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No company is immune to the occasional sideways employee, siphoning corporate funds. But stories of some of Boone County's most successful embezzlement schemes shed some light on the situation.

➤ BY DIANNA BORSI O'BRIEN

**TRACI BUSENBARK BEST** knows a lot about embezzlement prevention. She should; she's been stung by this crime not once but twice.

No matter what the amount of the loss — from the \$26,000 siphoned out of Busenbark Flooring and Granite to the \$400,000 in question at the Missouri State University bookstore or the \$1.1 million at U.S. Bank — the cause is the same: a trusted employee who finds a way to short-circuit the firm's checks and balances.

Today, Busenbark Best says she's better for the experiences. She's tightened up her office procedures and now has embezzlement prevention practices in place, including the most important one: "You need to have a double set of eyes on everything," says Bill Ratliff, executive vice president of the Missouri Bankers Association.

## Keep an eye on the ball

When Busenbark Best was hit the first time, her business was expanding, and she simply became too busy to review everything. "My eye wasn't on

the ball," she says. "I was trying to juggle too many things." She let one employee manage the books from start to finish: another key mistake.

In Busenbark Best's case, the first embezzlement involved an employee taking cash and then either entering a discounted amount of cash or not entering the income at all and pocketing the money. The second case involved an employee who opened a credit card in Busenbark Best's name and then bought items for her own use. This employee opened the mail and paid the bills, which kept the crime from being discovered. Busenbark Best did not discover her crime immediately, and the employee died before she could be prosecuted.

Busenbark Best now has divided the accounting practices and makes sure she oversees the mail and deposits.

Oversight of the person doing the accounting is crucial, says Ryan Haigh, Boone County assistant prosecutor attorney. "As far as I've seen, the person responsible for the books is most often the person embezzling money." The key to prevention, say other experts, is conducting regular internal and external audits.

Slips in security often take place in smaller organizations or when that task falls to a member of the board of directors. "Someone's supposed to check, but nobody does," Haigh says. Several of the organizations stung by embezzlement are small firms or nonprofits such as the Mid-Missouri Chapter of the Alzheimer's Association, which had \$96,000 taken in 2006.

But like all business people hit by embezzlement, Busenbark Best had trusted her employees.

That trust is the key to all embezzlement. David M. Ketchmark, acting U.S. attorney at the U.S. Attorney's Office, Western Division, has heard it too many times: "But they were a trusted family friend."

That was the case for Busenbark Best the first time. She'd known that employee since she was a child. The second time, the person who later betrayed her was the person who uncovered the first crime, which led Busenbark Best to think she could be trusted.

## Theft prevention and red flags

Background checks should include looking for past criminal behavior as well as credit record and lifestyle issues, according to Ketchmark. "You don't want a frequent [customer] at the casinos," he says, citing a case of an embezzlement of \$971,000, all of which the accused gambled away. Other red flags can include someone living beyond their means or even working late and weekends when they're unlikely to be supervised.

**66** You need to have a double set of eyes on everything.”

— Bill Ratliff, executive vice president of the Missouri Bankers Association

In a 1995 case of a \$50,000 loss to Boone County, a co-worker noted in a newspaper article that she'd been grateful to the employee who always did more than she was asked. That crime, the newspaper report noted, went on for two years.

Theft prevention should include requiring employees to take one or two weeks of continuous vacation so companies can catch this kind of crime, Ketchmark says. Embezzlement is often discovered when an employee is unexpectedly away from his or her job and another person has to take over. That's how Busenbark Best discovered both crimes at her firm; the employees were away, and the irregularities surfaced.

Other red flags include a worker who is resentful or feels underpaid and suddenly stops complaining. “They might be supplementing their income with your funds,” Ketchmark says. Employees who refuse a promotion or a transfer should be watched, too. A new job or promotion, Ketchmark says, isn't as lucrative as taking your funds.

Busenbark Best says her bookkeeper had been resisting any change in the office, including easing her workload. “She didn't want to let go of that responsibility,” Busenbark Best says.

Even before the crime was uncovered, though, Busenbark Best says she'd suspected something was wrong. In the first case, despite doing good business, the firm never seemed to have any cash on hand. But she told herself those were normal growing pains for a company. Also, each time she noticed the meager funds, the employee suddenly became difficult and confrontational, something she attributes to guilt and stress at the time.

That's the last embezzlement prevention tip Ketchmark offers: “If your gut tells you something's wrong, act on it.”

As for Busenbark Best, she's philosophical and practical about it: “If a thief wants to be a thief, they'll find a way, but I'm in charge of my books now, I'm reconciling them, and I'm going over the bank statement. I've put in some stop guards, and I look at my deposits every day.” **CBT**

## » Tips and Red Flags

- Do a background check on all employees. Check for prior criminal activity, significant debt, living beyond their means and also for things such as gambling or family pressures.
- Have a system of checks and balances. Make sure one person is not handling the process from beginning to end. Mailroom activities, for example, should be separate from the bookkeeping activities.
- Sign and verify every single check. In one case, a fraudulent check was tucked into the stack of checks to be signed, and the owner simply signed them all. If there is a check signing stamp or other automated feature, it should be kept under lock and key, and two keys should be required to access it.
- For electronic bookkeeping system, each employee should have his or her own sign-in or password that is never shared. That way if there is a problem, you'll be able to find the culprit.
- Keep and check the company's actual physical inventory. Fraud can involve being invoiced for something the company never received because an employee intercepted it. Also, know your suppliers. Never let only one employee be the contact for a particular vendor.
- Understand your bookkeeping system. More than one person should be reviewing the bookkeeping process and reports. There should be internal and outside audits of the books.
- Require all employees to take one or two weeks of continuous vacations. Companies often find fraudulent activity when an employee is off work and someone else has to step in and do the bookkeeping.
- Always do these things yourself: make the nightly cash deposits, reconcile bank statements and monitor the credit card statements.
- Watch for complaints by vendors or customers about payments not being applied correctly or incorrect invoices.
- Keep an eye on an employee who refuses a promotion, transfer or to take a vacation or a change in responsibilities; he or she might have something to hide. The same goes for workers who prefer to work late or on weekends, when there is little supervision.
- Know your employees, and watch out for anyone who seems to be living beyond his or her means, gambling or facing family financial problems.

Sources: Missouri Bankers Association, U.S. Attorney's Office, Western Division, Boone County Prosecutor's Office

# THE TOP 10 MOST NOTORIOUS EMBEZZLERS IN BOONE COUNTY

**\$1,053,684**

**Timothy Earl Ferguson,  
Sentenced 2010**

Ferguson, a former bank officer at U.S. Bank in Columbia, pleaded guilty to embezzling bank funds in U.S. District Court for the Western District of Missouri, Central Division. According to newspaper reports, he admitted to issuing a series of fraudulent loans totaling \$660,400 and embezzling \$216,974 from those loans, which he deposited into his or his wife's Edward Jones accounts. The crimes took place in 2002 and 2003. He was ordered to pay \$1,053,684 in restitution. He was sentenced to three years and five months in federal prison without parole.

**\$745,040**

**Betty Lee Estes,  
Pleaded guilty 2002**

Estes, former manager of Boone Electric Employees' Credit Union, pleaded guilty in federal court to defrauding the credit union. According to a July 3, 2002, *Columbia Daily Tribune* report, she admitted to keeping two sets of books and taking money from cash deposits or writing checks to herself and her husband. The crimes were uncovered when she became ill. The credit union, the article states, lost \$745,040 and was liquidated due to the financial discrepancies. The shareholders' losses, however, were covered by insurance. The crimes took place from the 1970s until 2001. The credit union was separate from Boone Electric Cooperative.

**\$740,000**

**Brian Russell Nutter,  
Sentenced 2008**

Nutter, a former bank officer at Boone County National Bank and a vice president of Boone National Savings and Loan, pleaded guilty to bank fraud in federal court. A news release by the Office of the U.S. Attorney Western District of Missouri states he "created loans in the name of fictitious individuals and obtained loans utilizing forged signature..." resulting in a loss of more than \$740,000 for Boone National Savings and Loan. The crimes took place in 2002 and 2003. He was ordered to pay \$748,866 in restitution. In 2008, he was sentenced to 15 months in federal prison without parole. Boone National Savings and Loan was taken over by Commerce Bank in 2006.

**\$667,776**

**Christy Tutin,  
Sentenced 1994**

Tutin, who died in a car crash in 2004, pleaded guilty in 1994 to embezzling \$667,776 from the University of Missouri, where she had been an administrative assistant, according to newspaper reports. The crimes took place over five or six years, according to reports. Tutin was sentenced to two years in prison, which was reduced to one year. Reports note MU collected \$400,000 from insurance, and by 1995 she'd repaid \$80,000. As a part of her probation, she was ordered to continue paying \$50 in monthly restitution. Tutin died in 2004, and reports following her death note she'd become a co-owner and operator of Jenny's Flowers and Christy & Co. floral shops in Pilot Grove and Boonville.

**\$291,634**

**Janet Hollandsworth,  
Sentenced 1994**

In 1994, Hollandsworth, a former staff accountant at Dalton & Marberry, was convicted in Boone County Circuit Court of stealing \$291,634 from the accounting firm now known as Marberry, Miller and Bales PC. According to newspaper reports and legal documents, Hollandsworth embezzled money from the firm's payroll account at NationsBank, then known as Boatmen's Bank of Mid-Missouri. The crime involved taking a check that was signed appropriately to the bank and then obtaining a cashier's check or a money order. The crimes took place over four years. She was ordered to make restitution of \$350 a month and served four months in jail. The firm has filed legal claims stating the bank was negligent by allowing the transactions.

**\$257,688**

**Christine D. Todd,  
Pleaded guilty 2011**

Todd, a former branch credit manager, pleaded guilty in federal court to defrauding Major Brands Inc. and its customers. According to a newspaper report, she admitted to stealing a portion of cash received from customers for a total of \$257,688. The crimes took place from 2003 to 2006. Her sentence under federal law could include up to three years in federal prison without parole, a fine and restitution. Final sentencing information could not be found.

**\$96,000**

**Kelli Melinda Morris,  
Sentenced 2006**

Morris pleaded guilty in 2005 to stealing more than \$96,000 from the Mid-Missouri Chapter of the Alzheimer's Association. She was sentenced in 2006 to serve five years in prison. According to a newspaper report in the *Columbia Daily Tribune*, she took the money to pay off credit card debt.

**\$76,954**

**Carol Lynne Buxton,  
Pleaded guilty 2007**

Buxton pleaded guilty in 2007 to felony stealing \$76,954 from Simon Steel, a local steel fabrication firm. According to newspaper reports, she "altered company records and deposited forged company checks into her bank account" to pay off a credit card. She was sentenced in Boone County Circuit Court to 60 days in jail and ordered to pay restitution of the entire amount. The crime took place from 2005 to 2006.

**\$60,780**

**Christina Finney,  
Pleaded guilty 2007**

Finney, a former administrative assistant, admitted to stealing \$60,780 from Moberly Area Chamber of Commerce. According to a newspaper report, she wrote checks from the chamber's account and used the money to make home mortgage payments and other personal bills. She was sentenced to 12 months and one day in federal prison, and according to a May 22, 2009, article in the *Moberly Monitor*, she completed making restitution. The crime took place from 2000 to 2007.

**\$50,000**

**Angela Nichols,  
Pleaded guilty 1995**

Nichols, a former head traffic clerk, pleaded guilty in 1995 to stealing \$50,000 from Boone County. According to a newspaper report, Nichols took cash from the traffic account from 1992 to 1993. According to Casenet, she was sentenced to five years in prison. **CBT**