

The Top 10 Embezzlement Cases In Modern US History

By Christopher T. Marquet

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It seems as though there isn't a day that goes by in which another major embezzlement case has reared its ugly head in the United States. Some blame the state of the economy, which certainly is a positive factor for both the frequency and the discovery of this type of white collar crime by a typically more vigilant management. However, many embezzlers' schemes last for years before they are found out, often beginning in good economic times, when it is easier to hide defalcations from business owners. One thing is for sure – there has been a spate of massive employee theft cases in recent years.

Is embezzlement a new white collar phenomenon? Certainly not – this kind of theft dates back to pre-history. Nevertheless, we believe the speed and ease with which currency moves today and sheer relative size of organizations compared to prior decades, has driven up the size and frequency of employee theft cases. Internal business controls notwithstanding, many of these cases involve simple and often “low-tech” schemes.

To test this theory, Marquet International, the Boston-based investigative and intelligence firm I manage, attempted to identify the largest embezzlement cases in modern US history (since 1900). To do so, we researched case files, media archives and other public records in an effort to develop a list of contenders. We then converted the relative amounts misappropriated into 2010 dollars, using the Consumer Price Index comparison based upon the median year the scheme was active. That way we made a fair comparison of the relative size of the defalcations in each case.

As the chart on the following page reveals, half of these cases came to light in just the past decade and 80 percent of the cases in the past 30 years. Only three involve woman – just the opposite of the current national trend. Further, the average duration of these defalcations is nearly 8 years – longer than the 4 1/2 year average we have reported in our latest Annual Report on Embezzlement. This is to be expected given the incredible magnitude of these thefts. The average age of the perpetrator when his/her respective embezzlement scheme began is about 40 – slightly lower than our overall findings.

All but one of the perpetrators had some level of fiduciary duties at their respective companies and four of the ten victim organizations were financial institutions. Both statistics are logical; as prolific bank robber Willie “The Actor” Sutton is purported to have replied when asked by a reported why he robbed banks, “because that’s where the money is...”

What we came up with was the following list of contenders for the largest embezzlement cases in modern US history:

<u>Perpetrator</u>	<u>Amnt. 2010\$ (Actual)</u>	<u>Victim Organization</u>	<u>Discovered</u>
Yasuyoshi Kato	\$132 million (\$90M)	Day-Lee Foods, Inc.	1997
Gilbert Beesemyer	\$100 million (\$7.7M)	Guaranty B&L Assoc.	1930
Ricardo Carrasco	\$88.3 million (\$66M)	BankBoston	1998
John F. Doorly	\$70.5 million (\$58.2M)	Tenens Corp/Ayer estate	2006
Ausaf Siddiqui	\$69 million (\$65.6M)	Fry's Electronics	2008
L. Ben Lewis	\$64 million (\$21.3M)	Wells Fargo Bank	1981
Melissa G. King	\$47.6 million (\$42.6M)	Sandhogs' Union Local 147	2009
William Deloach	\$49 million (\$36.6M)	PBS&J Corp.	2005
Sujata Sachdeva	\$40.9 million (\$34.5M)	Koss Corp.	2009
Minnie Mangum	\$35.7 million (\$2.9M)	Commonwealth B&L Assoc	1955

These are the stories behind the cases:

Massive Meatpacking Misappropriation

Victim Organization: **Day-Lee Foods, Inc.**, Santa Fe Springs, California
Amount: \$132 million in 2010 dollars (\$85 - \$95 million actual)
Perpetrator: **Yasuyoshi Kato**
Position: Chief Financial Officer
Year Discovered: 1997
Duration: 6+ years (1991 – 1997)
Scheme: Fraudulent/forged checks
Age Scheme Began: 33

In July 1997, Yasuyoshi Kato, 39, pleaded guilty to embezzling \$62 million from Day-Lee Foods, Inc., a meat processing company in Santa Fe Springs, California where he had been employed as chief financial officer. However, Day-Lee Foods estimated the theft to be between \$85 and \$95 million. According to prosecutors, Kato, a Japanese citizen, wrote checks to

himself and his wife, from company accounts over a period of about six years. Kato then took out bank loans and forged accounting entries to cover the theft.

Kato reportedly spent the ill-gotten gains to support a lavish lifestyle, including such things as several luxury homes, a 250-acre citrus ranch, luxury vehicles, failed business ventures, jewelry and exotic animals. He reportedly blamed his actions on his “insatiable” wife, Doria Ann Beiler-Hozumi, who was not charged in the case. However, both Kato and Beiler-Hozumi, from whom he became estranged, were sued in a civil action brought by the company, seeking \$95 million in restitution. While his lavish lifestyle apparently drew some attention, as a cover Kato claimed he was the secret inventor of Nintendo.

In October 1997, Kato, who pleaded guilty to six felony counts of wire fraud, mail fraud and tax fraud, was sentenced to 63 months in prison – the maximum under sentencing guidelines at that time, plus five years of probation.

Notes: We calculate that Kato embezzled \$132 million in 2010 dollars by taking \$90 million (the average estimated by the company) and using the median year of 1994 (1991 to 1997).

Beverly Hills Bank Blowout

Victim Organization: **Guarantee Building & Loan Association**, Hollywood, California
Amount: \$100 million in 2010 dollars (\$7,661,793 actual)
Perpetrator: **Gilbert H. Beesemyer**
Position: Founder, General Secretary and Manager
Year Discovered: December 1930
Duration: Undetermined, but believed to be less than one year
Scheme: Took overdrafts for himself
Age Scheme Began: 45



Beesemyer in prison garb
on his way to San Quentin
January 1931

On December 9, 1930 the Guaranty Building and Loan Association in Hollywood, California, went belly-up as a result of a misappropriation of \$7,661,793 by its founder and general secretary, Gilbert H. Beesemyer. The scheme involved Beesemyer taking the funds in the form of overdrafts. However, in a reported confession, he claimed that he was “going to pay the money back.”

Beesemyer was convicted and sentenced to 10 to 100 years in prison. He served nearly 10 years at San Quentin until 1940 when he was paroled.

Many local individuals and businesses were devastated by the building & loan’s failure resulting from Beesemyer’s embezzlement. According to *Time Magazine*, “no less than 2,500 Guaranty depositors have gone to the poorhouse or the insane asylum, some 30 have committed suicide.” The building & loan was ultimately liquidated.

Today, the building where the bank was located (at the intersection of Hollywood and Ivar), is now reportedly owned by the Church of Scientology. Beesemyer relocated to the Baltimore, Maryland area and passed away at the age of 97 in February 1982.

Notes: We calculate that the \$7.66 million Beesemyer embezzled in 1930 is the equivalent of about \$100 million in 2010 dollars.

BankBoston Carrasco Fiasco

Victim Organization: **BankBoston Corp.**, Boston, Massachusetts
Amount: \$97.7 million in 2010 dollars (\$73 million actual)
Perpetrator: **Ricardo S. Carrasco**
Position: Head of BankBoston International in NYC
Year Discovered: 1998
Duration: Undetermined
Scheme: Fraudulent loan scheme
Age Scheme Began: 41

Ricardo S. Carrasco, a Uruguayan national, went missing on February 19, 1998 after loan irregularities came to light at BankBoston’s international private lending group in New York City. The “irregularities” involved what became a massive fraudulent loan and embezzlement scheme that Carrasco had orchestrated. Carrasco skipped town before he could be confronted by bank officials, leaving a posh apartment, two luxury automobiles, and a home in East Hampton, New York and part ownership in an antiques business. The scandal was quickly dubbed the “Carrasco Fiasco.”

The FBI began investigating and issued a warrant for his arrest in March 1998. The FBI described Carrasco at the time as “6 feet tall, 190 pounds, with slightly receding brown hair and brown eyes. He speaks English with a slight accent and is fluent in Spanish, French and Portuguese.” The scheme involved the execution by Carrasco of fraudulent loans to Oldemar C. Barreiro Laborda, a client of the bank from Argentina, with a highly checkered past.

Carrasco had been employed by BankBoston 1977 when he started in his native Uruguay, ultimately relocating to the US in 1988. In December 1998, the Federal Reserve ordered Carrasco to repay the bank \$73 million in fraudulent loans he took and barred him from working for an US financial institution. The bank, which wrote off \$66 million from the theft, offered a \$10,000 reward for information leading to the arrest and conviction of Carrasco.

In July 1999, BankBoston reported that it had recovered \$40 million from an insurance claim on the loss. Some 20 bank employees were disciplined or terminated in the aftermath of the scandal. Carrasco apparently remains a fugitive of the United States today.

Notes: We calculate the 2010 value of what Carrasco allegedly stole based on a reported theft of \$73 million in 1998 dollars to be \$97.7 million.

Treacherous Taking from Ayer’s Heirs

Victim Organization: **Tenens Corp., dba Essex Street Associates**, Beverly, Massachusetts
Amount: \$72.3 million in 2010 dollars (\$61 million actual)
Perpetrator: **John F. “Jack” Doorly**
Position: Chief Operating Officer
Year Discovered: March 2006
Duration: 7 years (1999 – 2006)
Scheme: Fraudulent transfers and vendor fraud
Age Scheme Began: 48

Jack Doorly had been managing the assets of more than 100 heirs of the late Boston-area industrialist, Frederick Ayers, for 33 years before it was discovered in March 2006 that he had been systematically looting the assets of the very trusts he was charged with maintaining. Doorly’s scheme spanned at least a 7 year period, beginning no later than 1999 and continuing until he was fired in March 2006.

Doorly was originally hired in 1973 as a clerk and rose to the level of chief operating officer of the trust management company, Tenens Corp., dba Essex Street Associates, based in

Beverly, Massachusetts. He had gained the trust and confidence of the Ayer family descendants to the point that his operations were not scrutinized in any meaningful manner.

According to court records, over a period of at least 7 years, Doorly systematically transferred trust funds to his own accounts, had personal credit cards paid for by the company and overcharged the trusts for his services and expenses to the tune of \$61 million.

Doorly reportedly spent the misappropriated monies on a profligate and lavishly extravagant lifestyle that included the purchase of real estate, luxury automobiles, extravagant gifts to his mistress, unauthorized payments to his wife, a condominium for his son, nearly \$8 million in failed business investments, extensive luxury travel, country club memberships, timeshares, gambling junkets, other personal luxury items as well as 3 airplanes. In order to conceal his schemes, Doorly also sent fraudulent statements to the Ayer family members. He also used these to deceive the outside auditors and limited the scope of their audits.

According to an extensive article in *Boston Magazine* published in November 2007, one of the heirs, Caleb Loring III – an officer of Tenens Corp., was approached in early 2006 by Doorly's new assistant, Kim Borans, about irregularities in the accounts she discovered. The embezzlement and breach of trust was uncovered and Doorly was promptly fired and an intensive internal review was conducted.

On March 20, 2006, civil suit was filed against Doorly, his wife and his son, in Suffolk County Superior Court alleging fraud and theft seeking recovery. Doorly's wife, Mary Jane Doorly, reportedly learned of his affair with Sarah Hunt, a secretary at Tenens to whom he gave more than \$300,000 in Ayer money, from the court case. She subsequently filed for divorce.

On March 4, 2009, Doorly was indicted on federal fraud charges, including 12 counts of mail fraud and 4 counts of money laundering, seeking forfeiture of "at least \$20 million in US currency" plus homes and other assets. Doorly pleaded guilty to the charges in December 2009 and in March 2010, was sentenced to 17 ½ years in prison.

Notes: We calculate the 2010 value of what Doorly embezzled based on a reported theft of \$61 million using the median year of 2003 dollars (1999 – 2006), to be \$72.3 million.

The Doorly indictment can be found here: <http://plus.eagletribune.com/content/news/salem/benstuff/doorly.pdf>

Extraordinary Electronics Embezzlement

Victim Organization: Fry's Electronics, San Jose, California
Amount: \$69 million in 2010 dollars (\$65.6 million actual)
Perpetrator: Ausaf Umar Siddiqui
Position: Vice President of Merchandising and Operations
Year Discovered: 2008
Duration: 4 years (1/05 – 11/08)
Scheme: Vendor fraud; kickbacks
Age Scheme Began: 39



Mug shot of Ausaf Umar Siddiqui, Age 43
circa December 2008

Ausaf Umar Siddiqui, commonly known as Omar Siddiqui, was an apparently very successful Pakistani American, who rose to the level of Vice President of Merchandising and Operations for Fry's Electronics, a San Jose, California-based electronics retailer. He had a base annual salary of \$225,000 and a staff of 120 purchasing department personnel. Siddiqui and his group were responsible for the purchasing of merchandise for all of Fry's 34 retail stores around the United States.

However, Siddiqui had a dark side including a compulsive gambling habit and a need to live the high life. How he financed his habits became clear on December 18, 2008 when Siddiqui was arrested and charged by the IRS for operating a \$65.6 million kickback scheme involving product suppliers of Fry's and a dummy company he had set up.

Fry's promptly sued Siddiqui to recover the misappropriated funds, plus a \$10.1 million loan to Siddiqui they had previously authorized. It turned out that Siddiqui was being sued by at least three casinos for outstanding debts at the time, including Planet Hollywood, Trump Taj Mahal and the Palms Casino. Siddiqui racked up huge debts at Las Vegas casinos, such as the

Venetian Resort and Casino, owned by the Las Vegas Sands Corp., which received a reported \$17.9 million in payments from Siddiqui. Later investigation suggests that Siddiqui's gambling debts could have reached as much as \$167 million over a ten year period.

On January 6, 2009, Siddiqui was formally indicted on 9 felony counts including five counts of wire fraud and four counts of money laundering, plus one forfeiture count of wire fraud proceeds and one forfeiture count of money laundering proceeds. According to the indictment, Siddiqui set up a sham company known as PC International LLC, in order to receive kickbacks which he described as "commissions," of up to 31 percent from company suppliers in exchange for keeping their goods on Fry's store shelves.

The scheme spanned nearly a four year period, from January 2005 until November 2008. However, records indicate Siddiqui had set up his dummy company, PC International LLC, in 1998, suggesting a much longer lasting embezzlement scheme. As such, it is possible, indeed probable, that Siddiqui's schemes spanned a longer period of time and fleeced Fry's for even more significant sums.

Some of the suppliers named by the IRS as possibly being involved in the case include, Behavior Tech Computer, Inc., Phoebe Micro Inc., Lead Data International, Promedia Technologies, Inc., and Elite Group Computer Systems.

Siddiqui pleaded not guilty to the charges on January 15, 2009. However, he ultimately pleaded guilty on March 4, 2011 in a plea agreement and is currently awaiting sentencing.

Notes: We calculate the 2010 value of what Siddiqui embezzled based on a reported theft of \$65.6 million using the median year of 2007 (2005 – 2009) to be \$69 million.

Wells Fargo Float Fraud (or Beverly Hills Bank Blowout II)

Victim Organization: **Wells Fargo Bank**, San Francisco, California
Amount: \$64 million in 2010 dollars (\$21.3 million actual)
Perpetrator: **Lloyd Benjamin Lewis**
Position: Operations Officer (Beverly Drive branch, LA)
Year Discovered: January 1981
Duration: 3 years (1977 – 1981)
Scheme: Fraudulent electronic funds transfers
Age Scheme Began: 44



Harold Smith

Ben Lewis

Lloyd Benjamin Lewis, commonly known as Ben Lewis, had been employed by Wells Fargo Bank for more than 10 years when he began taking advantage of a flaw in the internal control alarm system for check clearing at bank branches in 1977.

At that time, Lewis had become a board member of Mohammed Ali Professional Sports, Inc. (“MAPS”) which was a local customer of Wells Fargo and held 13 accounts at different branches in and around Los Angeles. Apparently there was no prohibition against such a flagrant conflict of interest at the bank. MAPS was run by former Wells Fargo banker Sammie Marshall and the high flying and flamboyant boxing promoter, Harold Rossfields Smith, aka Ross Fields.

Lewis was able to take advantage of the five day grace period between a check being credited at one bank branch and a debit being made at the account’s branch by routinely making fraudulent credits and debits on MAPS accounts. He had to increase the amount each time to make the bogus credits appear to get covered.

Lewis reportedly received (only) \$300,000 in kickbacks in exchange for his misdeeds on behalf of MAPS. Lewis also had his 1978 honeymoon paid for in part by Smith and was taken to go to see the Ali – Spinks fight in New Orleans.

A third Wells Fargo branch manager in Los Angeles, Gene Kawakami, was also involved in the swindle helping Lewis cover up the fraud. For his trouble, Kawakami was convicted on one count of falsifying loan documents.

Lewis himself pleaded guilty to one count of conspiracy and two counts of embezzlement and agreed to cooperate with the prosecution in their case against Smith and Marshall with

testimony at trial. Lewis was ultimately sentenced to 5 years in prison. In February 1982, Harold Smith was convicted on 29 felony counts including fraud, embezzlement, conspiracy and interstate transportation of stolen securities. He was sentenced to 10 years in prison of which he actually served 5¼.

Notes: We calculate that the \$21.3 million embezzled over three years between 1977 and 1981, using the average year of 1979, is the equivalent of \$64 million in 2010 dollars.

Engineering an Enormous Embezzlement

Victim Organization: **PBS&J Corp.**, Miami, Florida
Amount: \$49 million in 2010 dollars (\$36.6 million actual)
Perpetrator: **William Scott Deloach & Co-conspirators**
Position: Chief Financial Officer & Controller
Year Discovered: March 2005
Duration: 13 years (1992 – 2005)
Scheme: Unauthorized/fraudulent checks
Age Scheme Began: 34

William Scott Deloach was originally hired as controller for PBS&J Corp., a Miami, Florida – based national employee-owned and publicly traded engineering and construction company. Ultimately he became its chief financial officer.

In September 2006, Deloach plead guilty to charges he embezzled as much as \$36.6 million and violated campaign finance laws. Deloach had two co-conspirators, Maria Garcia and Rosario Licata, both longtime employees and subordinates of his, who also plead guilty to an embezzlement charge.

According to the complaint, filed by the SEC, the embezzlement started in 1992 and continued through 2005. The three were involved in a scheme whereby they issued unauthorized checks from the company's master cash disbursement account, depositing them in their respective personal accounts, and splitting the proceeds for their own personal benefit - living lavish lifestyles and supporting personal gambling habits.

According to reports, the company's audit committee discovered the fraud. Deloach was sentenced to 97 months in prison, plus ordered to pay restitution. Licata and Garcia were each sentenced to 63 months in prison, plus restitution.

Notes: We calculate that the \$36.6 million embezzled over 13 years between 1992 and 2005, using the median year of 1998, is the equivalent of \$49 million in 2010 dollars.

Sandhogs Piggishly Pilfered

Victim Organization: **NYC Laborers Sandhogs Union Local 147**, New York, NY
Amount: \$47.6 million in 2010 dollars (\$42.6 million actual)
Perpetrator: **Melissa G. King**
Position: Employee Benefits Manager
Year Discovered: December 2008
Duration: 7 years (2002 – 2008 inclusive)
Scheme: Fraudulent funds transfers
Age Scheme Began: 50



On December 1, 2009, Melissa G. King, 58, of Irvington, New York, was arrested and charged with embezzling at least \$42.6 million from the Sandhogs' Union Local 147 in New York City where she had been employed as employee benefits fund administrator. Specifically, King was charged with one count of theft and embezzlement in connection with employee benefit plans, and 11 counts of money laundering.

King's scheme reportedly spanned a 7 year period, between 2002 and 2008, inclusive. Prosecutors alleged that King's thefts went to pay for numerous luxury items and personal expenses, including: \$7 million paid to American Express; \$5 million to pay for horses and horse-related expenses; \$500,000 paid to Neiman Marcus, primarily for women's clothes; nearly \$1 million to Lugano Diamonds in Newport Beach, California, for jewelry and watches; over \$150,000 to the Ritz Carlton in Palm Beach; over \$9,000 to pay the mortgage on her Irvington home; hundreds of thousands of dollars to pay for three housekeepers, a tutor for her children, and payments to her parents and others; nearly \$100,000 for approximately 13 hours of flight time on a private jet; over \$300,000 to purchase a 2005 Porsche Cayenne, a 2008 Mercedes-Benz

S Class, a 2008 Mercedes-Benz CLK, and a 2008 Range Rover; and transferred over \$11 million to other bank accounts held by her benefits management company, King Care, LLC.

King was removed from her position in December 2008 and a civil suit was filed against her in June 2009. Her arrest was made on November 30, 2009. King, who is still awaiting sentencing as of this writing, faces up to 115 years in prison if convicted on all counts.

Notes: We calculate that the \$42.6 million embezzled over 7 years between 2002 and 2008, using the median year of 2005, is the equivalent of \$47.6 million in 2010 dollars.

Read the King indictment here: <http://www.courthousenews.com/2010/02/17/King%20Indict.pdf>.

Koss Corp. Coffers Co-Opted

Victim Organization: **Koss Corporation**, Milwaukee, Wisconsin
Amount: \$ 40.9 million in 2010 dollars (\$34.5 million actual)
Perpetrator: **Sujata “Sue” Sachdeva**
Position: Chief Finance Officer
Year Discovered: December 2009
Duration: 12 years (1997 – 2009)
Scheme: Fraudulent funds transfers
Age Scheme Began: 40



On January 20, 2010, 46-year old Sujata "Sue" Sachdeva, of Mequon, Wisconsin, was indicted by a grand jury in Milwaukee on six counts of wire fraud for allegedly embezzling of as

much as \$31.5 million from Koss Corporation, a publicly traded head phone manufacturer where she had been employed as Vice President of Finance, Secretary, and Principal Accounting Officer. When Sachdeva was originally arrested on December 21, 2009, the misappropriation was thought to be about \$4.5 million. However, intervening investigation determined that the theft was much larger. Koss fired Sachdeva in early January 2010 when the loss was estimated at about \$20 million. Since the indictment, the loss has been put at \$34.5 million.

According to the indictment, Sachdeva authorized at least 206 wire transfers of funds from Koss bank accounts to pay for her American Express credit card bills and issued more than 500 cashier's checks from company accounts to pay for personal expenses. Further, Sachdeva attempted conceal her fraud by directing other Koss employees to make numerous fraudulent entries in Koss' books and records. The indictment also alleged that Sachdeva's embezzlement scheme began in or about January 2004 and lasted nearly six years until December 2009. However, internal investigation and her plea agreement revealed that her thefts spanned a 12 year period beginning in 1997. Sachdeva was originally hired in 1989 as a temp, but became vice president of finance within a year. The defalcation was ultimately discovered after American Express notified Koss about unusually large transactions to make payments on Sachdeva's personal credit card accounts.

Sachdeva used the ill-gotten proceeds to sustain a shockingly lavish lifestyle by purchasing her home in Mequon, Wisconsin, a vacation ownership interest in the Princeville Ocean Resort Village on Kauai, Hawaii, a 2007 Mercedes Benz automobile and other automobiles, luxury travel and numerous personal luxury items, including luxury clothing, furs, designer shoes, jewelry and objects d'art. The indictment sought to seize those items as well as numerous other luxury items located in two storage units in Milwaukee and held for her at five local luxury stores. Sachdeva also maintained a large household staff. She was clearly a shopaholic, spending millions at numerous stores which often held the items for her and were never picked up.

Sachdeva mingled in the socialite circles of Milwaukee, throwing lavish fundraisers for various causes such as the American Heart Association, Big Brothers, Big Sisters and the Boys & Girls Clubs. She was recruited to sit on the Board of Trustees of Cardinal Stritch University. Her husband, Ramesh C. Sachdeva, is a prominent pediatrician in the Milwaukee area. He also served as an adjunct professor of law at Marquette University. However, Ramesh Sachdeva has not been accused at this time of complicity in her scheme. Sachdeva appeared fabulously wealthy and as a cover, told friends that her doctor husband made "a couple million" a year and she made "half a million" and they both came from wealthy Indian families.

Sachdeva was arrested in December 2009 after the results of an internal investigation were turned over to authorities. On January 29, 2010, Sachdeva pleaded not guilty to the charges

but reversed herself on July 16, 2010, pleading guilty to six counts of wire fraud in a plea agreement which also required her to make full restitution of about \$34 million. Meanwhile, on September 2, 2010, the Securities & Exchange Commission brought an action against Sachdeva and Koss senior accountant and subordinate, Julie Mulvaney, who allegedly helped her cover up the scheme. The SEC complaint alleged that Sachdeva and Mulvaney caused Koss to submit false and misleading financial statements for a public company.

Sachdeva was reportedly preoccupied with the belief that her thefts would be revealed and she would get caught. She regularly relied on Mulvaney to reconcile the cash shortfalls and to balance the books, according to a sentencing memorandum submitted by her attorneys. Another Sachdeva subordinate, Tracy Lee Malone, was implicated in the case for helping conceal the embezzlement. Koss Corp. fired both Mulvaney and Malone, although neither has yet been charged criminally.

Shareholders filed civil suits for fraud, misleading financials and mismanagement. Koss Corp., in turn, filed suit against Sachdeva, Grant Thornton, the outside auditing firm, and American Express. In testimony during her criminal case, Sachdeva blamed poor auditing by Grant Thornton and oversight by her boss, Michael Koss, who later resigned from the audit committee of the company's board. Ultimately, Koss nearly went bankrupt as a result of Sachdeva's embezzlement.

On November 17, 2010, Sachdeva was sentenced to 11 years in prison where she is quoted in a statement in court, "I stand before you today truly remorseful. You have been my family, my friends and my co-workers for many years. I know you have been deeply hurt by my dishonesty in ways I never intended." In 1989, Sachdeva was hired by Koss as a temp, but became vice president of finance within a year.

Notes: We calculate that the \$34.5 million embezzled over 12 years between 1997 and 2009, using the median year of 2003, is the equivalent of \$40.9 million in 2010 dollars.

Minnie Mangum Misappropriates Millions

Victim Organization: **Commonwealth Building & Loan Association**, Norfolk, Virginia
Amount: \$ 37.5 million in 2010 dollars (\$2,884,957 actual)
Perpetrator: **Minnie Mangum**
Position: Assistant Secretary-Treasurer
Year Discovered: November 1955
Duration: 22 years (1933 – 1955)
Scheme: Theft from reserve accounts
Age Scheme Began: 29



Minnie Mangum, 62
At arraignment
November 1955

In what was described at the time as the largest embezzlement by a female in US history (and one of the largest overall), Minnie Mangum was accused in 1955 of misappropriating a total of \$2,884,957 from the Commonwealth Building & Loan Association in Norfolk, Virginia. What is also remarkable about this case is that Mangum's scheme spanned a 22 year period, beginning in or about 1933.

The Norfolk *Virginia Pilot* described Mangum as a “plump spinster” who gave generously to her church and taught Sunday school. *Time Magazine* described her as a “plump” and “kindly” woman who “showered her friends with expensive presents and gave openhandedly to charity,” in spite of the fact that she had to work from an early age to support her invalid mother and blind sister. Sadly, her generosity was with the bank's money.

Mangum all but ran the bank - including all of the hiring and firing. She reportedly preferred hiring women clerks who had no bookkeeping background so as to allow her to operate her complex embezzlement scheme. Mangum had never taken a vacation and is reported to have often worked on weekends. However, in the fall of 1955, she hired what turned out to be an experienced bookkeeper named Esther Marie Cannon, who quickly found discrepancies in the books and raised the issue with Mangum. Cannon's forthrightness was met with a pink slip from Mangum, who apparently did not appreciate the questions. Nevertheless, Cannon apparently tipped off the authorities by anonymous letter. Some 20 bank examiners descended upon the bank on December 16, 1955 and found that it was missing at least \$900,000 at the time. Mangum was questioned and reportedly confessed – but later retracted the confession.

On December 29, 1955, Mangum was arrested on the charge of theft of more than \$100,000. People who knew her were in shock and many could not believe that such a nice,

generous person could actually be a criminal. Mangum apparently did not spend the stolen money on herself – living in a modest home, never taking vacation, driving a modest car and dressing “in the same dowdy clothing year after year.” Instead, she lavished gifts on her friends and gave generously to her church. Investigators determined that Mangum had given \$1.1 million of the stolen funds away to 43 relatives and another \$363,000 to some 32 friends. She also helped finance businesses, financed the building or purchase of numerous homes and some 85 automobiles for friends and relatives.

Mangum’s scheme involved thefts from the bank’s reserve accounts. As the story unfolded, it was revealed that Mangum stole small amounts at first, issuing checks to friends and family using the bank president’s signature stamp. However, the thefts grew larger and, it was determined, she stole \$600,000 in 1955 alone. Mangum also simply stole wads of cash – an estimated \$500,000 in all over the course of her defalcations. According to one report, she maintained a “cadre” of janitors at other local financial institutions who would alert her when bank auditors were in the area – paying them a fee for the information. This allowed Mangum to pull “deposit cards” for customers equal to the amount missing. Auditors had always found the amounts matched perfectly, a testament to her math skills.

Mangum faced a separate trial on the state level of giving false information to a state regulatory agency. Meanwhile, she was indicted on 22 counts of theft exceeding \$1 million. She was found guilty by a jury of making a false statement and then plead guilty to embezzling the nearly \$2.9 million from the bank. Commonwealth Building & Loan failed as a result of her embezzlement and was ultimately taken over and reorganized out of bankruptcy. For her part, Mangum was sentenced to 20 years in prison and served nine in Goochland State Prison before she was finally paroled in March 1965 (she was denied three prior times before the parole board). In September 1967, Mangum passed away.

Notes: We calculate that the \$2,884,957 embezzled over 22 years between 1933 and 1955, using the median year of 1944, is the equivalent of \$37.5 million in 2010 dollars.

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