECK	3/13/2007	1,000.00	PETTY CASH
87705	CHECK	3/28/2007	733.42	PETTY CASH
87865	CHECK	4/3/2007	7,250.00	PETTY CASH
87927	CHECK	4/5/2007	500.00	PETTY CASH
88245	CHECK	4/12/2007	593.84	PETTY CASH
88247	CHECK	4/12/2007	980.00	PETTY CASH
88453	CHECK	4/18/2007	771.25	PETTY CASH
88686	CHECK	4/27/2007	910.00	PETTY CASH
88687	CHECK	4/27/2007	402.45	PETTY CASH
88807	CHECK	5/2/2007	8,367.00	PETTY CASH
88902	CHECK	5/8/2007	388.82	PETTY CASH
89323	CHECK	5/17/2007	850.00	PETTY CASH
89324	CHECK	5/17/2007	847.61	PETTY CASH
89595	CHECK	5/31/2007	915.00	PETTY CASH
89596	CHECK	5/31/2007	825.00	PETTY CASH
89597	CHECK	5/31/2007	968.92	PETTY CASH
89710	CHECK	6/5/2007	8,833.75	PETTY CASH
89824	CHECK	6/8/2007	615.00	PETTY CASH
			302,180.88	

Checks sorted by month

Petty Cash Disbursements by Date

Purpose: To analyze in further detail the petty cash disbursements during the period under investigation.

Procedures:

- Obtained the detail for all petty cash disbursements for the period January 1, 2006 through June 12, 2007 and sorted by month.
-

	YEAR	MONTH	CHECKS	TOTAL AMOUNT
	2006	1	6	7,245.56
	2006	2	7	10,187.75
	2006	3	8	12,846.32
	2006	4	9	16,096.52
	2006	5	11	14,399.54
	2006	6	5	7,990.20
	2006	7	7	8,988.03
	2006	8	5	6,988.27
	2006	9	8	8,271.45
	2006	10	4	6,877.00
	2006	11	7	23,706.72
**	2006	12	11	101,212.51
	2007	1	7	11,076.35
	2007	2	8	17,774.96
	2007	3	5	14,501.06
	2007	4	7	11,407.54
	2007	5	7	13,162.35
	2007	6	2	9,448.75
				302,180.88

**Petty Cash Analysis
2001**

CHECK NUMBER	CHECK VOID	CHECK DATE	CHECK_A MOUNT2	CHECK AMOUNT	ROUNDED	ROUND CHECKS	POSSIBLE BONUS CHECK	DIFFERENCE	ENDOR NAME	YEAR	MONTH
23314	CHECK	1/8/2001	575.53	\$ 575.53	580.00	\$ -	\$ -	\$ 575.53	PETTY CASH	2001	1
23527	CHECK	1/12/2001	544.57	544.57	540.00	-	-	544.57	PETTY CASH	2001	1
23695	CHECK	1/19/2001	416.34	416.34	420.00	-	-	416.34	PETTY CASH	2001	1
23752	CHECK	1/24/2001	432.59	432.59	430.00	-	-	432.59	PETTY CASH	2001	1
23863	CHECK	1/30/2001	446.12	446.12	450.00	-	-	446.12	PETTY CASH	2001	1
			2,415.15	2,415.15	2,420.00	-	-	2,415.15			1 Total
23944	CHECK	2/6/2001	490.01	490.01	490.00	-	-	490.01	PETTY CASH	2001	2
24021	CHECK	2/9/2001	353.18	353.18	350.00	-	-	353.18	PETTY CASH	2001	2
24312	CHECK	2/20/2001	412.42	412.42	410.00	-	-	412.42	PETTY CASH	2001	2
24542	CHECK	2/28/2001	311.67	311.67	310.00	-	-	311.67	PETTY CASH	2001	2
			1,567.28	1,567.28	1,560.00	-	-	1,567.28			2 Total
24638	CHECK		490.40	490.40	490.00	-	-	490.40	PETTY CASH	2001	3
24903	CHECK	3/13/2001	584.22	584.22	580.00	-	-	584.22	PETTY CASH	2001	3
25081	CHECK	3/20/2001	645.24	645.24	650.00	-	-	645.24	PETTY CASH	2001	3
25145	CHECK	3/23/2001	578.85	578.85	580.00	-	-	578.85	PETTY CASH	2001	3
25319	CHECK	3/30/2001	659.29	659.29	660.00	-	-	659.29	PETTY CASH	2001	3
			2,958.00	2,958.00	2,960.00	-	-	2,958.00			3 Total
25516	CHECK	4/5/2001	563.34	563.34	560.00	-	-	563.34	PETTY CASH	2001	4
25718	CHECK	4/12/2001	711.52	711.52	710.00	-	-	711.52	PETTY CASH	2001	4
25858	CHECK	4/17/2001	572.01	572.01	570.00	-	-	572.01	PETTY CASH	2001	4
25986	CHECK	4/20/2001	461.59	461.59	460.00	-	-	461.59	PETTY CASH	2001	4
26130	CHECK	4/26/2001	593.02	593.02	590.00	-	-	593.02	PETTY CASH	2001	4
			2,901.48	2,901.48	2,890.00	-	-	2,901.48			4 Total
26315	CHECK	5/8/2001	698.96	698.96	700.00	-	-	698.96	PETTY CASH	2001	5
26588	CHECK	5/15/2001	701.88	701.88	700.00	-	-	701.88	PETTY CASH	2001	5
			1,400.84	1,400.84	1,400.00	-	-	1,400.84			5 Total
27059	CHECK	6/7/2001	700.14	700.14	700.00	-	-	700.14	PETTY CASH	2001	6
	CHECK	6/14/2001	609.70	609.70	610.00	-	-	609.70	PETTY CASH	2001	6
27496	CHECK	6/25/2001	557.93	557.93	560.00	-	-	557.93	PETTY CASH	2001	6
			1,867.77	1,867.77	1,870.00	-	-	1,867.77			6 Total
27658	CHECK	7/6/2001	582.47	582.47	580.00	-	-	582.47	PETTY CASH	2001	7
28067	CHECK	7/19/2001	582.61	582.61	580.00	-	-	582.61	PETTY CASH	2001	7
			1,165.08	1,165.08	1,160.00	-	-	1,165.08			7 Total
28610	CHECK	8/13/2001	536.72	536.72	540.00	-	-	536.72	PETTY CASH	2001	8
28754	CHECK	8/17/2001	375.80	375.80	380.00	-	-	375.80	PETTY CASH	2001	8
28865	CHECK	8/28/2001	704.90	704.90	700.00	-	-	704.90	PETTY CASH	2001	8
29010	CHECK	8/31/2001	356.25	356.25	360.00	-	-	356.25	PETTY CASH	2001	8
			1,973.67	1,973.67	1,980.00	-	-	1,973.67			8 Total
29330	CHECK	9/12/2001	498.52	498.52	500.00	-	-	498.52	PETTY CASH	2001	9
29495	CHECK	9/20/2001	409.89	409.89	410.00	-	-	409.89	PETTY CASH	2001	9
29679	CHECK	9/27/2001	500.00	500.00	500.00	500.00	-	-	PETTY CASH	2001	9
29701	CHECK	9/28/2001	351.53	351.53	350.00	-	-	351.53	PETTY CASH	2001	9
			1,759.94	1,759.94	1,760.00	500.00	-	1,259.94			9 Total
29794	CHECK	10/3/2001	491.31	491.31	490.00	-	-	491.31	PETTY CASH	2001	10
30099	CHECK	10/16/2001	486.26	486.26	490.00	-	-	486.26	PETTY CASH	2001	10
30279	CHECK	10/23/2001	488.97	488.97	490.00	-	-	488.97	PETTY CASH	2001	10
			1,466.54	1,466.54	1,470.00	-	-	1,466.54			10 Total
30425	CHECK	11/1/2001	504.99	504.99	500.00	-	-	504.99	PETTY CASH	2001	11
30678	CHECK	11/12/2001	549.68	549.68	550.00	-	-	549.68	PETTY CASH	2001	11
30948	CHECK	11/21/2001	418.29	418.29	420.00	-	-	418.29	PETTY CASH	2001	11
31144	CHECK	11/30/2001	453.89	453.89	450.00	-	-	453.89	PETTY CASH	2001	11
			1,926.85	1,926.85	1,920.00	-	-	1,926.85			11 Total
31320	CHECK	12/7/2001	525.79	525.79	530.00	-	-	525.79	PETTY CASH	2001	12
31390	CHECK	12/11/2001	500.00	500.00	500.00	500.00	-	-	PETTY CASH	2001	12
31423	CHECK	12/13/2001	291.91	291.91	290.00	-	-	291.91	PETTY CASH	2001	12
31567	CHECK	12/17/2001	36,800.00	36,800.00	36,800.00	-	36,800.00	-	PETTY CASH	2001	12
31568	CHECK	12/17/2001	367.17	367.17	370.00	-	-	367.17	PETTY CASH	2001	12
31672	CHECK	12/24/2001	432.58	432.58	430.00	-	-	432.58	PETTY CASH	2001	12
31748	CHECK	12/28/2001	318.23	318.23	320.00	-	-	318.23	PETTY CASH	2001	12
			39,235.68	39,235.68	39,240.00	500.00	36,800.00	1,935.68			12 Total
			\$60,638.28	\$60,630.00	\$1,000.00	\$ 36,800.00	\$22,838.28				2001 Totals
Christmas Bonus Amount Per							\$ 36,800.00				
Difference							\$ -				

Petty Cash Analysis Summary 2001-2007

<u>YEAR</u>	<u>CHECK AMOUNT</u>	<u>ROUND CHECKS</u>	<u>POSSIBLE BONUS CHECK</u>	<u>DIFFERENCE</u>
2001 Totals	\$ 60,638.28	\$ 1,000.00	\$ 36,800.00	\$ 22,838.28
2002 Totals	91,263.46	44,400.00	-	46,863.46
2003 Totals	108,443.59	23,150.00	48,050.00	37,243.59
2004 Totals	314,919.30	228,220.00	45,350.00	41,349.30
2005 Totals	394,392.79	169,490.00	73,425.00	151,477.79
2006 Totals	224,463.98	73,340.00	63,825.00	87,298.98
2007 Totals	70,381.01	26,190.00	-	44,191.01
	<u>\$ 1,264,502.41</u>	<u>\$ 565,790.00</u>	<u>\$267,450.00</u>	<u>\$ 431,262.41</u>
Less 2006 receipts	(122,260.96)	(14,340.00)		
	<u>\$ 1,142,241.45</u>	<u>\$ 551,450.00</u>		

Factors Involved

- Excessive gambling
- Access to organizations checkbook
- Check signor
- Access to organizations books
- Received bank statements
- Prepared bank reconciliations
- Bank statements and bank reconciliations not reviewed by 2nd person

Other Fraud Cases

Cash Fraud

- Bookkeeper reconciled bank statements for all associations and prepared monthly financial statements
- In her absence – no one else “touched” bank statements
- None of the associations were audited
- Owner did not review bank statements or bank reconciliations
- It was not clear if the owner had appropriate insurance coverage

Cash Fraud - Continued

- Examined bank statements
 - Altered/Fraudulent
 - Original
- Payroll Bonuses

Altered

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OPERATING ACCOUNT
██████████
LARGO FL 33771

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LOCKBOX CHECKING ACCOUNT 8100005925

MINIMUM BALANCE	71,611.11	LAST STATEMENT 10/31/08	72,932.37
		26 CREDITS	24,397.49
		23 DEBITS	25,570.73
		THIS STATEMENT 11/28/08	71,759.13

DEBITS				DEPOSITS				
REF #	DATE	AMOUNT	REF #	DATE	AMOUNT	REF #	DATE	AMOUNT
	11/03	1,781.14		11/10	2,754.37		11/19	217.38
	11/04	5.50		11/12	10.00		11/19	310.24
	11/04	85.00		11/12	2,339.31		11/24	736.78
	11/04	1,103.84		11/13	1,715.59		11/24	958.04
	11/05	1,323.63		11/14	913.14		11/25	330.62
	11/06	1,350.34		11/14	993.01		11/26	412.11
	11/07	165.31		11/17	557.04		11/26	543.60
	11/07	779.97		11/18	855.61			

OTHER CREDITS			DATE	AMOUNT
DESCRIPTION				
9063115055 LOCKBOX 015 INTERNET LOCKBOX ACH DATA			11/03	3,027.94
9063115055 LOCKBOX 015 INTERNET LOCKBOX ACH DATA			11/10	1,124.56
INTEREST			11/28	3.42



*** CONTINUED ***



Altered

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LOCKBOX CHECKING ACCOUNT 8100005925

CHECKS		CHECKS						
CHECK #.	DATE	AMOUNT	CHECK #.	DATE	AMOUNT	CHECK #.	DATE	AMOUNT
124	11/03	1,820.00	134	11/18	466.02	149*	11/17	390.00
125	11/12	7,355.97	135*	11/21	340.51	151	11/25	1,200.00
126	11/12	1,440.00	137*	11/17	1,495.88	152	11/18	688.26
127*	11/21	137.00	139	11/19	688.26			
129	11/18	46.65	140	11/19	1,199.48			
130	11/20	2,335.82	141	11/26	728.00			
131	11/17	424.66	142	11/17	3,150.00			
132	11/19	91.30	143*	11/26	375.73			
133	11/17	48.48	148	11/17	1,117.71			

(*) INDICATES A GAP IN CHECK NUMBER SEQUENCE

FIRST COMMUNITY BANK

DESCRIPTION	DATE	AMOUNT
RETURNED ITEM CHARGE	11/06	6.00
RETURNED DEPOSIT ITEMS	11/06	25.00

INTEREST	
AVERAGE LEDGER BALANCE:	68,555.42
AVERAGE AVAILABLE BALANCE:	67,118.66
INTEREST PAID THIS PERIOD:	3.42
INTEREST PAID 2008:	11.00
INTEREST EARNED:	3.42
DAYS IN PERIOD:	28
ANNUAL PERCENTAGE YIELD EARNED:	.15%

--- ITEMIZATION OF NSF PAID AND RETURNED ITEMS FEES ---

	THIS PERIOD	YEAR TO DATE
NSF PAID ITEM FEE:	.00	.00
NSF RETURNED ITEM FEE:	.00	.00
OVERDRAFT FEES:	.00	.00



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██████████ CONDOMINIUM
C/O ██████████ PROPERTIES INC
CAPITAL CONTRIBUTION 30 0
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LARGO FL 33771 0

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PINELLAS PARK FL 33782

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LOCKBOX ADMINISTRATION 810005933

MINIMUM BALANCE	32,907.55	LAST STATEMENT 10/31/08	32,907.55
		1 CREDITS	24.80
		0 DEBITS	.00
		THIS STATEMENT 11/28/08	32,932.35

----- OTHER CREDITS -----

DESCRIPTION	DATE	AMOUNT
INTEREST	11/28	24.80

----- INTEREST -----

AVERAGE LEDGER BALANCE:	32,907.55	INTEREST EARNED:	24.80
AVERAGE AVAILABLE BALANCE:	32,907.55	DAYS IN PERIOD:	28
INTEREST PAID THIS PERIOD:	24.80	ANNUAL PERCENTAGE YIELD EARNED:	1.15%
INTEREST PAID 2008:	120.12		

--- ITEMIZATION OF NSF PAID AND RETURNED ITEMS FEES ---

	THIS PERIOD	YEAR TO DATE
NSF PAID ITEM FEE:	.00	.00
NSF RETURNED ITEM FEE:	.00	.00
OVERDRAFT FEES:	.00	.00



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C/O ██████████ PROPERTIES, INC
OPERATING ACCOUNT
██████████
LARGO FL 33771

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LOCKBOX CHECKING ACCOUNT 8100005925

MINIMUM BALANCE 12,052.65 LAST STATEMENT 10/31/08 40,329.47
26 CREDITS 24,397.49
~~23,211 DEBITS 25,570.73~~ ~~25,670.89~~
THIS STATEMENT 11/28/08 12,056.07

DEBITS				DEPOSITS			
REF #	DATE	AMOUNT	REF #	DATE	AMOUNT	REF #	DATE
	11/03	1,781.14		11/10	2,754.37		11/19
	11/04	5.50		11/12	10.00		11/19
	11/04	85.00		11/12	2,339.31		11/24
	11/04	1,103.84		11/13	1,715.59		11/24
	11/05	1,323.63		11/14	913.14		11/25
	11/06	1,350.34		11/14	993.01		11/26
	11/07	165.31		11/17	557.04		11/26
	11/07	779.97		11/18	855.61		

OTHER CREDITS

DESCRIPTION	DATE	AMOUNT
9063115055 LOCKBOX 015 INTERNET LOCKBOX ACH DATA	11/03	3,027.94
9063115055 LOCKBOX 015 INTERNET LOCKBOX ACH DATA	11/10	1,124.56
INTEREST	11/28	3.42

*** CONTINUED ***



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LOCKBOX CHECKING ACCOUNT 8100005925

CHECKS					
CHECK #	DATE	AMOUNT	CHECK #	DATE	AMOUNT
124	11/03	1,820.00	134	11/18	466.02
125	11/12	7,355.97	135*	11/21	340.51
126	11/12	1,440.00	137*	11/17	1,495.88
127*	11/21	137.00	139	11/07	7,322.00
129	11/18	46.65	140	11/19	1,199.48
130	11/20	2,335.82	141	11/26	728.00
131	11/17	424.66	142	11/17	3,150.00
132	11/19	91.30	143*	11/26	375.73
133	11/17	48.48	147	11/12	4,166.55
			148	11/17	1,117.71
			149*	11/17	390.00
			151	11/25	1,200.00
			152	11/18	3,822.00
			153	11/18	3,421.66
			154	11/19	4,087.99
			155	11/24	2,122.80
			156*	11/24	3,433.68
			489	11/28	100.00

(*) INDICATES A GAP IN CHECK NUMBER SEQUENCE

DESCRIPTION	OTHER DEBITS	DATE	AMOUNT
RETURNED ITEM CHARGE		11/06	6.00
RETURNED DEPOSIT ITEMS		11/06	25.00

AVERAGE LEDGER BALANCE:	30,804.02	INTEREST EARNED:	3.42
AVERAGE AVAILABLE BALANCE:	29,729.74	DAYS IN PERIOD:	28
INTEREST PAID THIS PERIOD:	3.42	ANNUAL PERCENTAGE YIELD EARNED:	.15%
INTEREST PAID 2008:	11.00		

ITEMIZATION OF NSF PAID AND RETURNED ITEM FEES	THIS PERIOD	YEAR TO DATE
NSF PAID ITEM FEE:	.00	96.00
NSF RETURNED ITEM FEE:	.00	.00
OVERDRAFT FEES:	.00	.00

DAILY BALANCE					
DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
11/03	43,318.55	11/12	34,044.86	11/20	17,509.22
11/04	44,512.89	11/13	35,760.45	11/21	17,031.71
11/05	45,836.52	11/14	37,666.60	11/24	13,170.05
11/06	47,155.86	11/17	31,596.91	11/25	12,300.67
11/07	40,779.14	11/18	24,696.19	11/26	12,152.65
11/10	44,658.07	11/19	19,845.04	11/28	12,056.07

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MINIMUM BALANCE	1,772.38	LAST STATEMENT 10/31/08	1,772.38
		1 CREDITS	.54
		DEBITS	.00
		THIS STATEMENT 11/28/08	1,772.92

DESCRIPTION	OTHER CREDITS	DATE	AMOUNT
INTEREST		11/28	.54

I N T E R E S T

AVERAGE LEDGER BALANCE:	1,772.38	INTEREST EARNED:	.54
AVERAGE AVAILABLE BALANCE:	1,772.38	DAYS IN PERIOD:	28
INTEREST PAID THIS PERIOD:	.54	ANNUAL PERCENTAGE YIELD EARNED:	.40%
INTEREST PAID 2008:	48.69		

ITEMIZATION OF NSF PAID AND RETURNED ITEM FEES

	THIS PERIOD	YEAR TO DATE
NSF PAID ITEM FEE:	.00	.00
NSF RETURNED ITEM FEE:	.00	.00
OVERDRAFT FEES:	.00	.00

*** CONTINUED ***



PAYCHECK HISTORY 4653 ██████████ Properties Inc B1-THURSDAY

Name: ██████████ Current Date: 19-May-2009

Select a specific date range you wish to view. Click on the down arrow next to the "Start Date" field and select a start date. Now select an "End Date" and click the "Go" button.

Start Date: 24-Jun-2004 End Date: 12-Mar-2009 Go

Pay Date	Gross	Taxes	Pre-Tax Deductions	After-Tax Deductions	Net	
12-Mar-2009	3423.07	614.26	0.00	0.00	2808.81	View Check Detail
26-Feb-2009	923.07	76.00	0.00	0.00	847.07	View Check Detail
12-Feb-2009	923.07	75.99	0.00	0.00	847.08	View Check Detail
29-Jan-2009	923.07	76.00	0.00	0.00	847.07	View Check Detail
15-Jan-2009	923.07	75.99	0.00	0.00	847.08	View Check Detail
31-Dec-2008	923.07	78.31	0.00	0.00	844.76	View Check Detail
18-Dec-2008	553.84	42.37	0.00	0.00	511.47	View Check Detail
04-Dec-2008	923.07	78.30	0.00	0.00	844.77	View Check Detail
20-Nov-2008	2123.07	324.05	0.00	0.00	1799.02	View Check Detail
06-Nov-2008	923.07	78.30	0.00	0.00	844.77	View Check Detail
23-Oct-2008	923.07	78.31	0.00	0.00	844.76	View Check Detail
09-Oct-2008	923.07	78.30	0.00	0.00	844.77	View Check Detail
25-Sep-2008	923.07	78.30	0.00	0.00	844.77	View Check Detail
11-Sep-2008	923.07	78.31	0.00	0.00	844.76	View Check Detail
26-Aug-2008	923.07	78.30	0.00	0.00	844.77	View Check Detail
14-Aug-2008	923.07	78.31	0.00	0.00	844.76	View Check Detail
31-Jul-2008	923.07	78.30	0.00	0.00	844.77	View Check Detail
17-Jul-2008	923.07	78.32	0.00	0.00	844.75	View Check Detail
02-Jul-2008	2223.07	346.69	0.00	0.00	1876.38	View Check Detail
19-Jun-2008	2123.07	324.05	0.00	0.00	1799.02	View Check Detail
05-Jun-2008	2423.07	391.99	0.00	0.00	2031.08	View Check Detail
22-May-2008	923.07	78.30	0.00	0.00	844.77	View Check Detail
08-May-2008	923.07	78.31	0.00	0.00	844.76	View Check Detail
24-Apr-2008	2123.07	324.04	0.00	0.00	1799.03	View Check Detail
10-Apr-2008	923.07	78.31	0.00	0.00	844.76	View Check Detail
27-Mar-2008	923.07	78.30	0.00	0.00	844.77	View Check Detail
13-Mar-2008	923.07	78.31	0.00	0.00	844.76	View Check Detail
28-Feb-2008	923.07	78.30	0.00	0.00	844.77	View Check Detail
14-Feb-2008	923.07	78.31	0.00	0.00	844.76	View Check Detail
31-Jan-2008	923.07	78.30	0.00	0.00	844.77	View Check Detail
17-Jan-2008	923.07	78.31	0.00	0.00	844.76	View Check Detail
03-Jan-2008	923.07	78.30	0.00	0.00	844.77	View Check Detail

20-Dec-2007	923.07		79.85	0.00	0.00	843.22	View Check Detail
08-Dec-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
27-Nov-2007	923.07		79.85	0.00	0.00	843.22	View Check Detail
08-Nov-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
26-Oct-2007	923.07		79.85	0.00	0.00	843.22	View Check Detail
19-Oct-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
09-Sep-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
14-Sep-2007	923.07		79.85	0.00	0.00	843.22	View Check Detail
03-Aug-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
27-Aug-2007	923.07		79.85	0.00	0.00	843.22	View Check Detail
02-Aug-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
19-Jul-2007	2923.07	307.42	507.96	0.00	0.00	2415.11	View Check Detail
17-Jul-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
26-Jun-2007	923.07		79.85	0.00	0.00	843.22	View Check Detail
07-Jun-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
24-May-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
03-May-2007	923.07		79.85	0.00	0.00	843.22	View Check Detail
27-Apr-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
13-Apr-2007	923.07		79.85	0.00	0.00	843.22	View Check Detail
01-Mar-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
18-Mar-2007	923.07		79.85	0.00	0.00	843.22	View Check Detail
07-Mar-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
19-Feb-2007	923.07		79.85	0.00	0.00	843.22	View Check Detail
04-Feb-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
16-Jan-2007	923.07		79.85	0.00	0.00	843.22	View Check Detail
04-Jan-2007	923.07		79.84	0.00	0.00	843.23	View Check Detail
24-Dec-2006	923.07		81.39	0.00	0.00	841.68	View Check Detail
07-Dec-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
20-Nov-2006	923.07		81.39	0.00	0.00	841.68	View Check Detail
08-Nov-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
29-Oct-2006	923.07		81.39	0.00	0.00	841.68	View Check Detail
18-Oct-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
08-Sep-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
14-Sep-2006	923.07		81.39	0.00	0.00	841.68	View Check Detail
01-Aug-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
17-Aug-2006	923.07		81.39	0.00	0.00	841.68	View Check Detail
07-Aug-2006	4323.07	345.44	948.05	0.00	0.00	3375.02	View Check Detail
20-Jul-2006	4123.07	320.00	852.77	0.00	0.00	3240.30	View Check Detail
18-Jul-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
02-Jul-2006	923.07		81.39	0.00	0.00	841.68	View Check Detail

02-Jun-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
25-May-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
11-May-2006	923.07		81.39	0.00	0.00	841.68	View Check Detail
27-Apr-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
18-Apr-2006	923.07		81.39	0.00	0.00	841.68	View Check Detail
09-Mar-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
16-Mar-2006	923.07		81.39	0.00	0.00	841.68	View Check Detail
25-Feb-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
16-Feb-2006	4123.07	3240.31	882.76	0.00	0.00	3240.31	View Check Detail
02-Feb-2006	923.07		81.38	0.00	0.00	841.69	View Check Detail
16-Jan-2006	923.07		81.39	0.00	0.00	841.68	View Check Detail
07-Jan-2006	4123.07	3240.32	582.75	0.00	0.00	3240.32	View Check Detail
22-Dec-2005	923.07		82.93	0.00	0.00	840.14	View Check Detail
16-Dec-2005	923.07		82.92	0.00	0.00	840.15	View Check Detail
29-Nov-2005	923.07		82.93	0.00	0.00	840.14	View Check Detail
10-Nov-2005	923.07		82.92	0.00	0.00	840.15	View Check Detail
27-Oct-2005	923.07		82.93	0.00	0.00	840.14	View Check Detail
05-Oct-2005	4123.07	3228.82	894.25	0.00	0.00	3228.82	View Check Detail
28-Sep-2005	923.07		82.92	0.00	0.00	840.15	View Check Detail
08-Sep-2005	923.07		82.93	0.00	0.00	840.14	View Check Detail
07-Sep-2005	3123.07	2555.32	567.75	0.00	0.00	2555.32	View Check Detail
12-Aug-2005	923.07		82.93	0.00	0.00	840.14	View Check Detail
04-Aug-2005	4123.07	3228.82	894.25	0.00	0.00	3228.82	View Check Detail
21-Jul-2005	923.07		82.94	0.00	0.00	840.13	View Check Detail
07-Jul-2005	923.07		82.92	0.00	0.00	840.15	View Check Detail
23-Jun-2005	4123.07	3228.81	894.26	0.00	0.00	3228.81	View Check Detail
09-Jun-2005	923.07		82.92	0.00	0.00	840.15	View Check Detail
26-May-2005	4123.07	3228.82	894.25	0.00	0.00	3228.82	View Check Detail
12-May-2005	4123.07	3228.81	894.26	0.00	0.00	3228.81	View Check Detail
28-Apr-2005	923.07		82.92	0.00	0.00	840.15	View Check Detail
14-Apr-2005	923.07		82.93	0.00	0.00	840.14	View Check Detail
01-Mar-2005	3723.07	2959.42	763.65	0.00	0.00	2959.42	View Check Detail
17-Feb-2005	3923.07	3094.11	828.96	0.00	0.00	3094.11	View Check Detail
05-Feb-2005	3923.07	3094.12	828.95	0.00	0.00	3094.12	View Check Detail
17-Jan-2005	3923.07	3094.11	828.96	0.00	0.00	3094.11	View Check Detail
03-Jan-2005	923.07		82.92	0.00	0.00	840.15	View Check Detail
29-Dec-2004	923.07		82.93	0.00	0.00	840.14	View Check Detail
09-Dec-2004	923.07		82.92	0.00	0.00	840.15	View Check Detail
08-Dec-2004	5423.07	4143.22	1279.85	0.00	0.00	4143.22	View Check Detail
08-Dec-2004	4323.07	3353.51	959.56	0.00	0.00	3353.51	View Check Detail

24-Nov-2004	3923.07	2545	838.95	0.00	0.00	3084.12	View Check Detail
01-Dec-2004	4323.07	2541	969.56	0.00	0.00	3353.51	View Check Detail
08-Dec-2004	3923.07	2009	838.95	0.00	0.00	3084.12	View Check Detail
14-01-2004	4123.07	2541	904.25	0.00	0.00	3218.82	View Check Detail
20-Sep-2004	923.07		84.47	0.00	0.00	838.60	View Check Detail
15-Sep-2004	3423.07	2571	675.70	0.00	0.00	2747.37	View Check Detail
07-Sep-2004	4123.07	2540	904.27	0.00	0.00	3218.80	View Check Detail
16-Aug-2004	3723.07	2470	773.65	0.00	0.00	2949.42	View Check Detail
09-Aug-2004	4423.07	2027	1002.21	0.00	0.00	3420.86	View Check Detail
20-Jul-2004	2923.07	2470	516.88	0.00	0.00	2406.19	View Check Detail
08-Jul-2004	4023.07	2540	871.61	0.00	0.00	3151.46	View Check Detail
24-Jun-2004	4123.07	2540	904.30	0.00	0.00	3218.77	View Check Detail

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Examples of Documentation “Red Flags”

Checks

- Payable to “cash” or “petty cash”
- Made out in even amounts for sums over \$100 or \$500
- Unusual check endorsements
- Made out to vendors and cashed (not deposited)
- Non-payroll checks endorsed by hand

Examples of Documentation “Red Flags”

Checks (continued)

- Missing checks or checks out of sequence
- Excessive number of voided checks
- Large, unexplained reconciling items in the bank reconciliation
- Bank account not reconciled on a timely basis
- Bank statements that do not include canceled checks
- Abnormal number of expense items or supplies reimbursements by employee

Examples of Documentation “Red Flags”

Invoices

- Only a post office box number, no physical address
- Typed rather than printed
- Heading that is rubber-stamped rather than printed
- No telephone number
- Not vendor’s ordinary goods or services

Examples of Documentation “Red Flags”

Invoices (continued)

- Disbursements are unsupported by invoices or other documentation
- Payments to vendors not on the approved list
- Vendor’s invoice without invoice numbers
- Vendor’s address that match employee address
- Purchases that by-pass the normal procedures
- High volume of purchases from new vendors shortly after they obtain vendor status

Reference

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- A Common-Sense Guide to Data Structures and Algorithms, Second Edition: Level Up Your Core Programming Skills by Jay Wengrow | Sep 1, 2020
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Questions ?

