

News: newstips@ajc.com or 404-526-7003 | Delivery: ajc.com/customer-care or 404-522-4141 | Advertising: ajcmediasolutions.com or 404-526-5775

# ajcBusiness

SUNDAY FOCUS ON LOCAL INDUSTRY & DEVELOPMENT

## Businesses are prey to embezzlement

**Struggling company staggers from theft.**

Experts say fraud by employees is up in tough economic times.

By **Russell Grantham**  
rgrantham@ajc.com

Robert and Kathy Lang Albright thought they had made a smart move when they hired a temporary bookkeeper to help them keep up with their Norcross business' rapid expansion

### **ajc** Exclusive

a few years back.

"We were growing like gangbusters," said Kathy Albright, who co-owns Atrium Foliage with her husband. By 2006, revenues had grown tenfold in a few years to \$3 million at the small company, which manufactures high-end faux plants for hotels, furniture stores, offices and other customers.

But four years later, the Albrights, now in their 60s, are struggling to repair their business. They say the bookkeeper, who they soon hired as a reg-

ular employee, embezzled as much as \$850,000 even as the recession was withering their sales.

The two shocks almost killed the couple's venture, which they had financed with retirement savings and funds from selling their Atlanta home.

"It took us to the very edge," said Kathy Albright. They stayed in business only through "sheer determination." Sympathetic customers and vendors also helped them stay afloat, but the couple had to shed most of their employees. Mean-

**Embezzled** continued on D3

## Embezzled

continued from D1

while, they gathered hundreds of pages of checks, bills and other evidence for Gwinnett County police investigators.

Embezzlers are "financial assassins," said Kathy Albright. The term "white-collar criminal" is too innocuous, she said. "We had to let go of 20 people. They have families."

Earlier this month, the Albrights' persistence paid off on at least one front.

Their former employee, Kimberly Denise Brown of Locust Grove, surrendered to police. She was charged with eight counts of forgery and fraud connected with the alleged theft and released on bond. In warrants, police said Brown used a combination of forged checks and letters, secret payroll payments and unauthorized use of credit cards, blank checks and other measures to steal at least \$95,577.

Kathy Albright said the amount cited in the warrants was smaller because they're limited to a handful of clearly documented infractions. Brown's attorney, Adrian Patrick, said she is "totally innocent" and had actually tried to help the Albrights keep the company afloat by extending the business a \$100,000 line of credit.

"At a minimum, I think my client was set up," Patrick said.

## Crime for tough times

Arrests for alleged embezzlement have grown in recent years, according to FBI estimates, as the economic boom-and-bust exposed thousands of theft schemes at businesses big and small.

Such arrests rose by a third between 2003 and 2007 before declining slightly in 2008 to 21,402, according to the latest FBI estimates. They hit a similar peak of 20,200 during the 2001 recession, according to the FBI numbers.

"The economy definitely has something to

do with it," said Christopher Marquet of Marquet International Ltd., a corporate investigation firm in Boston. Embezzlement and other types of employee theft and fraud are a chronic problem affecting all types of employers. But more cases are discovered during times of financial stress when companies "are a lot more careful about the bottom line," he said.

Most embezzlement schemes start years before they are discovered and prosecuted, said Marquet. He cited a study released in January of more than 400 major embezzlement cases that surfaced last year. The study showed the typical scheme cost the employer nearly \$400,000 and lasted about 4½ years. Most thefts were committed by longtime employees with no prior criminal histo-

ry. About two-thirds were committed by women, but men typically stole larger amounts.

Most accused embezzlers worked as accountants, bookkeepers or other employees with financial roles, but executives and managers were also frequent perpetrators. Most schemers worked alone.

## 18 months in the dark

While it makes sense that the tough economy may be pushing some would-be embezzlers toward crime, Marquet said, the most common motivations are employee disgruntlement and a desire to maintain an affluent lifestyle.

"Life is going good and then all the sudden there's a divorce, the kids are going off to college and money's running short," he said. "They

say, 'I'll do it only one time' and they find out how easy it is and keep going."

In interviews last year, the Albrights said the alleged thefts from their business financed Brown's rich spending habits, including a \$650,000 house in Henry County and two other metro Atlanta properties. Brown, they said, also used a company credit card to buy expensive furniture such as a \$5,000 leather bed, as well as airline tickets, pro football tickets and an \$850 visit to a day spa.

"We subsequently found out she put it on our American Express card," said Albright. "Is that nervy or not?"

The couple said Brown began her scheme within weeks after she was hired in 2006 to help set up a new accounting and payroll software system. The scheme went undetected for 18 months, they said, partly because they often traveled to trade shows and Brown was their sole employee in charge of tracking financial matters at the small company, which then had 28 employees.

"She would meet the mailman at the door" to intercept credit card bills and complaints from unpaid vendors, Albright said. "It never occurred to us" she added, to wonder why.

The Albrights said they didn't discover that something was amiss until 2008 when they returned from a trade show one day early and discovered a company check made out to Brown's daughter.

After an investigation turned up more problems, they fired Brown and called police. They also filed lawsuits against Brown and Robert Half International, which owns Accountemps, the employment agency that initially placed Brown. The two firms reached a confidential settlement with Atrium Foliage last month.

### **'I feel like an idiot'**

"We think these charges are ridiculous," said Patrick, Brown's attorney. He said the firm was already facing tax troubles and other problems when Brown was hired, and that she loaned the firm money because the Albrights befriended her. Brown got "everything authorized" to repay the company's debt to her, he said, adding that he has written evidence of the debt.

He declined to make Brown available for an interview for this story. However, in an interview last year, Brown disputed the Albrights' account. She said the firm was already under financial strain when she was hired. She said she often used her own credit cards to pay company expenses, and was fired after she demanded to be repaid more than \$20,000 for company expenses.

The allegedly forged or unauthorized payments, Brown said, were reimbursements for those expenses or were used to pay vendors. The supposedly "secret" payroll checks were tests of the new accounting software, she said, and the check to her daughter, which was never paid, was for data entry and other temporary work for Atrium Foliage.

"I shouldn't have let somebody use me like this," she said then. "I feel like an idiot."

Kathy Albright said Brown did use her credit card to pay some company expenses but then reimbursed herself multiple times. Brown did not provide a \$100,000 line of credit, she said. She said the company had a "minor issue" with the IRS that has been resolved.

The case is pending in Gwinnett County Superior Court.



Robert and Kathy Lang Albright display the checks and other documents they say a former bookkeeper used in the theft of hundreds of thousands of dollars from their Norcross business. Russell Grantham rgrantham@ajc.com

### How we got the story

While embezzlement and other forms of fraud are always a potential hazard for employers, arrests do seem to peak near or during recessions as companies struggling to cut costs go over their books more closely. We looked at one case involving a small Gwinnett County business where the owners contacted us more than a year ago saying a former employee had embezzled hundreds of thousands of dollars, crippling the company as the recession hit. The former bookkeeper was arrested earlier this month. We interviewed the owners and two former employees, including the person accused of the alleged crime, their attorneys, representatives of a temporary employment agency tied to the case, as well as experts on company investigations. We also reviewed hundreds of pages of checks, bills, account statements and other documents provided by the owners, court records, and the warrants and police incident report related to the alleged embezzlement and arrest of the former employee.

### Fraud tough to catch

Christopher Marquet of Marquet International Ltd., which often helps companies conduct internal investigations of fraud schemes, said embezzlement typically goes undetected for years because trusted employees start with small thefts and disguise them as regular expenses. Small businesses are particularly vulnerable because only one or two people are in charge of financial record keeping.

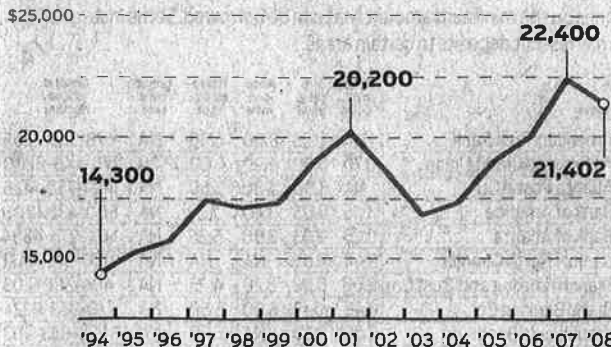
Some ways to help head off theft, he said, are to screen employees, split check-writing and accounting roles, conduct thorough audits and move employees to new jobs. Red flags to watch for, he said, include employees who refuse to take vacations and employees whose lifestyles seem to exceed their incomes.

But fraud often is tough to catch, he said. "There's no sure-fire way to stop it," he said. "If someone has the intent and the opportunity, then they're going to steal!"

Russell Grantham

### Rising embezzlement arrests

Arrests for embezzlement rose by a third in recent years, according to FBI estimates, following a similar peak in 2001. Some experts say employers' increased focus on expenses exposes the frauds.



Sources: FBI, "Easy Access to FBI Arrest Statistics 1994-2007" Online (National Criminal Justice Reference Service)