

**INVESTIGATIVE REPORT**  
**INDEPENDENT SCHOOL DISTRICT NO. 858, ST. CHARLES**  
**SCHOOL AGE CHILD CARE PROGRAM**  
**AUGUST 20, 1998**

**Introduction**

The Special Investigations Division of the Office of the State Auditor (hereinafter “OSA”) has completed its review of the concerns raised regarding Independent School District No. 858, St. Charles (hereinafter “School District”) and the School Age Child Care program (hereinafter “SACC”).

The mission of the OSA’s Special Investigations Division is to review allegations of malfeasance, misfeasance, and nonfeasance by local government employees or officers. Since the Division is a fact-finding entity and has no prosecutorial powers, its role is to evaluate allegations brought to the OSA’s attention and, when appropriate, to provide specialized auditing techniques, initiate an independent investigation, or refer the matter to the appropriate oversight authorities.

**Background**

In July of 1989, the School District adopted guidelines for a program to provide child care for school age children, which became known as SACC.<sup>1</sup> On August 8, 1989, the School District approved the hiring of a program coordinator and SACC opened a checking account (#459-153) and savings account (#1079-064) at what is now Merchants National Bank (hereinafter “Bank”) in St. Charles, Minnesota. These accounts were opened using the federal tax identification number of the School District, which is 41-6004727.

SACC became part of the School District’s Community Education Program, but maintained a Parent Advisory Group, a bank account, and control over the hiring of personnel. The School District paid the SACC coordinator directly and was reimbursed by SACC for the cost of the coordinator’s wages and benefits.

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<sup>1</sup> Initially, the idea for this program was developed independently of the School District. Subsequently, the individuals involved in developing the program approached the School District and requested that the program become part of the School District.

From June 1, 1995, to May 31, 1998 (hereinafter “period of review”),<sup>2</sup> the following individuals were involved in SACC:

- Ms. Dawn Rainey - SACC Parent Advisory Group Chairperson; has been involved in SACC from August of 1989 to present.
- Ms. Sandy Leisen - SACC Treasurer from August of 1989 to March of 1998.<sup>3</sup>
- Ms. Sharon Speth - SACC Coordinator from 1992 to present.

SACC also employs two or three part-time employees who provide child care.

On March 16, 1998, the Bank notified the School District that, due to the number of checks being returned for non-sufficient funds in the SACC checking account, a fee would subsequently be charged for each bad check. On March 20, 1998, SACC provided the School District with a \$7,808.11 check to reimburse the School District for Ms. Speth’s wages and benefits. Mr. Tom Ames, School District Superintendent, contacted the Bank to see if there were sufficient funds in the SACC account to cover the check and was informed that there was a negative balance in the SACC checking account and \$150 in the SACC savings account. He telephoned Ms. Rainey regarding the lack of funds in the SACC accounts. According to Mr. Ames, Ms. Leisen confessed later that same day to taking an undetermined amount from the SACC checking account by writing checks to herself and to cash. Ms. Leisen further stated she was willing to repay the money.

Based upon this discovery, Mr. Ames and Ms. Beth Rasmussen, School District Business Manager, initiated a review of SACC records. The records provided by SACC to the School District included the following:

- spiral-bound notebooks (hereinafter “spiral-bound ledger”), that contained the following information: (1) amounts billed for child care; (2) receipts of child care payments; (3) various expenses of the program; (4) staff hours worked; and (5) profit and loss information;

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<sup>2</sup> The OSA reviewed documents from the last three years because the statute of limitations for any of the possible crimes arising from the misappropriation of these funds is three years. Minn. Stat. § 628.26(i) (1996). However, if records were readily available beyond the three year statute of limitations, the OSA reviewed them. This is noted where applicable.

<sup>3</sup> Ms. Leisen and Ms. Rainey are sisters.

- vendor files;
- bank statements;
- canceled checks; and
- deposit receipts.

The Bank subsequently provided the School District with copies of additional canceled checks, deposit tickets and bank statements that were not contained in the records provided by SACC.

A review of SACC's records by the School District suggested that, in addition to the funds that Ms. Leisen admitted to taking, there may have been other funds misappropriated and another individual may have been involved.

On March 31, 1998, Mr. Ames, Ms. Rainey and Ms. Speth were involved in a telephone conference call to discuss issues related to SACC deposits (hereinafter "Conference Call"). The Conference Call was audio-taped.

On April 15, 1998, the matter was brought to the attention of a local law enforcement officer. On April 18, 1998, Winona County Sheriff's Department Investigator Frosty Clegg interviewed Ms. Leisen (hereinafter "April Interview"). This interview was audio- and video-taped. During the April Interview, Ms. Leisen confessed to taking money from SACC, but stated that she did not know the total amount she had taken.<sup>4</sup> On May 1, 1998, Investigator Clegg interviewed Ms. Speth (hereinafter "May Interview") regarding her knowledge of SACC's financial affairs. This interview was also audio- and video-taped.

From the information obtained, the OSA identified the following areas to review for potential criminal prosecution: (1) theft or embezzlement of SACC funds; and (2) forgeries.

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<sup>4</sup> Although an April 30, 1998, article in the *Winona Daily News* reported that the amount taken by Ms. Leisen was \$21,444, the OSA's review of checks written from February 18, 1994, to March 17, 1998, payable to Ms. Leisen, to her relatives, and to cash, indicated a total of \$23,789 was taken. Further, it appears Ms. Leisen may have taken additional funds by other means, as discussed throughout this Report and summarized in Exhibit 2. Records reviewed by the OSA indicate that Ms. Leisen repaid \$25,500 to SACC during the period from April 15, 1997, to March 30, 1998. However, \$12,000 of this amount was repaid after she confessed to misappropriating SACC funds on March 20, 1998.

## 1. Theft or Embezzlement of SACC Funds

The OSA first addressed the potential theft or embezzlement of SACC funds.

According to Minnesota law, a theft has occurred when a person “intentionally and without claim of right takes, uses, transfers, conceals or retains possession of movable property of another without the other’s consent and with intent to deprive the owner permanently of possession of the property.”<sup>5</sup> It is also a theft if a person acts with intent to exercise only temporary control and the control manifests an indifference to the rights of the owner or the restoration of the property to the owner.<sup>6</sup>

If the value of the property stolen is more than \$500 but not more than \$2,500, a person may be sentenced to prison for not more than five years or to pay a fine of not more than \$10,000, or both.<sup>7</sup> If the value of the property stolen exceeds \$2,500, a person may be sentenced to prison for not more than ten years or to pay a fine of not more than \$20,000, or both.<sup>8</sup> Further, Minnesota law provides that a person who does an act which constitutes embezzlement of funds valued at \$2,500 or less may be sentenced to prison for not more than five years or to pay a fine of not more than \$10,000, or both.<sup>9</sup> If the value of the funds embezzled exceeds \$2,500, the sentence is imprisonment for not more than ten years or payment of a fine of not more than \$20,000, or both.<sup>10</sup>

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<sup>5</sup> Minn. Stat. § 609.52, Subd. 2(1) (Supp. 1997).

<sup>6</sup> Minn. Stat. § 609.52, Subd. 2(5)(i) (Supp. 1997).

<sup>7</sup> Minn. Stat. § 609.52, Subd. 3(3)(a) (Supp. 1997).

<sup>8</sup> Minn. Stat. § 609.52, Subd. 3(2) (Supp. 1997). *See also* Minn. Stat. § 609.445 (1996) (providing that a person who receives money on behalf of or for the account of a state subdivision and “intentionally refuses or omits to pay the same” to the subdivision entitled to the money may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both).

<sup>9</sup> Minn. Stat. § 609.54(1) (1996). Minn. Const. art. XI, § 13 defines “embezzlement” as follows: “If any person converts to his own use in any manner or form, or shall loan, with or without interest, or shall deposit in his own name . . . any portion of the funds of the state . . . every such act shall be and constitute an embezzlement . . . and shall be a felony.”

<sup>10</sup> Minn. Stat. § 609.54(2) (1996).

The OSA determined that theft or embezzlement of SACC funds may have occurred when: (a) cash was withheld from deposits to the SACC checking account; (b) cash payments were received and not deposited to the SACC checking account; (c) cash was received for overpayments at Mike's Super Valu; (d) questionable fund transfers occurred; (e) cash was withheld from deposits to the SACC savings account; and (f) cash was withdrawn from the SACC savings account. Each of these areas will be discussed in detail below.

**a. Cash Withheld from Deposits to the SACC Checking Account**

From June 1, 1995, to May 31, 1998, the OSA found that cash was withheld from ten deposits to the SACC checking account. The cash withheld is evidenced by a dollar amount on the "cash received" line of the deposit ticket, a corresponding reduction in the net amount of the deposit, and the required signature of an account signatory.<sup>11</sup> The amount of cash that was withheld from those ten deposits totaled \$1,130.06, as follows:

	<u>Deposit Date</u>	<u>Amount of Cash Withheld</u>	<u>Signature</u>
1.	04/30/97	\$ 50.00	"Sandy Leisen"
2.	07/29/97	124.06	"Sandy Leisen"
3.	08/13/97	30.00	"Sandy Leisen"
4.	08/28/97	114.00	"Sandy Leisen"
5.	09/19/97	50.00	"Sandy Leisen"
6.	09/26/97	120.00	"Sandy Leisen"
7.	11/14/97	500.00	"Sandy Leisen"
8.	12/02/97	56.00	"Sandy Leisen"
9.	01/02/98	54.00	"Dawn Rainey"
10.	01/30/98	<u>32.00</u>	"Sandy Leisen"
TOTAL		\$1,130.06	

Of the nine deposit slips bearing the signature "Sandy Leisen," Ms. Leisen stated in the April Interview that she only signed the deposit slip dated November 14, 1997. When asked by Investigator Clegg if the signatures on the other eight deposit slips were forgeries, she stated, "They're not mine." During the Conference Call, Ms. Rainey stated she did not sign the deposit slip dated January 2, 1998, but rather that her signature was either forged or traced from some other document bearing her authentic signature. These alleged forgeries are discussed in Section 2c of this Report. Regardless of the authenticity of the signatures, Ms. Speth ultimately admitted

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<sup>11</sup> Ms. Rainey and Ms. Leisen were the only authorized signatories on the SACC checking account from August of 1989 to March of 1998. On March 26, 1998, the School District removed them as signatories.

to receiving the cash from seven of the ten deposits.

During the Conference Call, Ms. Speth initially told Mr. Ames that she never withheld cash from deposits, then corrected herself by stating that she could only remember one instance where she withheld cash from a deposit.<sup>12</sup> However, Mr. Ames stated that, during a subsequent meeting with Ms. Speth on April 9, 1998, she contradicted her statements of March 31, 1998, by stating that it was standard operating procedure for her to withhold cash from deposits.<sup>13</sup>

Ms. Speth provided Mr. Ames with an explanation of seven instances in which she received the cash withheld from deposits. Ms. Speth explained that, on six of these seven occasions, she withheld cash to cover SACC-related expenses she allegedly incurred and, on the other occasion, she withheld cash to repay a parent.<sup>14</sup> The OSA's review of this information indicated that Ms. Speth's explanations are either unverifiable or incorrect. Ms. Speth's explanations for withholding cash from deposits are detailed in attached Exhibit 1. During the May Interview, Ms. Speth also stated that Ms. Leisen and Ms. Rainey were aware that she was withholding cash from some of the deposits.

#### **b. Cash Payments Received and Not Deposited**

During the May Interview, Ms. Speth stated she was the only person who collected child care payments for SACC, except when she was ill or on vacation. Mr. Ames stated that Ms. Speth had exclusive control over the entire billing and collection process.

As SACC Treasurer, Ms. Leisen was generally responsible for signing checks, for receiving bank

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<sup>12</sup> Ms. Speth was referring to cash withheld from the deposit on July 29, 1997, which is discussed in more detail later in this section.

<sup>13</sup> It is important to note Ms. Speth provided this different explanation after being informed that the School District had requested and would be reviewing all bank records regarding SACC accounts.

<sup>14</sup> Ms. Speth's explanations did not account for the remaining three instances in which cash was withheld from deposits on August 13, 1997, November 14, 1997, and January 2, 1998. The OSA is unaware of the reason for the omission of an explanation for the cash withheld from the August 13, 1997, deposit. During the April Interview, Ms. Leisen acknowledged withholding cash from the November 14, 1997, deposit. The January 2, 1998, deposit is discussed in detail in Section 2c of this Report.

statements, and, at least in the early years of SACC, for making deposits at the Bank. As Coordinator, Ms. Speth was generally responsible for billing parents and the County for child care costs, receiving payments from parents in the form of checks and cash, preparing and making deposits, purchasing supplies for the program, and providing child care.

From the spiral-bound ledger maintained by Ms. Speth, the OSA determined that cash payments totaling \$1,606.77 were received from June 5, 1995, to March 2, 1998.<sup>15</sup> The OSA found no evidence that any of this cash was deposited to a SACC bank account.

During the May Interview, Ms. Speth indicated that, beginning in September of 1997, she collected but did not deposit the cash received for child care bills. She stated that, instead of depositing the cash collected, she kept it and wrote personal checks to SACC in December of 1997 and April of 1998.

The OSA reviewed the copy of a canceled check (#11832) provided by Ms. Speth which purports to be a \$350 payment she made to SACC on December 15, 1997, to repay the cash she collected but did not deposit. This copy of the canceled check appears to be an altered document, as discussed in Section 2a of this Report. Ms. Speth admitted collecting cash payments from September 1, 1997, to November 30, 1997, but it does not appear that she has repaid this cash to SACC. The OSA calculated this amount to be \$351.81.

The OSA has been able to confirm that check #11956 from Ms. Speth totaling \$260 was deposited to the SACC checking account on April 13, 1998. The check memo line stated "Pd Dec - Feb for (cash)."<sup>16</sup> However, the amount of the check does not equal the amount of cash recorded as having been received from December 1, 1997, to February 28, 1998, which the OSA calculated to be \$293.50.

The total amount of cash received and not deposited appears to be \$1,606.77. Of this amount, Ms. Speth admitted receiving cash from September of 1997 to February of 1998. The OSA

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<sup>15</sup> The OSA only included the amount of cash received through March 2, 1998, which was the date that the final cash payment was received prior to Ms. Leisen confession on March 20, 1998. After that, the School District began directly receiving child care payments and routinely making deposits.

<sup>16</sup> This deposit was made after the School District discovered SACC funds had been misappropriated by Ms. Leisen.

calculated this amount to be \$645.31.<sup>17</sup> The remaining \$961.46 also appears to have been collected and not deposited. However, neither Ms. Leisen nor Ms. Speth have been directly questioned about this cash.

**c. Cash Received for Overpayments at Mike's Super Valu**

SACC maintained a charge account at Mike's Super Valu (hereinafter "Mike's") in St. Charles. Mike's maintains a manual account ledger which lists the total dollar amount of each transaction on the SACC charge account. By comparing SACC checks written to Mike's with entries in Mike's ledger from December 23, 1993, to April 1, 1998,<sup>18</sup> the OSA determined that the checks written to Mike's totaled \$1,344.69 more than the cost of SACC purchases. It appears as though this amount was received in cash, either by writing checks in an amount greater than the total amount owed and receiving cash back for the difference or by receiving cash back for a credit balance that had accumulated on the charge account.

Of the \$1,344.69 total, \$744.69 was apparently received when SACC checks were written in an amount greater than the total amount owed. Based upon an explanation provided by Mike's, the

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<sup>17</sup> Ms. Speth appears to have repaid \$260 of this amount in April of 1998 with check #11956.

<sup>18</sup> Although the OSA's review was generally limited to three years due to the statute of limitations, the information is included for this extended time period as the relevant documents were readily available. However, the documents provided to the OSA only included Mike's ledger through March of 1998.



OSA determined that, in six instances, cash was remitted for the difference.<sup>19</sup> All checks presented in this manner contained the signature “Sandy Leisen.”

The remaining \$600 was received when a credit balance on the SACC charge account was cashed out. The name “Sandy Leisen” appears on Mike’s October 13, 1997, ledger entry regarding \$600 being remitted due to an account credit balance. The clerk at Mike’s Super Valu who performed this transaction confirmed that Ms. Leisen was the individual who received the \$600 in cash. The OSA was unable to verify any of this cash being subsequently deposited to the SACC checking or savings accounts.<sup>20</sup>

**d. Questionable Fund Transfers**

During its review, the OSA noted instances in which individuals associated with SACC appear to have received or were paying back SACC funds in a questionable manner.

**i. Ms. Leisen**

A May 2, 1997, ledger entry at Mike’s included a \$350 payment on the SACC charge account. Merchants National Bank provided the OSA with a copy of this check which was deposited to Mike’s account. The \$350 payment was a personal check signed “Sandy

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<sup>19</sup> The six instances are as follows:

<u>Date of</u> <u>Balance</u>	<u>Amount</u> <u>Owed</u>	<u>Date of</u> <u>Check</u>	<u>Amount of</u> <u>Check</u>	<u>Difference</u>
02/23/96	\$ 19.66*	02/23/96	\$ 100.00	\$ 80.34
03/12/96	193.10	03/12/96	393.10	200.00
07/09/96	534.37	07/10/96	550.00	15.63
08/27/96	757.04	08/29/96	957.04	200.00
01/05/98	0.00*	01/05/98	155.00	155.00
01/30/98	<u>31.28*</u>	01/30/98	<u>125.00</u>	<u>93.72</u>
	\$1,535.45		\$2,280.14	\$744.69

\* indicates transactions not recorded on Mike’s ledger because a SACC check was presented for payment at the time of the transaction in an amount greater than the total amount owed. In these instances, “Amount Owed” corresponds to the amount of the purchase.

<sup>20</sup> The OSA found no cash included in any SACC deposits prior to March 23, 1998.

Leisen.” The OSA is uncertain as to why Ms. Leisen made this payment with her personal check. The OSA was unable to locate any instance where Ms. Leisen sought reimbursement for this amount from SACC. This raises a question as to why Ms. Leisen was apparently repaying the SACC charge account.

**ii. Ms. Speth**

There appear to be instances in which Ms. Speth received funds which were not repaid or, if repaid, appear to be an interest-free loan of SACC funds, as follows:

- SACC check #835, dated April 11, 1997, was written to Ms. Speth in the amount of \$150. In SACC’s spiral bound ledgers maintained by Ms. Speth, this payment is identified as a “loan.” However, the OSA found no subsequent repayment of this amount into SACC’s checking or savings accounts.

Ms. Speth provided Ms. Beth Rasmussen, School District Business Manager, with a copy of a canceled check she allegedly used to repay this “loan.” Ms. Speth provided another copy of this check to law enforcement officials on July 9, 1998. However, these copies of the canceled check appear to be altered documents, as discussed in Section 2a of this Report. Hence, Ms. Speth does not appear to have repaid this amount.

- During the May Interview, Ms. Speth indicated that, commencing in September of 1997, she kept the cash collected from parents for their child care costs rather than depositing it to the SACC checking account.<sup>21</sup>

Ms. Speth stated that, instead of depositing the cash, she kept it and wrote

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<sup>21</sup> Ms. Speth’s explanation for keeping the cash was that the locked door on the closet of the SACC office had been broken and, as such, there was no locked storage space available at the SACC office to safeguard the cash collected. This explanation conflicts with information provided by Ms. Leisen during the April Interview at which time she stated that Ms. Speth carried a brown pouch in which she kept pre-signed SACC checks. In addition, Ms. Speth was apparently collecting checks from parents which, according to SACC records, were deposited on a regular basis to the SACC checking account. This suggests that there would be no need for Ms. Speth to keep the cash for an indefinite period, as it could have been safeguarded in the same manner as the pre-signed checks and deposited along with checks payable to SACC.

personal checks to SACC in December of 1997 and April of 1998. As discussed in Section 1b of this Report, receipt of one such check dated April 3, 1998, has been confirmed.<sup>22</sup> However, there appears to have been no repayment in December of 1997. The copy of a canceled check provided by Ms. Speth purports to be proof of repayment. However, this copy appears to be an altered document and is discussed in further detail in Section 2a of this Report.

Regardless of the repayment of SACC funds in April of 1998, retaining SACC funds for an indefinite period of time without paying interest on the amount retained is an interest-free loan and may constitute embezzlement or theft of public funds as defined by Minnesota law.<sup>23</sup>

**e. Cash Withheld from Deposits to the SACC Savings Account**

The OSA also reviewed deposits into the SACC savings account from June 1, 1995, to May 31, 1998. The OSA found two occasions in August of 1995 when cash was withheld, totaling \$409.08. The signature "Sandy Leisen" appears on the corresponding deposit slips. The OSA was unable to locate any subsequent deposits of this amount into the SACC checking or savings account. No explanation has been given as to who was responsible for making these deposits or why cash was withheld, as neither Ms. Leisen nor Ms. Speth have been questioned about deposits to the SACC savings account.

**f. Cash Withdrawn from SACC Savings Account**

In reviewing quarterly savings account statements and copies of available withdrawal slips, the OSA found that a total of \$5,650 was withdrawn from the SACC savings account from February 1, 1995, to May 31, 1998.<sup>24</sup> Of that total, the OSA was able to determine that \$3,100 was apparently transferred directly to the SACC checking account, which indicates that \$2,550 in cash was withdrawn from the savings account and not subsequently deposited to the checking

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<sup>22</sup> This "repayment" occurred only after the School District was aware that SACC funds had been misappropriated by Ms. Leisen and Ms. Speth had been notified that the School District had requested SACC's bank records.

<sup>23</sup> *See supra* note 9.

<sup>24</sup> Although the OSA's review was generally limited to three years due to the statute of limitations, the information is included for this extended time period as the relevant documents were readily available.

account. The signature “Sandy Leisen” appears on the corresponding withdrawal slips. No further information was available as to who was responsible for these withdrawals or why cash was withdrawn, as neither Ms. Leisen nor Ms. Speth have been questioned about withdrawals from the SACC savings account.

## **2. Possible Forgeries**

The OSA also reviewed whether copies of altered checks and other documents were provided to law enforcement officials and whether SACC checking account deposit slips may have contained forged signatures. Accordingly, the OSA divided this portion of the review into three sections: (1) check forgery; (2) forgery; and (3) aggravated forgery.

### **a. Check Forgery**

Minnesota law provides that a person is guilty of check forgery if the person, “with intent to defraud . . . falsely makes or alters a check so that it purports to have been made . . . with different provisions . . .”<sup>25</sup> A person guilty of check forgery can be sentenced to “imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if . . . the aggregate face amount of the forged check or checks is more than \$200 but not more than \$2,500.”<sup>26</sup>

There appear to be the following four instances in which Ms. Speth provided law enforcement officials with copies of personal checks that had been altered:

- Ms. Speth provided law enforcement officials with a copy of canceled check #11832 dated December 15, 1997, in the amount of \$350.00. This check purports to be proof of her repayment to SACC of cash that she had collected but did not deposit, as discussed in section 1b of this Report. The Bank provided the OSA with an authentic copy of this canceled check, from which the OSA determined that the payee was altered from “Merchants Nat. Bank” to “School Age Child Care” before a copy of the canceled check was provided to law enforcement officials on July 9, 1998. Further, the Bank informed the OSA that this check was presented by Ms. Speth to the Bank to purchase \$350 in money orders. The five (5) money orders, in denominations of \$50 and \$100, were not payable to SACC.

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<sup>25</sup> Minn. Stat. § 609.631, Subd. 2(1) (1996).

<sup>26</sup> Minn. Stat. § 609.631, Subd. 4(3)(a) (1996).

- On or about April 6, 1998, Ms. Speth provided Ms. Beth Rasmussen, School District Business Manager, with a copy of canceled check #11564 dated April 17, 1997, in the amount of \$150. This check purports to be proof of her repayment of this amount to SACC, which she previously received as a “loan,” as discussed in section 1d of this Report. Ms. Speth provided another copy of this check to law enforcement officials on July 9, 1998. The Bank provided the OSA with an authentic copy of this canceled check, from which the OSA determined that the payee was altered from “Cash” to “Sacc” before a copy of the canceled check was provided to the School District and law enforcement officials. Further, the OSA found no cash included in any SACC deposits prior to March 23, 1998.
- Ms. Speth provided law enforcement officials with a copy of canceled check #11545 dated August 17, 1997, in the amount of \$53.25. This check purports to be proof of her payment for a workshop she allegedly attended on September 15, 1997, and for which she received reimbursement from SACC funds on September 19, 1997, as detailed in attached Exhibit 1. The Bank provided the OSA with an authentic copy of this canceled check, from which the OSA determined that the payee was altered from “St. Charles Vet” to “Child Care Resource & Referral” and the date was altered from “3-7-97” to “8-17-97.” These alterations were made before a copy of the canceled check was provided to law enforcement officials on July 9, 1998.
- Ms. Speth provided law enforcement officials with a copy of canceled check #11876 dated January 13, 1998, in the amount of \$27.58. This check purports to be proof of her payment for a workshop she allegedly attended on January 24, 1998, and for which she received reimbursement from SACC funds on January 30, 1998, as detailed in attached Exhibit 1. The Bank provided the OSA with an authentic copy of this canceled check, from which the OSA determined that the payee was altered from “Brownell” to “MN SACA” before a copy of the canceled check was provided to law enforcement officials on July 9, 1998.

**b. Forgery**

Minnesota law provides that a person is guilty of forgery if the person, “with intent to injure or defraud . . . falsifies any record, account or other document relating to a person, corporation, or business.”<sup>27</sup> A person guilty of forgery may be sentenced to “imprisonment for not more than

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<sup>27</sup> Minn. Stat. § 609.63, Subd. 1(6) (1996).

three years or to payment of a fine of not more than \$5,000, or both.”<sup>28</sup>

There appear to be three documents provided by Ms. Speth to law enforcement officials that were altered:

- A document bearing the signature “Susan Keller” purports to be a certificate of attendance indicating that Ms. Speth attended a workshop sponsored by the Minnesota School Age Care Alliance (hereinafter “MN SACA”) in September of 1997. This document was provided by Ms. Speth to support an expense reimbursement she received from SACC funds on September 19, 1997, as detailed in attached Exhibit 1. The OSA contacted Ms. Keller, who is the Chairperson of the Southeast Minnesota Coalition of MN SACA. Ms. Keller stated that it is unlikely the signature on the certificate of attendance is hers, due to the following: (1) there was no MN SACA meeting in September of 1997; (2) the names “Sharon Speth” and “Susan Keller” appear to have been written using the same pen, even though attendees generally filled in their own name on blank certificates, which would then be routed to the speaker for signature; and (3) Ms. Keller was married in May of 1997 and has since signed her name “Susan Keller Schafer” or “Susan Schafer.”<sup>29</sup>
- A document bearing the signature “Jill Elliott” purports to be a certificate of attendance indicating that Ms. Speth attended a workshop sponsored by MN SACA on January 22, 1998. This document was provided by Ms. Speth to support an expense reimbursement she received from SACC funds on January 30, 1998, as detailed in attached Exhibit 1. The OSA was informed that Ms. Elliott died on January 5, 1998. Based on the above information, the OSA was unable to verify that a meeting occurred on January 22, 1998.<sup>30</sup>
- A document bearing the signature “Kristen K. Smith” purports to be a certificate of attendance indicating that Ms. Speth attended a workshop sponsored by MN SACA on

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<sup>28</sup> Minn. Stat. § 609.63, Subd. 1 (1996).

<sup>29</sup> Ms. Speth’s time sheet dated October 3, 1997, contains an entry indicating that she attended a “Mtg. Rule 3” on September 15, 1997. The signature “Sharon Speth” appears at the bottom of the time sheet beneath a declaration attesting, “I declare that this account, claim or demand is true and correct . . .”

<sup>30</sup> Ms. Speth’s time sheet dated February 5, 1998, contains an entry indicating that she attended a MN SACA meeting on January 22, 1998. The signature “Sharon Speth” appears at the bottom of this time sheet beneath a declaration attesting, “I declare that this account, claim or demand is true and correct . . .”

January 24, 1998. This document was provided by Ms. Speth to support an expense reimbursement she received from SACC funds on January 30, 1998, as detailed in attached Exhibit 1. The OSA contacted Ms. Smith, who formerly organized workshops for MN SACA. She indicated that she did not sign this certificate. Further, Ms. Smith stated that there was no meeting held on January 24, 1998, and that the certificate is not accurate in other respects regarding format.<sup>31</sup>

**c. Aggravated Forgery**

Minnesota law provides that whoever, with intent to defraud, falsely makes or alters a writing pertaining to the records or accounts of a bank and relating to funds of a state subdivision deposited with that bank so that the writing purports to have been made by another “is guilty of aggravated forgery and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both.”<sup>32</sup>

As discussed in Section 1a of this Report, cash was withheld from ten deposits to the SACC checking account. Of the ten deposits, one deposit slip contained the signature “Dawn Rainey” and the remaining nine deposit slips contained the signature “Sandy Leisen.”

**i. Deposit Slip Signed “Dawn Rainey”**

During the Conference Call, Ms. Rainey stated that she never made any deposits to the checking account. Further, Ms. Rainey contended that the signature on the deposit slip was either forged or traced from some other document bearing her authentic signature.

During the Conference Call, Mr. Ames asked Ms. Speth if she made the deposit on January 2, 1998, the slip for which contained the signature “Dawn Rainey.” She initially stated that she assumed she had made the deposit, given that she had entered the amount of the deposit in her spiral-bound ledger.<sup>33</sup> Further, Ms. Speth’s record in the spiral-bound ledger contains an entry corresponding to the net amount of the deposit after \$54 in cash

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<sup>31</sup> Ms. Smith designed the form she used as a certificate of attendance for MN SACA workshops.

<sup>32</sup> Minn. Stat. § 609.625, Subd. 1(7) (1996).

<sup>33</sup> When Mr. Ames subsequently informed Ms. Speth that the signature “Dawn Rainey” appeared on the deposit slip dated January 2, 1998, Ms. Speth indicated she did not know with certainty who made the deposit.

was withheld from the deposit.<sup>34</sup> Upon further inspection, it appeared to the OSA that the entry in the spiral-bound ledger originally read \$474.62, which was the amount of the deposit before cash was withheld. However, the ledger was altered with correction fluid to read \$424.62, which was the net amount of the deposit after cash was withheld.

**ii. Deposit Slips Signed “Sandy Leisen”**

During the April Interview, when Investigator Clegg asked Ms. Leisen if the signatures on eight of the nine deposit slips were forgeries, Ms. Leisen stated, “They’re not mine.”<sup>35</sup> During the May Interview, Ms. Speth stated she did not sign Ms. Leisen’s name on any SACC deposit slips. During the same interview, Ms. Speth stated that, in one instance, she received a number of blank deposit slips that contained the signature “Sandy Leisen,” which Ms. Speth used to withhold the cash from seven deposits, as detailed in Section 1a of this Report. During the April Interview, Ms. Leisen stated that she never pre-signed deposit slips.<sup>36</sup>

**Conclusion**

It appears that from February of 1994 to March 23, 1998,<sup>37</sup> a total of \$30,479.60 in SACC funds may have been misappropriated. See attached Exhibit 2.

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<sup>34</sup> The total on the deposit slip was incorrectly calculated to be \$424.62. The Bank subsequently issued a correction, which reduced the deposit by \$4, for a final total of \$420.62 for the deposit.

<sup>35</sup> During the April Interview, Ms. Leisen stated that she did sign a deposit slip to receive \$500 cash from a deposit dated November 14, 1997. This deposit consisted solely of a \$3,500 check payable to “Sandy Leisen” from Ms. Leisen’s credit union, which she deposited to repay SACC for some of the money she had taken.

<sup>36</sup> The OSA noted that seven other deposit slips were used to make deposits to the SACC checking account. These deposit slips also had the signature “Sandy Leisen,” although no cash was withheld from those deposits.

<sup>37</sup> Although the OSA’s review was generally limited to three years due to the statute of limitations, the total amount of SACC checks written to Ms. Leisen, to her relatives, and to cash were included because the relevant documents were readily available.



This amount includes approximately \$23,789 in SACC checks written to Ms. Leisen, to her relatives, and to cash. It appears that Ms. Leisen may have used other means to take additional SACC funds, as discussed throughout this Report. Further, it appears that the total amount of SACC funds misappropriated by Ms. Leisen may exceed the \$25,500 she has repaid to SACC.

It also appears that Ms. Speth may have misappropriated SACC funds in excess of \$500, based on the following:

- she was primarily responsible for collecting cash payments made to SACC, which were not deposited;
- she was primarily responsible for preparing deposit slips and making deposits, from which she admitted withholding cash;
- she may have forged signature(s) that would have allowed her to withhold cash from deposits;
- she was unable to provide supporting documentation to adequately explain why she withheld cash from deposits;
- she provided incorrect explanations of why she withheld cash from deposits;
- she repaid \$260 to SACC two weeks after the School District discovered that SACC funds had been misappropriated by Ms. Leisen;
- she wrote a pre-signed SACC check to herself as a “loan” and does not appear to have repaid it;
- she provided law enforcement officials with altered copies of four canceled checks in an attempt to establish that she repaid certain monies to SACC.

The OSA believes that the next step in this investigation would be to interview Ms. Speth, Ms. Leisen and Ms. Rainey with regard to the specific aforementioned findings. However, to avoid jeopardizing any potential prosecution, the OSA has determined that it would be appropriate to allow the County Attorney to determine how to proceed.