



Many businesses and organizations today are susceptible to theft. A recent article below citing a local high profile case reminds us that entrepreneurs, business owners, and churches/exempt organizations need to be aware of the risk. Business schools preach that internal controls are key to preventing such problems, however many businesses and organizations simply can't justify additional full time positions. Knowing that a third set of eyes is key, having your CPA firm's regular involvement in some aspects of the business cycle can serve as a deterrent. Today many banks do not return cancelled checks, however we believe that hands-off business owner should do the following:

- Regularly familiarize themselves with the bank statement
- EXAMINE cancelled checks
- Have someone else reconcile the checkbook
- Investigate differences

One popular bookkeeping package allows anyone to change anything at anytime, so relying solely on what the books say is simply not enough. The bookkeeper below took advantage of exactly that shortcoming in order to conceal her theft. Please read the article and let us know if you think there is something we can do to help you.

Very truly yours

Compass CPA Group

Church rocked by allegation of theft

Federal court indicts Garrett bookkeeper

Rebecca S. Green | The Journal Gazette

Apparently, 44-year-old Beth Boger had quite a good scheme going.

For nearly five years, according to court documents, Boger, the bookkeeper for St. Joseph Catholic Church in Garrett, used the church's funds to support her own lifestyle, taking more than \$364,000 for herself from June 2004 to April 2009.

In May, a U.S. District Court grand jury in South Bend indicted the Garrett woman on 10 counts, ranging from wire fraud to tax evasion.

Like any business or non-profit, churches are not immune to internal thefts and embezzlement, something that may have gotten worse as the economy went sour. And like a business, churches need to protect themselves from such crimes, experts said. If victimized, the churches must work to regain the trust of their congregation, as well as replacing what was taken.

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Source:

Journal Gazette Fort Wayne

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Last week, Boger, a demure woman with glasses and short auburn hair, appeared before U.S. District Magistrate Judge Roger Cosby in Fort Wayne for an initial hearing on the charges, which could put her behind bars for years.

A plea of not guilty was entered on her behalf and she remains free on bond. Attempts to contact her were unsuccessful. The Roman Catholic Diocese of Fort Wayne-South Bend remains tight-lipped about Boger's alleged thefts because of the ongoing investigation and pending trial.

But court documents detail Boger's alleged scheme to defraud the church through her access to its books, making money look as if it went anywhere but to her personal account.

Accents by Beth

According to the federal indictment, Boger owned a business called Accents by Beth.

Beginning June 3, 2004, Boger wrote checks to her business, drawn on the checking account of St. Joseph Catholic Church in Garrett. She would then deposit that check into her business account and, a few days later, transfer the money into her personal checking account, according to court documents.

That money would then be used to support her household and lifestyle, though court documents offer no specific examples. But the church never knew the checks went to Accents by Beth, according to court documents.

Instead, Boger would show in the church's books that the money paid expenses for the St. Martin's Clinic, a local non-profit. And then, when the cleared checks were returned from the bank to the church, Boger would alter the payee from Accents by Beth to a vendor used by the church, according to court documents.

In 2006, Boger's scheme pulled in \$96,245. In 2008, it was \$69,825, according to court documents. The indictments allege not only the wire fraud with the checks but also evading the payment of income taxes. Because she reported that she and her husband made only \$7,788 in income for 2006, they owed no income taxes.

But when federal investigators took into account the funds Boger allegedly embezzled that year, the family actually had taxable income of \$104,033, according to court documents.

Recovering

Churches are by their nature trusting places and may not have sufficient controls in place to guard their finances.

In early 2009, a former employee of Lakeview Wesleyan Church in Marion was charged with stealing more than \$275,000 from the church, where he was director of finances. William Jeremiah Six, 28 at the time, used the money to pay for motorcycles, cars and a vasectomy, according to court documents. He was eventually convicted of two counts of theft and given a largely suspended prison sentence, court officials said.

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And members of the church were left to pick up the pieces. According to Mike Bonner, the large Grant County church has put most of what happened behind it, and Six is still reimbursing the church for what he took. “We thought things were going fine,” said Bonner, a leader in the church.

Six was responsible for three ministry units within the church and the finances of each one, Bonner said. The church operates many ministries, including a school and a counseling center. Six would present fabricated financial reports to church administrators to conceal his thefts, Bonner said.

The church discovered Six’s theft through anomalous W-2 forms containing incorrect information. When church officials confronted Six, the rest of the fraud came out, Bonner said. Bonner said the betrayal of trust may dig a little deeper for a congregation than it would a typical business because within a church family there is a stronger expectation that trust won’t be broken.

After the thefts were discovered, Lakeview Wesleyan staff worked with accountants to help hone the church’s policies and procedures, recognizing that the complex ministry lent itself to fraud, Bonner said. Each ministry unit had its own system of accounting, and now they all have one. “We have survived,” Bonner said.

Protecting assets

Fort Wayne-based Brotherhood Mutual Insurance specializes in church insurance.

“We feel very much a mission not to just insure them, but to help them protect their people, property and reputation,” said Mitzi Thomas, assistant vice president of marketing and communications.

Because thefts within a church damage its reputation in a community, the company has seen an increase in interest in Brotherhood Mutual’s resources on how to prevent such activities, Thomas said. In conjunction with Christianity Today, an Evangelical Christian magazine, Brotherhood Mutual launched a website – churchsafety.com – to help churches protect themselves.

Within the past year, articles about embezzlement and financial security have been among the most viewed on the site, Thomas said. “People who would never consider putting their hand in the plate are driven by job loss to do that,” she said. “I think the economy has a big thing to do with this.” It can take church officials awhile to discover they’ve been victimized and then to confront the offender, Thomas said.

“Churches have so much on their plates,” she said. “They want to be trusting, and most churches consider themselves a community. “One of the last things you want to do is to think badly about someone you care about.”

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