



It Takes a Thief to Catch a Thief

Greetings!

Recently I ran across this unusual account of a theft in Carlton County, Minnesota. It's not about the timber industry but I just couldn't pass up sharing this intriguing story and, since we are all in the security business, it seemed to connect with our work anyway.

The case began in October 2013, when county officials were made aware of allegations that a county transfer station employee was embezzling significant amounts of cash for more than two years before she was actually charged. Joanne Wappes worked at the landfill for nearly 30 years. There's no way now to tell how long this had gone on.

The interesting part of the case to me was that authorities found out about her theft from a man who had burglarized her home on two occasions.

Read on for the details about the discovery and final conclusion to this case with all its twists and turns.

Warmly,
Aaron



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The Discovery

Carlton County authorities learned about the embezzlement scheme two years before the arrest. In a January 2011 letter, David Michael Smith admitted to two burglary events at the Wappes' residence. In the letter he stated that "during the course of and following the 1st burglary I discovered that the owner was obviously embezzling monies from the Carlton County landfill for many decades." The break-ins occurred in 2010. He described seeing "multitudes of envelopes containing cash register receipts that had contained cash in the exact amount of said receipts." The bags were marked "landfill" and bank statements showed Wappes had more than \$600,000 in her savings account.

Although an investigation was conducted they could find no evidence of wrong-doing at the time. Since the case was ongoing, little information could be obtained from the police but the local newspaper discovered that the landfill was not using a bookkeeping system at the time.



Joanne Wappes

Without evidence of a crime, they didn't request a search warrant of the Wappes house or conduct an interview with the employee.

In July 2013, the zoning office which oversees the transfer station, received a complaint about financial impropriety. The Wappes' investigation resumed.

The Break-in

It was common knowledge in the community that Wappes lived frugally but had piles of cash all over her house. Smith targeted the house because he had heard the rumors. He estimated that he took about \$40,000 the first time and \$90,000 during the second break-in.

He stated he saw money piled everywhere "in cabinets, under the TV and in cookie jars." When the police investigated the break-in, Wappes didn't know what was missing.

A neighbor saw Smith entering the house on the second break-in and called 911. He was apprehended while walking down a street near Wappes' house.

Smith wrote the letter in hopes of gaining leniency in his own case. However, the presiding judge threatened to increase the sentence, thinking Wappes was a victim and didn't want to see Smith benefit from his crimes. Because the information was obtained illegally, it couldn't be used in evidence against her. However, the accusations opened the door for the county to conduct its own investigation.

Wappes was terminated from employment on Oct 3, 2013. She worked for the county from 1984 until she was criminally charged and terminated. She was accused of devising a scheme of skimming cash off of customers' payments and producing false receipts to cover the county's financial losses.

The Case Finally Closed in March 2015 (Four Years After Smith Told Police About It)

Finally, in March 2015, the Wappes' case was finally concluded. The exact amount stolen over three decades will never be known. County officials and prosecutors say they believe the former transfer station clerk's heist was in the seven-figure range. Wappes herself believes it to be closer to \$80,000. Less than Smith the thief said he stole from her.

When she received her sentence for felony theft in State District Court she avoided incarceration, but will be required to make a \$1 million restitution payment to the county, settling a civil lawsuit in the process. She received five years' probation. Since she had no criminal history, sentencing guidelines called for a stayed sentence.

She claimed a significant portion of her assets were inherited from her parents, not stolen from the county. She claimed to give up fighting the case because she could no longer afford it. The positive side of that sentencing is that the county will receive the money which she couldn't pay if in jail.

The case has prompted significant changes to transfer station policies, including the clear posting of prices and the use of multiple employees.

Lessons Learned

In addition to it's unusual detection, unfolding and final resolution, there are some lessons we can learn that applies to all businesses, including ours:

1. Any employee can steal, regardless of their position and how long they've worked for the company. No organization is immune. Who would have expected this problem at a landfill?
2. Regardless of how small the operation, it is important to have formal processes in place to record transactions and monitor cash flow. When there is a well-planned process in place it includes appropriate checks and balances and monitors what is happening when no one is watching. Perhaps an audit of the documentation would have flagged the situation and it would have been discovered much more quickly. Even if the embezzlement was evident on its own, it would have given documentation to allow the police to pursue the case when Smith first presented it. Without proper records provided by the county, the police couldn't check the house.
3. Building a case can be tricky. It is important to be cautious while collecting information (even if it's handed to you doesn't mean you can use it in trial).
4. Prosecution takes a long time and can be very costly. Perhaps getting the money back in a plea-bargain is better than the perpetrator getting jail time.
5. Not all thieves look or act like you might expect. Normally one of the red flags that an employee is stealing is they start buying things they couldn't normally afford, like a new car or expensive clothes. In this case, Wappes was frugal. She only raised suspicion because she left the money and receipts lying around.
6. Pay attention to rumors around the community, especially if they are about one of your employees. Listen with a critical ear. People talk. Normally those kinds of rumors might make the company want to check their records to see if anything is amiss. As it was, they didn't suspect theft, so they didn't pay attention to rumors with a security viewpoint.
7. And note, this case was initially discovered by a tip. Do you have a method of gathering tips from your companies operations and outside vendors?

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