

## Taking from the till

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LIMA — The thieves of the 1930s had such colorful nicknames.

One of Keith Durkin's favorites was Willie "The Actor" Sutton, known as a gentleman thief who robbed several banks.

"When they finally brought him into custody, one of the reporters yelled out, "Willie, why did you rob banks?" recalled Durkin, the chair of the department of psychology and sociology at Ohio Northern. "He turned to look at the reporter and said, "That's where the money is."

"Now, accounts payable, that's where the money is. Payroll, that's where the money is." These modern-day thieves have a tamer title associated with them: embezzler.

The region recently has seen its share of people who figured out where the money was and how to keep it for themselves. In the last three years, authorities charged seven public officials with taking the public's money unlawfully in area counties.

In one case, the former fiscal officer of Dunkirk, Thomas L. Foltz, allegedly stole \$145,600 from the village by forging the mayor's signature on 56 checks.

In another, the former deputy treasurer in Hardin County, Deanna Polen, took more than \$30,000 in real estate tax payments by altering and falsifying records in a two-year period.

And sometimes people steal services. A judge will sentence Crystal Balo later this month for keeping her ex-husband and adult brother on her insurance, things she knew better than to do as the coordinator for Allen County's insurance. They ran up more than \$8,700 in claims.

"What's kind of peculiar is how people react. If someone goes and steals a laptop somewhere and runs out, people see that as more serious than stealing with a checkbook," said Juergen Waldick, Allen County's prosecutor. "These kinds of white-collar crimes are sometimes more challenging to prosecute because people might not think they're so serious. Sometimes I think people romanticize someone who's figured out how to cheat the system."

There's no romanticizing who foots the bill if they go unpunished.

"It's upsetting since it's the taxpayers' money," said Robert Benroth, Putnam County's auditor.

## Inside the mind

Durkin spent the last 20-plus years studying financial crimes, in part because “embezzlers are so gosh-darn interesting to criminologists,” he said. All the cases follow the same pattern.

“First is some nonshareable financial problem,” Durkin said. “Maybe it’s gambling or possibly drugs or some kind of debt problem.”

Waldick tacks on a simpler motivation: greed.

“That’s a really handy explanation for a noncriminal, nonmalicious twist on why people steal,” he said. “I’m sure there are people like that, but most of the people I see aren’t using the money for medical bills or the mortgage. They’re going on vacation, buying fancy cars and living in luxury.”

The second step, Durkin said, is an awareness of an “opportunity to secretly solve the problem.”

“Maybe you’re handling payroll,” he said. “You can create a fictitious employee or two. Say you handle accounts receivable. Just make a face company and pay yourself. You have to be aware of some way to solve that nonshareable financial problem through the workplace.”

The third and most important step is rationalizing the criminal activity as a temporary loan. “It doesn’t start out in their minds as a big theft,” Waldick said. “They’ll borrow \$20 from the till and plan to pay it back next week. Down the road, they get used to taking the money. It’s not necessarily a huge amount of money at first. But say you take \$100 a week for a year and do it for five or six years. Suddenly you’re talking about a substantial amount of money, \$31,000 at that point.”

## **Catching the crime**

Fortunately for taxpayers, there’s a branch of the county government specifically designed to protect the public’s dime.

“One of the things the state auditor reminds the county auditors is if you’re waiting for the state examiner to find fraud in your county, they’ll never find it in time,” said Janet Schuler, Auglaize County’s auditor. “They’re looking at proper auditing procedures. It’s not their job to look for fraud. It’s our job.”

Area auditors say they take that role seriously. That’s why they demand original receipts for any payout. It’s why they pore over bills to see where items are delivered. It’s why they refuse to pay for a dinner out if there’s alcohol purchased. Most denied bills are more a result of ignorance than malfeasance.

“Our No. 1 job is to scrutinize every bill that is presented for payment and make sure all things billed are appropriate and lawfully allowed to be paid,” Benroth said.

Auditors also try to set up processes to make sure no one's work goes unchecked. In one fraud case, former Allen County Deputy Auditor Nichole Barker had to pay back more than \$5,200 for mostly dog license fees taken in 2006.

The county learned the importance of two sets of eyes on everything, even something as small as a dog license fee, said Allen County Auditor Rhonda Eddy-Stienecker, who took over in 2008. One person collects the money, while another records its value on paper.

Budget cuts make that more difficult, she said.

"That's a concern that any smaller entity faces," she said. "If you have less employees, you have less opportunity for separation of duties and fewer people looking things over."

Auglaize County limits how much money is in the office to avoid any chance of theft. As soon as it collects \$1,000, it pays that amount to the county treasurer's office, Schuler said.

When a case does come up, the Lima Police Department and Allen County Sheriff's Office are both well-equipped for the job. Some other counties enlist the help of forensic accountants.

"The biggest challenge is this is so incredibly time consuming," Waldick said. "They have to pore over the records, compile them and make sense of all the dollars. That makes it very difficult."

## **Insuring against fraud**

People remember to call their insurance company whenever they need to add dependents, said Michael Browning, the vice president of strategy of Chapman Kelly, a company that conducts dependent eligibility audits. They're not as likely to remember to drop dependents, such as when they divorce or have a child graduate from college.

"Nine out of 10 times, it's not a situation where an employee is trying to commit fraud or even knowingly have an ineligible person on a plan," Browning said. "We can see how things are overlooked."

The Balo case brought this different kind of public theft to light, stealing insurance. Balo oversaw Allen County's efforts to stop insuring people who weren't eligible. Still, her ex-husband and 19-year-old brother remained on her plan.

During the trial, Allen County Administrator Becky Saine said the county found 32 cases of questionable dependents. Balo's ex-husband, Steven Balo, received a 60-day suspended jail sentence and must reimburse the county for misdemeanor insurance fraud.

The case reinforced the push to double-check dependents in the city of Lima, said human resources director Vince Ozier.

Many governments are self-insured or part of an insurance pool. It's not some large insurance company suffering; the government and taxpayers hurt from fraud.

“In our particular case, we’re self-insured,” Ozier said. “We pay the actual claims incurred by our members. For every dollar of claim we’ve paid for someone ineligible, it’s a dollar the city paid out that could go to something else.”

Lima recently approved hiring Chapman Kelly to look over its dependents and look for ineligible dependents.

“We’ve seen a large increase in public accounts this past year,” Browning said. “Some of it is related to the economy. When it took a downturn, it hit a year or two later for people’s tax revenue.”

He said his company generally finds 4 percent to 8 percent of employees have ineligible dependents on their plans. Removing them saves an entity between 500 percent and 1,500 percent of what the company charges to find the mistakes.

“This process is not about removing the most dependents we can,” Kelly said. “We want to make sure the dependents on a plan are actually eligible for the coverage, though.”

## **Breach of trust**

Up until someone catches them, most embezzlers look like model employees, Waldick said. “They come to work every day. They don’t call in sick. They don’t take extended vacations,” he said.

“They seem like model employees. That’s because they know if they’re gone for long, somebody is going to figure out what they’re doing. If they’re not there, the jig is up.”

That’s what bothers Durkin the most: The most reliable people end up being the least trustworthy.

“As a society, we’re not calling it what we should: theft, grand theft,” he said. “That’s the despicable thing about embezzlers that breach of trust that we so often overlook.”

People may claim to not trust anyone, but often they still do.

“There may be a distrust in an organization: „I don’t trust strangers. I don’t trust corporations. I don’t trust the government,“ ” Durkin said. “But you still trust your co-workers. You still trust your accountant. You still trust that person you’ve known for years.”

After years of fraud, it can be hard to break the cycle, Waldick acknowledged.

“I don’t know why people think they can get away with it forever,” he said. “Where’s the end game? How are you going to stop where nobody is going to find out? The reality is people get in so deep, they never find their way out.”

However people justify it, it’s still wrong, Durkin said.

“The whole gist of this thing is it’s, OPM,” short for other people’s money,” Durkin said. “You’re using other people’s money for your personal gain, period.”

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#### CAUGHT STEALING

A look at area government employees disciplined for theft-related offenses:

##### **Crystal Balo**

Former Allen County employee who watched for insurance fraud found guilty of grand theft by deception for keeping her ex-husband and 19-year-old brother on her insurance after they should’ve been taken off. Will be sentenced later this month.

##### **Nichole Barker**

Former deputy auditor for Allen County pleaded guilty to dereliction of duty for taking \$5,200, mostly from dog license fees, in 2005 and 2006. Sentenced to 30 days in jail in 2008 and ordered to repay the money.

##### **Stephen Davis**

Former Hardin County dog warden originally faced charges of theft in office, complicity to tampering with records and complicity to tampering with evidence. Pleaded to three charges in May, with a 30-day jail sentence.

##### **Thomas L. Foltz**

Former fiscal officer in Dunkirk allegedly stole \$145,600 from the village by cashing 56 checks bearing Mayor Pam Ruhlen’s forged signature from April 2007 to April 2008. Charged with 16 counts. Found incompetent to stand trial in September 2008.

##### **Forest Gordon**

Former Ottawa and Kalida police chief found guilty of one count of theft in office for theft of equipment belonging to Kalida and the illegal sale of firearms from Ottawa’s property room. Sentenced to one year in prison, must repay nearly \$2,000 in restitution.

##### **David Metzger**

Former Delphos maintenance foreman pleaded guilty to unauthorized use of property in 2009. A judge gave him a suspended 180-day jail sentence and a condition to pay \$400 restitution and return two metal desks to the city.

##### **Deanna Polen**

Former Hardin County deputy treasurer found guilty of theft in office and tampering with evidence for taking nearly \$100,000 from real estate tax payments. She served part of her four-year sentence before her early release last December but must repay the money.

Chapman Kelly and Verify Solutions are now



In 2010, two leading healthcare cost-containment firms joined forces to create HMS Employer Solutions. This newly formed division of HMS combines the distinguished personnel and advanced technology from each company, making it one of the most experienced providers of cost-containment services within the industry. The staff of HMS Employer Solutions provides employers and managed care organizations with Dependent Eligibility Audits, Medical Claim Audits, as well as other healthcare cost-containment services.

Since 2001, clients have saved over \$1 billion through our auditing services. Over 2 million dependents have been verified through our dependent eligibility services, which makes HMS Employer Solutions one of the most qualified dependent verification providers in the industry. HMS Employer Solutions is the *only* dependent verification firm with products and experience across the entire range of employer sizes. Our dependent audit clients range in size from those with 50 employees to the largest Fortune 500 companies and government entities. This newly formed division is supported by the 30-year history of HMS, the healthcare cost-containment, coordination of benefits, and program integrity services experts.