# COUNTY OF SACRAMENTO CALIFORNIA

For the Agenda of: January 24, 2017

To: Board of Supervisors

From: Department of Finance

Subject: Request For Relief Of Accountability (ROA) For Cash Losses In The Amount

Of \$9,996.00 Occurring In The Sacramento County Sheriff's Department Civil

Trust Fund Due To Fraudulent Checks

Supervisorial

District(s): All

Contact: Anita Peden, Chief of Administrative Services, 874-6032

(Questions relating to the request for Relief of Accountability)

Alan A. Matré, Chief of Audits, Department of Finance, 874-7259

(Questions relating to the review of the request)

# Overview

The Sacramento County Sheriff's Department (Sheriff's Department) Civil Bureau is responsible for providing civil lawsuit process services such as: summons, restraining orders, bench warrants, and evictions within Sacramento County. In August 2015, two fraudulent checks totaling \$9,996.00 were cashed against the Civil Bureau's checking account. The Sheriff's Department will replenish the Civil Bureau's Trust Fund cash shortage from their existing General Fund (001A) budget appropriations.

### Recommendation

Authorize the Sheriff's Department to write-off \$9,996.00 in cash losses to its Civil Trust Fund (073A) and authorize the transfer of their existing General Fund (001A) budget appropriations to replenish the Civil Bureau's Trust Fund.

# Measures/Evaluation

Not applicable.

# **Fiscal Impact**

Replenishment of the stolen monies will come from existing budgetary appropriations in the amount of \$9.996.00.

# **BACKGROUND**

The Director of Finance is authorized by the Board of Supervisors to grant relief of accountability for amounts less than \$1,000.00. Relief requests greater than or equal to \$1,000.00

Request For Relief of Accountability (ROA) For Cash Losses In The Amount Of \$9,996.00 Occurring In The Sacramento County Sheriff's Department Civil Trust Fund Due To Fraudulent Checks

Page 2

require Board approval. The total amount (\$9,996.00) requested by the Sheriff's Department in its ROA is the culmination of two fraudulent checks cashed against its Civil Trust Fund in August 2015 (Attachment 1).

# **DISCUSSION**

The Sheriff's Department Civil Bureau is requesting permission to write-off \$9,996.00 in its Civil Trust Fund that was stolen due to fraudulent checks cashed against its checking account. In August 2015, two fraudulent checks (Check #2014011149 in the amount of \$4,996.87 and check #2014011192 in the amount of \$4,999.13) created by unknown persons were cashed against its Civil Bureau checking account in the Los Angeles Area. The Sheriff's Department amended its checking account processing procedures in order to prevent future cash losses due to fraudulent check cashing. The stolen trust fund monies need to be replenished because the money does not belong to the County of Sacramento. The money is held in trust for other individuals.

The circumstances of the loss have been reviewed by the Department of Finance's Internal Audits Unit, as required by Volume IV, Chapter VIII of the County's Accounting System and Procedures Manual. The results of the review did not indicate any evidence of fraud or gross negligence on the part of Sheriff's Department personnel. The Department of Finance, Auditor-Controller Division, Internal Audits' staff report (Attachment 2) is also attached with this request.

# **MEASURES/EVALUATION**

Granting relief of accountability will allow the Sheriff's Department to balance its Civil Trust Fund (073A).

# **FINANCIAL ANALYSIS**

Replenishment of the stolen monies will come from existing budgetary appropriations in the amount of \$9,996.00.

Respectfully submitted,	APPROVED: NAVDEEP S. GILL County Executive
BEN LAMERA, Director	
Department of Finance	Ву:
•	DAVID VILLANUEVA,
	Chief Deputy County Executive

### Attachments:

ATT 1 - Sheriff's Department Request for Relief of Accountability

ATT 2 - Department of Finance, Auditor-Controller Division, Internal Audits' Staff Report

Agenda Date: January 24, 2017

ATT 1

# COUNTY OF SACRAMENTO Department of Finance

# Request for Relief of Accountability

1								
То:	Director of Finance							
2	Scott R. Jone	s, Sheriff		August 3, 2016				
From:	Roll	ars	Date:	-				
3 Subject:	REQUEST FOR RELIEF OF ACCOUNTABILITY							
4 We are requesting Relief of Accountability for the assets listed below:  Cash (ignore items 6a and 6c) Fixed Asset – Equipment (book value is \$10.000 and under) Controlled Equipment (inventoriable non-fixed asset, including firearms)								
in the amount of:	5 in the amount of: \$9,996.00							
r								
6		Background	Information					
6a County identificati	ion record number:	Date the asset wardiscovered missin May 18, 2	ng:	6c Cost and net book value of asset:				
6d Detailed description	on of missing asset(s):	:						
\$9,996.00 Ca	ash							
	here asset was assignd artment Civil T		1 missing:					

# COUNTY OF SACRAMENTO Department of Finance

# Request for Relief of Accountability

7 Circumstances Surrounding the Loss								
7a Name, title, and department of person reporting the loss: Lt. Gerald Lane #1 Civil Bureau Commander	7b Name(s) and telephone number(s) of person(s) responsible for control of the missing asset(s):  (916) 875-2699							
7c Detailed description of the loss:  See attached IDC's from Wanda 7d How was the loss discovered?	Ferguson and Wendy Malumphy							
Bank Reconciliation								
7e Specify agencies contacted and dates: James Calucin, Account Rep with Wells Numerous emails and phone calls attern								

2

Rev. 5-20-2015

# COUNTY OF SACRAMENTO Department of Finance

# Request for Relief of Accountability

Detail the existing security measures that should prevent asset losses:

# **Positive Pay**

9

Detail security changes set in place after the loss to prevent future losses:

# Changed positive pay defaults on checking account

10

Contact person(s) and telephone number(s):

Lt Gerald Lane (875-2699) or Records Manager Wanda Ferguson (875-2698)

We understand that the approval of this request for relief of accountability by the Director of Finance does not address the department's appropriations if the item(s) need to be replaced.

Attach: Completed and signed Equipment Movement Report (EMR)

Copy of required police report (City or Sheriff)

# Scott R. Jones Sheriff

# **COUNTY OF SACRAMENTO**

# Inter-Department Correspondence

May 18, 2016

To:

LIEUTENANT GERALD LANE, COMMANDER

Civil Bureau

From:

WANDA FERGUSON, RECORDS MANAGER

Civil Bureau

Subject:

FRAUDULENT CHECKS CASHED AGAINST CIVIL BUREAU WELLS

**FARGO BANK ACCOUNT** 

August 24, 2015 two checks, #2014011149 and 2014011192 for \$4996.87 and \$4999.13 respectively, were cashed against the Civil Bureau Wells Fargo checking account Both of these checks had been fraudulently created and cashed by unknown persons. During this same time period there were numerous other checks that had also attempted to be cashed however those were returned unpaid.

The Wells Fargo bank account is set up with "positive pay" functionality. When we issue checks, we upload the check number, payee and amount to the Wells Fargo account and each check that is cashed is verified against this information. If there is any discrepancy in the data of the check being presented, our office receives an "exception" email identifying the check information and what the discrepancy is. We have until 1400 hours on that same day to reject payment for reason. If we do not respond by the deadline, the default of the account at that time was to "pay" the exception item. On this particular day, the person responsible to respond to the exception email was out sick and the items were paid by default.

Once it was discovered, through the bank account reconciliation process, the two fraudulent checks had been paid, we immediately notified County Treasurer to have the default changed to reject exceptions unless we notify them to pay.

At this time the Wells Fargo account is underrepresented \$9996.00, the amount of the cashed fraudulent checks. This amount needs to be replenished into the account from another source designated by Sheriff Fiscal.

Attach: IDC From Malumphy

Check Copies



# **COUNTY OF SACRAMENTO**

# Inter-Department Correspondence

Date: May 17, 2016

To:

Wanda Ferguson, Records Manager

Civil Bureau

From:

Wendy Malumphy, Accounting Technician

Civil Bureau

Subject: FRAUDULENT CHECKS CASHED @ WELLS FARGO BANK

While I was reconciling August 2015 bank statements, I came across two checks that were not approved by our office. These two checks were not even issued by our office but the bank paid them anyways. We are notified when checks do not match our uploaded information. They send us an email asking us to approve the check(s). The default at the time is to pay the checks if we don't inform them not to pay the check(s). Upon further investigation we found that on this particular day, Tiffany, who was the person approving the checks, was out sick. The two checks totaled \$9,996.00.

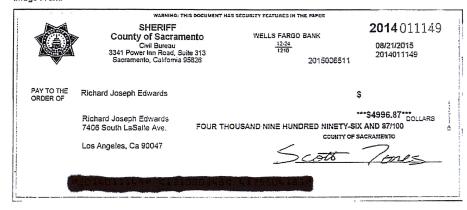
The default was changed as of May 11, 2016. Now when the bank notifies us with exceptions, the default is to deny the payment of the check.

Attachment: (Copies of checks #2014011149 for \$4,996.87 and ck#2014011192 for \$4999.13.)

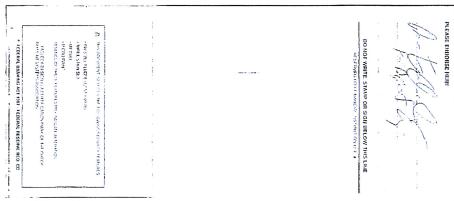


# Stops - Images - Search®

### Image Front:



### Image Back:



Item Details
Amount: 4,996.87
Check #: 2014011149
Posting Date: 08/24/2015
As of Date: 08/24/2015

Account Number:
Routing Number:
Description: CHECK PAID
Item Sequence Number: 8612220896

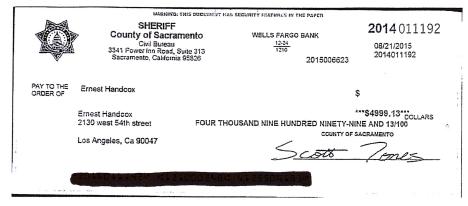
Privacy, Security & Legal

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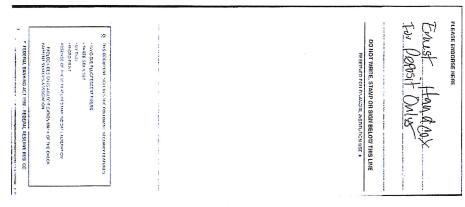


# Stops - Images - Search®

### Image Front:



### Image Back:



Item Details
Amount: 4,999.13
Check #: 2014011192
Posting Date: 08/24/2015
As of Date: 08/24/2015

Account Number:
Routing Number:
Description: CHECK PAID Item Sequence Number: 8612221958

Privacy, Security & Legal

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# **Sacramento County Sheriff's Department**

Civil Bureau

3341 Power Inn Road, Rm 313

Sacramento, CA 95826

Report No: CVD 2016-0218988

Report Date: 07/27/2016

SUMMARY

Associate Type

Crime-Arrest Report

Occurrence Date

Sat 08/01/2015 @ 00:01 to Sat 08/22/2015 @ 00:01

Initial Status: Investigation

Occurrence address Reported Date

Wed 07/27/2016 @ 10:45

**VIOLATIONS** 

Code Section

Description

PC 476

Make/Pass/Publish/Etc Fictitious Check/Bill/Note

Category

Attempt

Felony

No

# SYNOPSIS OF CRIME

Unknown suspect(s) created two fictious checks utilizing V-1's account number. These two checks were deposited and funds removed from V-'1's account. One check was valued at \$4999.13 and the other \$4996.87.

# **ACTIVITY STATUS**

Status Date: 7/28/2016

Status Set By: Bielcik, Jeffrey

Comment:

Status: Active case

# **PARTICIPANTS**

Victim

County Of Sacramento, Na - Unknown Unknown

Locations Home address

3341 Power Inn Rd #313 SACRAMENTO, CA 95826

**Business phone** 

(916) 875-2695 (Civil Bureau Secretary)

**Employer** 

Unknown

Occupation

Unknown

**IBR Factors** 

**Related Violation** 

PC 476

Type of Victim

Other business victim

Resident Status

Resides within SSD jurisdiction

Domestic Violence

# METHOD/CRIME FACTORS

MO

Suspect actions

Alarm system Surroundings

Evidence left at scene
Method of entry

Place of activity Point of entry

Structure Target

Other/unknown

Not applicable Institutional

Other/unknown
Other/unknown
Other/unknown

Other/unknown
Other/unknown
Other/unknown

IBR Loca

Location Type Bias Motivation

Financial/bank/savings loan

None

Suspected of Using No.

Not applicable

### **VEHICLES**

There is no vehicle associated with this report.

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•	R	v	r	드	П		1

Status Article Name and Type
Counterfeit/forge Fraudulent check-Fraudulent article

IBR Type PC 476 Loss

Recovered \$0.00 Damaged

Totals:

\$0.00

\$0.00

\$0.00

Report No.: 2016-0218988

# Counterfeit/fo <u>Fraudulent check-Fraudulent article</u> rged

Misc Description

See scanned documents

Recovered qty/value Recovered date

2 Each @ \$0.00 Wed 07/27/2016 Bank of America

Location found/taken Evidence Type

Bank of Americ Evidence

Owner

County Of Sacramento, Na

# **EVIDENCE**

There is no evidence associated with this report.

# **ATTACHMENTS**

Name

Comment

Civil Bureau Check

2014011149

Civil Check 2014011192

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ı	IN	v	u	_	v	_	L	Л	Г	<b>E</b>	П	S	u	ш	u	и	

Involvement
Approving Officer
Narrative Officer
Reporting Officer

Employee Gerald Lane Jeffrey Bielcik Jeffrey Bielcik

CVD CVD

Division

DIST	SECT	SUB	SACRAMENTO SHERIFF'S DEPARTMENT	PAGE			REPORT NUMBER	
	1		CONTINUATION REPORT	3	OF	5	2016-0218988	
LOCATIO	N OF INCIDE	NT	DATE	DAYO	F WEEK		TIME	
, CA 8/1/2015 - 8/22/2015							00:01	
,	ITY / SECTION							
PC 47	6 - Mak	e/Pass/	Publish/Etc Fictitious Check/Bill/Note					
COMPLAINANT/VICTIM (LIST FIRST VICTIM IF MORE THAN ONE)								
Count	v Of Sa	crament	o. Na				!	

- 1 1000hrs/06-08-2016: I, Sergeant Bielcik #20 (Unit CIV201), was assigned as a supervisor within the
- 2 Sacramento Sheriff's Civil Bureau. At this time I was approached by Civil Bureau Accounting
- 3 Supervisor, Wendy Swander. Swander stated the Sacramento Sheriff's Department had been the
- 4 victim of fraud. Specifically, she indicated two checks had been created and cashed on approximately
- 8-21-2015. Swander said one check was cashed for \$4996.87 and the other was cashed for
- \$4999.13. Swander believed both checks were cashed or deposited at a Bank of
  - America in the Los Angeles area. See attached statement.

1200hrs: I telephoned Fraudulent Crimes Detective Sean Smith and provided him with details regarding these checks/transactions. I provided him with copies of the checks and account information. I asked if Detective Smith could determine a location of occurrence so that agency could generate a crime report. Detective Smith said he would contact Bank of America in an attempt to identify who may have cashed the checks. Detective Smith stated these requests are often time consuming and he may not get a reply from Bank of America for some time.

1000hrs/7-26-2016: I spoke to Detective Smith. He indicated I (SSD) could generate a crime report regardless of where the crime occurred. He said both checks had been deposited into two different accounts in August of 2015. Per Detective Smith, Bank of America did not have any video footage of the deposits as too much time had elapsed.

Check #2014011149 had the name Richard Joseph Edwards printed on the check. This included an address of Ave. Los Angeles Ca. 90047. An NCIC records check of Edwards did not show any criminal history. However, he was known to DMV with a driver's license number of and a DOB of Ave. This license showed the above address.

Check #2014011192 had the name Ernest Handcox printed on the check. This included the address of Los Angeles Ca. 90047. An NCIC records check of Handcox revealed someone who was possibly the same person. The records check showed a John Handcox who lives in Los Angeles and is currently on parole for PC245. Records showed this person with an address of 90044. Other identifiers noted were: CII A08060254, CDC AR9732, OLN D1157039. A physical description showed him as a black male adult, 6' tall, 200lbs, black hair and brown eyes. His driver's license listed a middle name of "Call."

Г	REPORTING OFFICER	BADGE	DIVISION	APPROVED BY	BADGE	DATE AND TIME OF REPORT
1	Bielcik	20		Lane	1	Wed 07/27/2016 10:45

DIST	SECT	SUB	SACRAMENTO SHERIFF'S DEPARTMENT	PAGE			REPORT NUMBER	
	1		CONTINUATION REPORT	4	OF	5	2016-0218988	
LOCATIO	N OF INCIDE	NT	DATE	DAYO	F WEEK		TIME	
, CA 8/1/2015 - 8/22/2015							00:01	
	TY / SECTIO							
PC 47	<u>6 - Mak</u>	e/Pass/	Publish/Etc Fictitious Check/Bill/Note					
COMPLAINANTAICTIM (LIST FIRST VICTIM IF MORE THAN ONE)								
Count	v Of Sa	crament	o, Na					

1000hrs/06-08-2016: I, Sergeant Bielcik #20 (Unit Civ201), spoke to Sacramento Sheriff's Accounting Supervisor Wendy Swander. Swander said two checks had been fraudulently cashed/deposited and the Sheriff's Department was the victim. Swander stated the following in summary:

I am the accounting supervisor for the Sacramento Sheriff's Civil Bureau. In May of 2016, I was doing bank reconciliations for our bureau. We use Well Fargo Bank. As I was doing this, I discovered two (2) checks had the wrong check number on them. Upon closer inspection, the checks looked almost identical to checks issued by our department. The checks had the correct account numbers, however the check numbers on these two checks began with 2014. "2014" was out of sequence and should not have appeared on these checks. I should mention that "2014" is not related to the year...it was simply the first four digits of the check number. These checks were submitted on 8-21-15.

Check number 2014011149 was made payable to Richard Joseph Edwards for \$4996.87. The address was listed as the same to the sam

Check number 2014011192 was made payable to Ernest Handcox for \$4999.13. The address was listed as **Character State** Los Angeles Ca. 90047.

Obviously I became concerned and began to investigate. I confirmed the money from the above checks was removed from our account. I telephoned Wells Fargo Client Services Officer James Calucin and explained what had occurred. Calucin said he would try to identify what had occurred. A short while later, Calucin said the checks had been deposited into a Bank of America account. However, he could not give me any more information. He would not say where the checks were deposited or what level of investigation Bank of America would conduct. He simply asked I complete an Affidavit of Check Fraud document and submit it to their bank. I'm assuming the checks were cashed in Los Angeles as that was the city noted on the check.

I should mention our checks have a Civil Bureau case number printed on the checks. I ran the case numbers and the above mentioned names but did not discover anything significant. The case numbers were not related to Richard Edwards or Ernest Handcox. I ran both names in our bureau software program. There were two Richard Edwards noted, but there was not any evidence this person was associated with these checks. Likewise, Ernest Handcox was not known to our system.

I advised my supervisor, Wanda Ferguson and Bureau Commander, Lt. Lane. I made copies of the cashed checks for you (See attached).

**End of statement** 

REPORTING OFFICER	BADGE	DIVISION	APPROVED BY	BADGE	DATE AND TIME OF REPORT
Bielcik	20		Lane	1	Wed 07/27/2016 10:45

DIST SE	CT SUB	SACRAMENTO SHERIFF'S DEPARTMENT	PAGE			REPORT NUMBER		
		CONTINUATION REPORT	5	OF	5	2016-0218988		
LOCATION OF	INCIDENT	DATE	DAYO	F WEEK		TIME		
, CA		8/1/2015 - 8/22/2015	Sat			00:01		
AUTHORITY /S	SECTION							
PC 476 -	Make/Pass/	Publish/Etc Fictitious Check/Bill/Note						
COMPLAINANT/VICTIM (LIST FIRST VICTIM IF MORE THAN ONE)								
County Of	f Sacrament	co. Na						

# Further Investigation

- 1. Contact Bank of America in an attempt to identify which accounts these checks were deposited into.
- 2. The names listed on the checks may be suspects. Attempt to determine if they played a role in this incident.

REPORTING OFFICER	BADGE	DIVISION	APPROVED BY	BADGE	DATE AND TIME OF REPORT
Bielcik	20		Lane	1	Wed 07/27/2016 10:45

VIELLS PARGO BANK 1231 1119 2015095511

08/21/2015 2014011149

2014011149

PAY TO THE ORDER OF

Richard Joseph Edwards

Richard Joseph Edwards 7406 Bouth LaSallo Ave.

\*\*\*\$4996.87\*\*\* FOUR THOUSAND NINE HUNDRED HINETY-SIX AND 87/100

Los Angeles, Ca 90047

SHERIFF
County of Sagramento
Chil Sagra
3341 Fower Inn Road, Suis 313
Saciantesio California 95326

Wells fargo bank 1244 1210

MARLEY OF THE PROPERTY PROPERTY FEATURES OF THE PAREN

2015006523

2014011192

08/21/2015 2014011182

PAY TO THE DADER OF

**Ernest Handoox** 

Emest Handcox 2130 west 54th streat

\*\*\*84989.13\*\*\*\*
FOUR THOUSAND KINE HUNDRED MINETY-NINS AND 12100

Los Angeles, Ca 90047

COUNTY OF BACRALIENTO

Agenda Date: January 24, 2017

ATT 2

# COUNTY OF SACRAMENTO INTERNAL SERVICES DEPARTMENT OF FINANCE AUDITOR-CONTROLLER

Intra-Departmental Correspondence

October 18, 2016

To:

Ben Lamera

Director of Finance

From:

Alan A. Matré

Chief of Audits

Subject:

THE SHERIFF'S DEPARTMENT REQUEST FOR RELIEF OF ACCOUNTABILITY FOR CASH LOSSES IN THE AMOUNT OF

\$9,996.00 OCCURRING IN THE SACRAMENTO COUNTY SHERIFF'S DEPARTMENT CIVIL TRUST FUND DUE TO

FRAUDULENT CHECKS

On August 5, 2016, we were informed by the personnel of the Sacramento County Sheriff's Department (Sheriff's Department) that cash losses of \$9,996.00 had occurred within its Civil Trust Fund. The cash losses are attributed to two fraudulent checks (Check #2014011149 in the amount of \$4,996.87 and check #2014011192 in the amount of \$4,999.13) cashed against the Civil Bureau's Civil Trust Account. Sheriff's Department personnel amended its check processing procedures in order to prevent future losses. The loss is summarized as follows:

Type	Fiscal Year	_Amount_	Total
Civil Trust Fund (073A)	2016	\$9,996.00	\$9,996.00

Based on the Sheriff's Department investigation concerning the loss and its amended check processing procedures, we recommend that relief of accountability be granted.

Our examination was limited to reviewing written reports and interviewing Sheriff's Department personnel and does not constitute an audit.