Fraud: PSAs & Cautionary Tales

Michael Booher, CPA, CFE, CFI

CCFO & CMFO Training 2026

Fall 2026 – Jackson, Nashville, Knoxville

TENNESSEE COMPTROLLER OF THE TREASURY

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Disclaimer

- This presentation represents the thoughts and opinions of the presenter. It does not necessarily represent the thoughts or opinions of the Tennessee Comptroller of the Treasury, the State of Tennessee, or anyone else.

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My Mistakes

- Any factual errors are unintentional and are entirely the fault of the presenter.

CCFO & CMFO Training 2026

- Thanks for having me!
  - 75 minutes…
    - Grab your caffeine!





Your Backgrounds

- County and Municipal Accounting and Financial Professionals in Tennessee.
  - Keep the lights on.
  - Keep the employees paid.
  - Keep records in order.
  - And so much more!

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Your Backgrounds

- County and Municipal Accounting and Financial Professionals in Tennessee.
  - No matter the size…
    - Diverse.
    - Complex.
    - Dynamic.

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My Background

- Student (Econ & Accounting)
- Staff auditor
- Internal auditor
- Investigator/Sr. Investigator
- Deputy Chief Investigator

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Division of Investigations

INVESTIGATIVE TEAMS & JUDICIAL DISTRICTS

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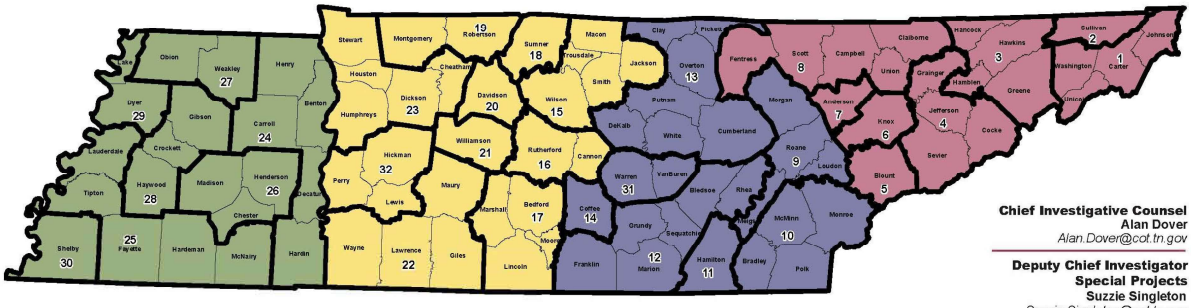
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ATTORNEYS GENERAL BY DISTRICT

1 • Steve Finney
2 • Barry Staubus
3 • Dan Armstrong
4 • Jimmy Dunn
5 • Ryan Desmond
6 • Charme Allen
7 • Dave Clark
8 • Jared Effler
9 • Russell Johnson
10 • Stephen Hatchett
11 • Coty Wamp
12 • Courtney Lynch
13 • Bryant Dunaway
14 • Craig Northcott
15 • Jason Lawson
16 • Jennings Jones
17 • Robert Carter
18 • Thomas Dean
19 • Robert Nash
20 • Glenn Funk
21 • Stacy Edmonson
22 • Brent Cooper
23 • Ray Crouch
24 • Neil Thompson
25 • Mark Davidson
26 • Jody Pickens
27 • Colin Johnson
28 • Frederick Agee
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Effective September, 2, 2026

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My Job

- Deputy Chief Investigator
  - Provide my team (6) with the resources it needs to investigate fraud, waste, and abuse in Middle Tennessee.
  - Review all allegations for our region to suggest if we open a case…

My Job

- More and more frequently, I'm seeing this allegation:
  - The office was contacted by [employee/vendor] and instructed to change the bank account information for [payroll/vendor payments].
  - Later, [employee/vendor] contacted the office and stated [employee/vendor] never got paid.
  - AKA…

Public Service Announcement

- Business Email Compromise.
  - Note: Could also happen via call, etc.
- Best advice?
  - Don't trust and always verify.

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Public Service Announcement

- Losses can be brutal!

TBI agents began investigating the scheme earlier this year, after receiving information from the victim organization, which reported losses of more than $26 million. Following a thorough investigation, agents identified a man, Wilbert Cannaday (DOB 10/18/1960), as a participant in the scheme, which involved a coordinated effort to convince at least two employees of the organization to change bank routing information and fraudulently divert payments.

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Public Service Announcement

- Losses can be brutal!
  - Even when it's not $26 million – how many of your employees can afford to miss a check?
    - Do you want to be the one responsible for the mess?



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Public Service Announcement

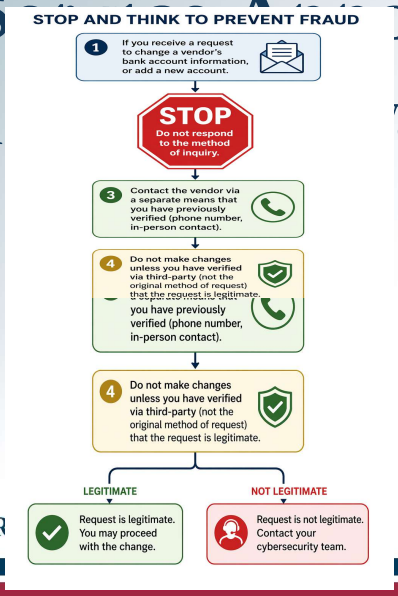
- Stop. Think. Don't Act. Don't Comply.
  - Always perform at confirmation INDEPENDENT of the request.
    - Contact the vendor or employee on your own to verify these requests.
    - Don't act until you've completed that verification.
    - Talk to someone else about it.

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Public S ouncement

- Look mom ork!



TENNESSEE COMPTROLLER

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Session Objectives

- Provide a useful PSA.
- Discuss takeaways from a recent COT case.
  - Cautionary tale (1) of what can happen without internal control.

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Session Objectives

- Via COT Case Study…
  - Follow the COT's investigative process.
  - Cautionary tale (2) of how a lack of internal control/oversight can devastate an organization.

Investigative Process

- Receive and assess an allegation.
- Obtain records.
- Talk to people.
- Analyze records.
- Talk to subject.
- Summarize.
- Report.

Cautionary Tale #1

- Caveat:
  - This investigation is complete and the report has been released.
  - The case has not been fully adjudicated.
    - Can't fully discuss it in this presentation.

Cautionary Tale #1

- Shelbyville,
  - Bedford Co



Cautionary Tale #1

- Where did we start?
  - An allegation…
    - City employee was observed via security video manipulating cash after hours.
    - Video footage only lasts one week, but it doesn't seem to be an isolated incident.
    - Suspended with pay.

Cautionary Tale #1

- Subject of allegation: Lilia Torres.
  - Working at City PD for 14+ years.
  - Started in Dispatch.
  - Worked as Clerk in Admin Office 10+ years.
    - Collect and process payments for citations issued by PD.

Cautionary Tale #1

- Torres' job duties included:
  - Collect citation money (cash)
  - Enter collections into system



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Cautionary Tale #1

- Torres' job duties included:
  - Complete internal city deposit logs.
  - Submit deposit $ to city for actual deposit into bank.



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Cautionary Tale #1

- Frequency which deposits required:
  - No rule enforced at Torres' department.
  - Never any exceptions with paperwork/deposits being unbalanced.



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Cautionary Tale #1

- Who prepared deposits or entered payment data when Torres was absent?
  - Nobody.



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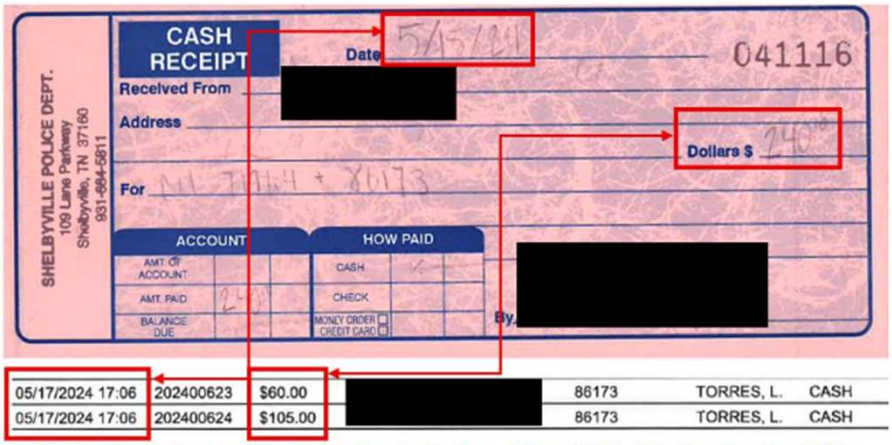
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Cautionary Tale #1

- Without any oversight, Torres:
  - Collected cash.
  - Marked citations as dismissed.
  - Retained payments for personal benefit.
    - Full and partial.
  - Remitted for deposit at her convenience.

Cautionary Tale #1

Exhibit 1



The top image is a carbon copy of the receipt issued for a $240 cash payment for citation 86173 on May 15, 2024. The bottom image shows the entry of payment into the computerized cashiering system for only $165, in cash, by Torres. The entry was made two days after payment was received and after working hours.

Cautionary Tale #1

- Torres:
  - Misappropriated at least $23,382
  - Scope: January 3, 2023, through September 8, 2025.
  - Issued receipt, altered amount owed/dismissed citation, retained funds, prepared deposit for only payments not misappropriated.

Cautionary Tale #1

- Torres:
  - Was more misappropriated?
  - Did the scheme go back further?
  - Surely so!
    - Torres was observed removing receipt books when she was suspended (surveillance video).

Cautionary Tale #1

- Torres was indicted on August 17th:
  - One count of theft over $10,000.
  - One count of Official Misconduct.
  - One count of Destruction of Gov't Records.
  - One count of Tampering with Evidence.

Cautionary Tale #1

- Public Service Announcement:
  - Failing to enforce the three-day deposit rule gives thieves more time to conceal their schemes.
  - Handwritten receipts should be retired, BUT un-numbered receipts are NOT allowed.

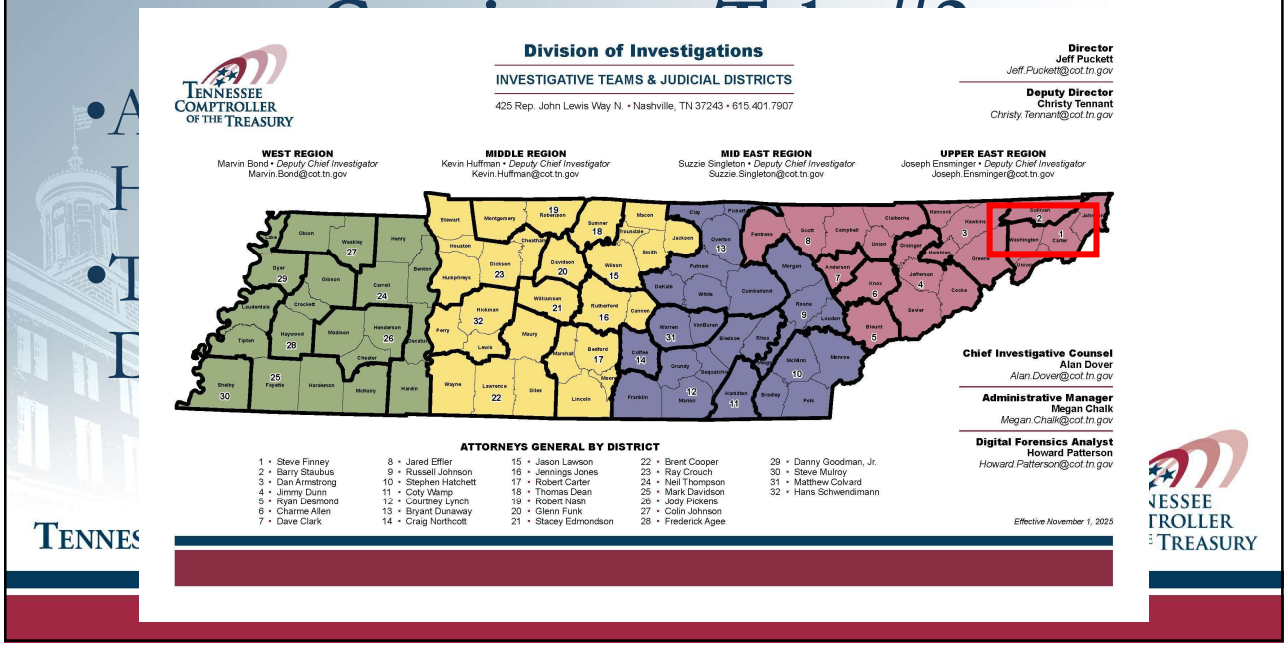
Cautionary Tale #1

- Public Service Announcement:
  - Failing to separate incompatible duties enables thieves to conceal their schemes.

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TENNESSEE COMPTROLLER OF THE TREASURY

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Cautionary Tale #2 Disclaimer

- This particular case was anything but linear and straightforward.



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Cautionary Tale #2 Disclaimer

- This involves a public-grant-funded nonprofit.
  - Still has valuable takeaways for what can happen without internal control.

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Cautionary Tale #2 Disclaimer

- This particular case was anything but linear and straightforward.
  - Main witness was scattered.
  - Entity was disorganized.
  - Entity had to sell its building mid-investigation, moved into temporary office.

Cautionary Tale #2 Disclaimer

- This particular case was anything but linear and straightforward.
  - New finance director was working from scratch, not familiar with entity history.
  - Board member in-fighting and turnover.
  - HUD-OIG joined the investigation while it was already in-process.
  - COVID happened.

Cautionary Tale #2 - ARCH

- Appalachian Regional Coalition on Homelessness (ARCH)
  - Non-profit.
  - Office located in Johnson City, Tennessee.
  - Serves homeless population in upper east Tennessee.
  - Almost 100% grant funded.
    - HUD (THDA), VA, small private grants.

ARCH – Case Study

- Fraud reporting form submitted to COT by contract auditor in May 2018.
  - Long time audit client.
- Fraud involving checks allegedly perpetrated by ARCH's finance director, Julie Beale.
- Investigators contacted the executive director.

ARCH – Case Study

- Beale canceled audit meetings so audit work could not proceed.
  - Never provided bank records to audit staff.
- Executive director eventually got with ARCH's banks (2) and was given online access to records.
- Executive director immediately noticed problems with the first check image she opened (March 2018).

ARCH – Case Study

- Appalachian Regional Coalition on Homelessness (ARCH)
  - Routine Expenses:
    - Payroll.
    - Landlords.
    - Utilities.
    - Food.
    - Furniture.
    - Clothes.

ARCH – Case Study

- Executive director observed checks paid to:
  - Beale (non payroll)
  - Her spouse
  - Her son
  - Her father
  - Her spouse's business: Lynn Valley Contractors

ARCH – Case Study

- Executive director was shocked.
- Executive director's name was signed on the checks, but she did not sign them.
- Executive director ordered Beale to meet with her.
- Beale said nothing to director, resigned, and left the building with her laptop.

ARCH – Case Study

- Executive director notified ARCH's auditor.
- Executive director contacted Johnson City Police Department.
  - Signed affidavits of forgery at bank for approximately 25 total checks from recent months (early 2018/late 2017) & gave them to police.
    - Just under $10,000 in aggregate.

ARCH – Case Study

- Investigators contacted the Johnson City Police Department.
  - JCPD said it was ready to present forgery/theft to the grand jury.
  - Investigators inquired about any additional investigative work beyond just recording statement from executive director.
    - Nothing additional.

ARCH – Case Study

- Investigators asked more questions about the subject, Julie Beale.
  - Employed at ARCH in same role for 8+ years.
  - Native to the area, lived out of state for over ten years.
  - Previous nonprofit bookkeeping experience.
  - Certified QuickBooks training.

ARCH – Case Study

- Investigators asked more questions about the subject, Julie Beale.
  - Only employee with any financial responsibility.
  - Responsible for access/custody and recordkeeping of entity funds.

ARCH – Case Study

- Investigators asked more questions about the subject, Julie Beale.
  - Spouse Sam was on-again, off-again handyman for ARCH.
  - Spouse Sam also a general contractor who did two renovation projects for ARCH.
  - Teenage son with health issues sometimes did odd jobs for ARCH.

ARCH – Case Study

- And oh, by the way…
- The executive director's predecessor was dismissed from her job by the board for taking her family to Disney World with ARCH funds to "research daycare playgrounds."
  - Subject was finance director then, too.

ARCH – Case Study

- Assessment of the allegations:
  - Charges are imminent one way or another.
  - Employee is no longer in-place.
  - *There is an argument to leave it to JCPD.*

ARCH – Case Study

- Assessment of the allegations:
  - Scope of potential theft has not been adequately assessed.
  - Previous suspicious activity under subject's watch.
  - Spouse's financial relationship with the entity hasn't been fully explored.
  - DOI elected to further investigate the matter.
    - Asked JCPD to stand down.

ARCH – Case Study

- Obtain records:
  - Physical bookkeeping records.
    - 52,000 card pickup.
  - Banking records.
    - Authorization form (Bank of Tennessee).
    - Subpoena (Eastman Credit Union).

ARCH – Case Study

- Obtain records:
  - Devices.
    - Desktop tower.
    - Laptop.
      - But…she took it with her?
  - Investigators eventually obtained them.

ARCH – Case Study

- Obtain records:
- Digital forensic analysis of desktop & laptop.
- Investigative requests & keywords:
  - QuickBooks files.
  - Payroll reports.
  - Bank of Tennessee (PDFs/Excel/Word).
  - Eastman Credit Union (PDFs/Excel/Word).

ARCH – Case Study

- Obtain records:
- Digital Forensic analysis of desktop & laptop.
- Investigative requests & keywords:
  - Lynn Valley Contractors (Sam's business)
  - Blakley Road (LVC contract)
  - Flood repairs (LVC contract)

ARCH – Case Study

- Talk to people:
  - 50 interviews.
    - Current and former employees.
      - Julie was great.
      - Had some attendance issues more recently.
      - Younger son had seizures, she said.

ARCH – Case Study

- Talk to people:
  - 50 interviews.
    - Current and former employees.
      - Sam was a nice guy.
      - …he asked me to borrow money a few times.
    - Current and former board members.
      - The executive director is great/awful.

ARCH – Case Study

- Talk to people:
  - 50 interviews.
    - The former executive director.
      - Julie Beale is a saint!
      - This is just like the witch hunt that ran me off!

ARCH – Case Study

- Analyze records:
  - Review all check disbursements for 5 years with the executive director.
    - Identify all checks not signed by her that contain her signature.

ARCH – Case Study

- Analyze records:
  - Review all debit card purchases in bank statement.
    - Isolate vendors ARCH never used.
      - Mostly vape and tobacco stores.
    - Compare payments at utilities to Beales' utility payments.

ARCH – Case Study

- Analyze records:
  - Review all individuals who received payments and compared to files of landlords, clients, or other legitimate payees.
    - Who is Christine Hardin?

ARCH – Case Study

- Analyze records:
  - What was recovered from forensic work?
    - Several QuickBooks files.
    - Emails from Beale's Outlook.
    - Word documents.

ARCH – Case Study

- Analyze records:
  - QuickBooks company files located for:
    - ARCH
    - Lynn Valley Contractors
    - "Acct Books"
    - Riverplace Connection

ARCH – Case Study

- Analyze records:
  - ARCH's QuickBooks company files:
    - Records accurate for legitimate payments.
      - *Sidenote: Why is this so important?*
    - Check payment data does NOT match check paid to Beale, Sam, LVC, etc.

ARCH – Case Study

- Analyze records:
  - ARCH's QuickBooks company files:
    - Also observed false entries to explain transfers between ARCH's accounts at ECU and Bank of Tennessee as well as transfers to the debit card account.

ARCH – Case Study

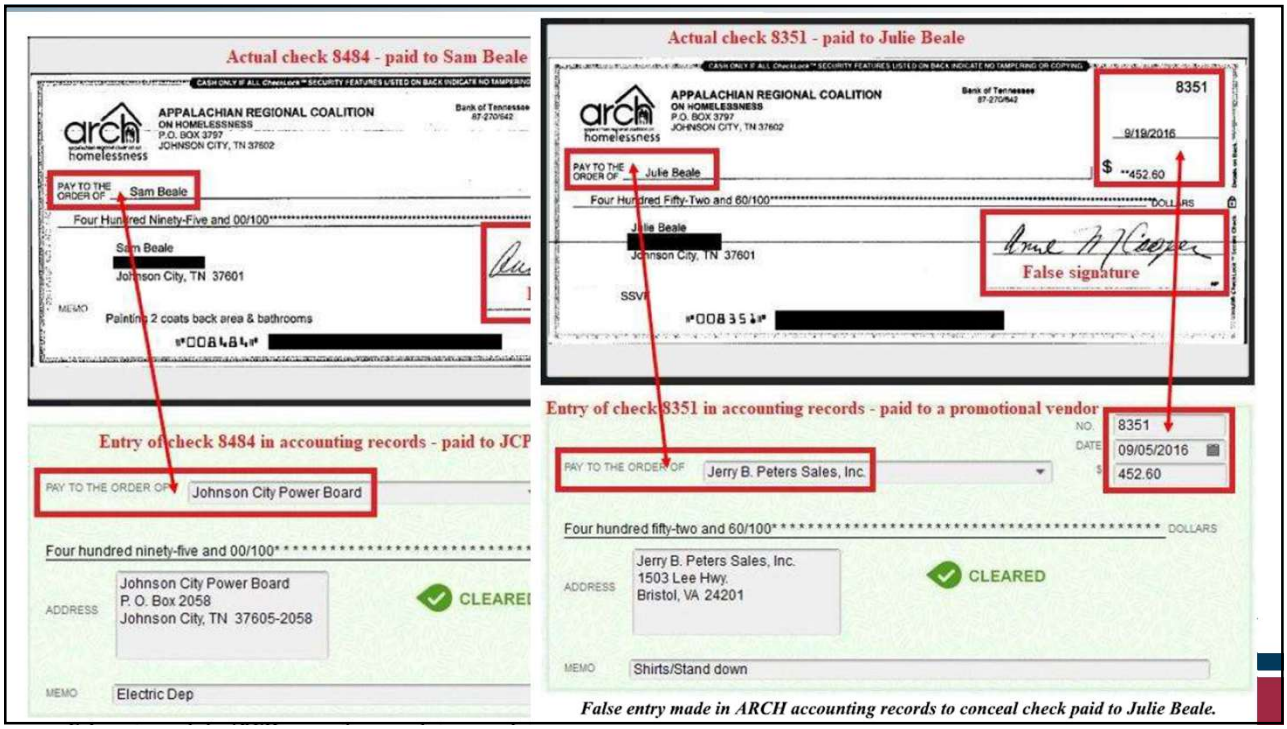
- Analyze records:
  - ARCH's QuickBooks company files:
    - Check the QB "Audit Trail."

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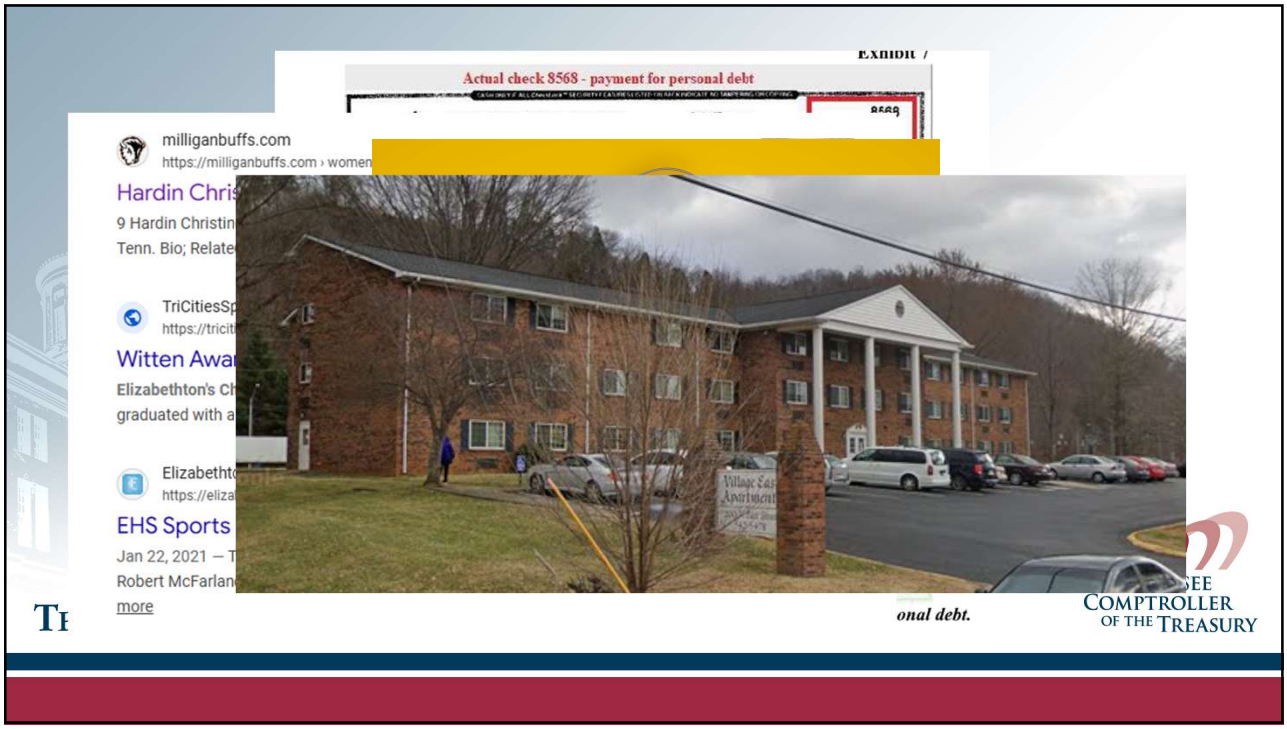
ARCH – Case Study

- Analyze records:
  - How to access the "Audit Trail:"
    - Open the Company File.
    - Click on the **Reports** menu option.
    - Select "**Accountant & Taxes**."
    - Choose "**Audit Trail**" from the submenu.
      - Can be filtered for dates, users, transaction type

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Actual check 8484 - paid to Sam Beale
APPALACHIAN REGIONAL COALITION
ON HOMELESSNESS
P.O. BOX 3797
JOHNSON CITY, TN 37602
PAY TO THE ORDER OF Sam Beale
Four Hundred Ninety-Five and 00/100
Sam Beale
Johnson City, TN 37601
MEMO Painting 2 coats back area & bathrooms
Actual check 8351 - paid to Julie Beale
APPALACHIAN REGIONAL COALITION
ON HOMELESSNESS
P.O. BOX 3797
JOHNSON CITY, TN 37602
8351
9/19/2016
$ **452.60
PAY TO THE ORDER OF Julie Beale
Four Hundred Fifty-Two and 60/100
Julie Beale
Johnson City, TN 37601
False signature
Entry of check 8484 in accounting records - paid to JCP
PAY TO THE ORDER OF Johnson City Power Board
Four hundred ninety-five and 00/100
ADDRESS Johnson City Power Board
P. O. Box 2058
Johnson City, TN 37605-2058
CLEARED
MEMO Electric Dep
Entry of check 8351 in accounting records - paid to a promotional vendor
NO. 8351
DATE 09/05/2016
$ 452.60
PAY TO THE ORDER OF Jerry B. Peters Sales, Inc.
Four hundred fifty-two and 60/100 DOLLARS
ADDRESS Jerry B. Peters Sales, Inc.
1503 Lee Hwy.
Bristol, VA 24201
CLEARED
MEMO Shirts/Stand down
False entry made in ARCH accounting records to conceal check paid to Julie Beale.

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Actual check 8568 - payment for personal debt
milliganbuffs.com
https://milliganbuffs.com › women
Hardin Chris
9 Hardin Christin
Tenn. Bio; Relate
TriCitiesSp
https://tricit
Witten Awa
Elizabethton's Ch
graduated with a
Elizabetht
https://eliza
EHS Sports
Jan 22, 2021 — T
Robert McFarlan
more
onal debt.
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ARCH – Case Study

- Analyze records & talk to people:
  - Christine Hardin
    - "I know Sam Beale – He stole from me."
    - Late 50's.
    - On oxygen, in wheelchair.
    - Section 8, studio apartment.
    - Met Sam Beale at a pain clinic.

ARCH – Case Study

- Analyze records & talk to people:
  - Christine Hardin
    - Sam was personable, had a car.
    - Sam offered to give her rides.
    - Sam introduced her to his wife.
    - She would visit them at their home.
    - They asked for "something to put up their nose."

ARCH – Case Study

- Analyze records & talk to people:
  - Christine Hardin
    - Hospitalized.
    - Asked Sam to pay one bill for her, gave him debit card.
    - Sam kept the card.
    - She got calls from the bank she was overdrawn.

ARCH – Case Study

- Analyze records & talk to people:
  - Christine Hardin
    - Sam eventually returned the card to her.
    - Her account received a deposit to bring it back to zero, but not replenish the previous balance.
    - Investigators reviewed her bank records for the time she was hospitalized.

ARCH – Case Study

- Analyze records:
  - Christine Hardin
    - Observations from when she was hospitalized…
    - Many of the same vape and tobacco stores where ARCH's funds were used to make purchases.
      - Near the Beale residence.

ARCH – Case Study

- Analyze records:
  - Lynn Valley Contractors company file.
    - Incomplete records (not full bookkeeping data).
    - Did contain all LVC invoices that were submitted to ARCH for payment.
      - Flood project.
      - VA home project.



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ARCH – Case Study

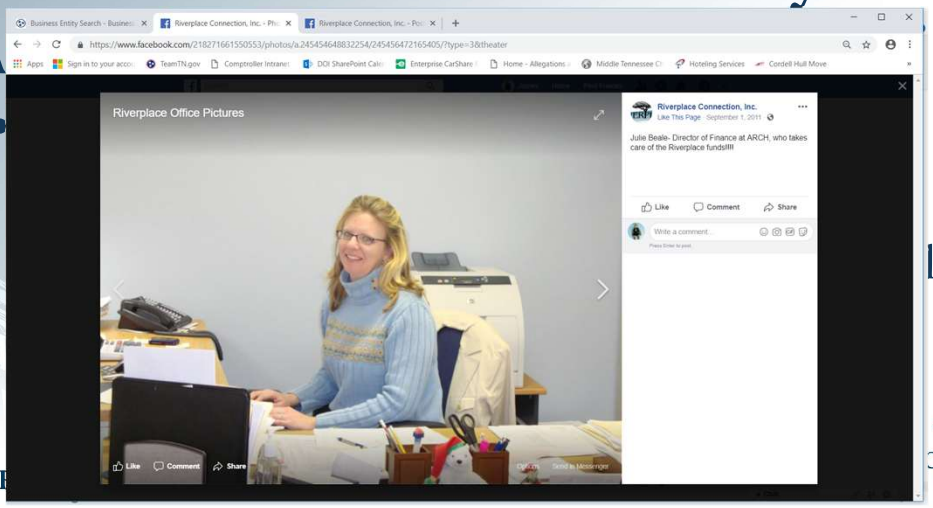
- Analyze records & talk to people:
  - What happened with the flood?
    - Never knew what really happened.
    - Sam was the ARCH building maintenance man at the time (2016).
    - Somehow over a weekend, the upstairs bathroom leaked and flooded ARCH offices downstairs.

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ARCH – Case Study

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ARCH – Case Study

- Analyze records:
  - "Acct Books" company file.
    - Only three items.
    - Three invoices from Cartridge World with matching check data.

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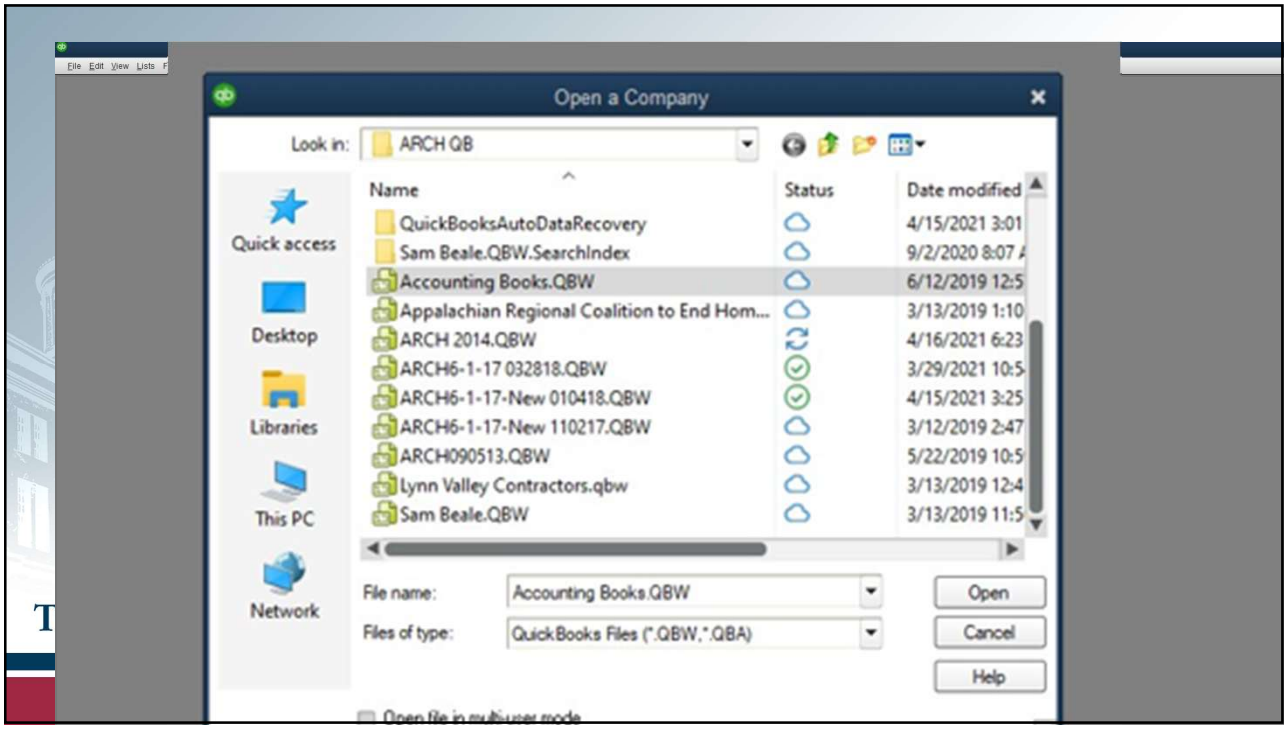
ARCH: Cartridge World Invoices

Content from Subject's Computer

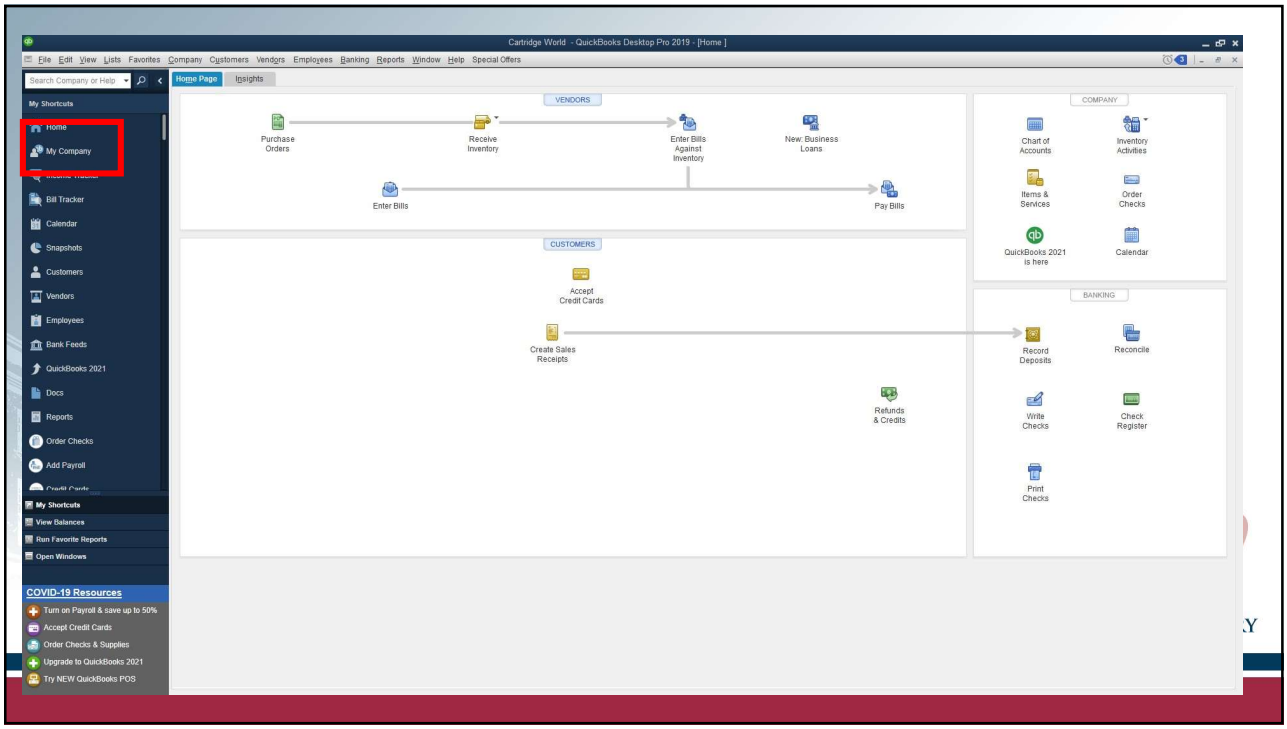
TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

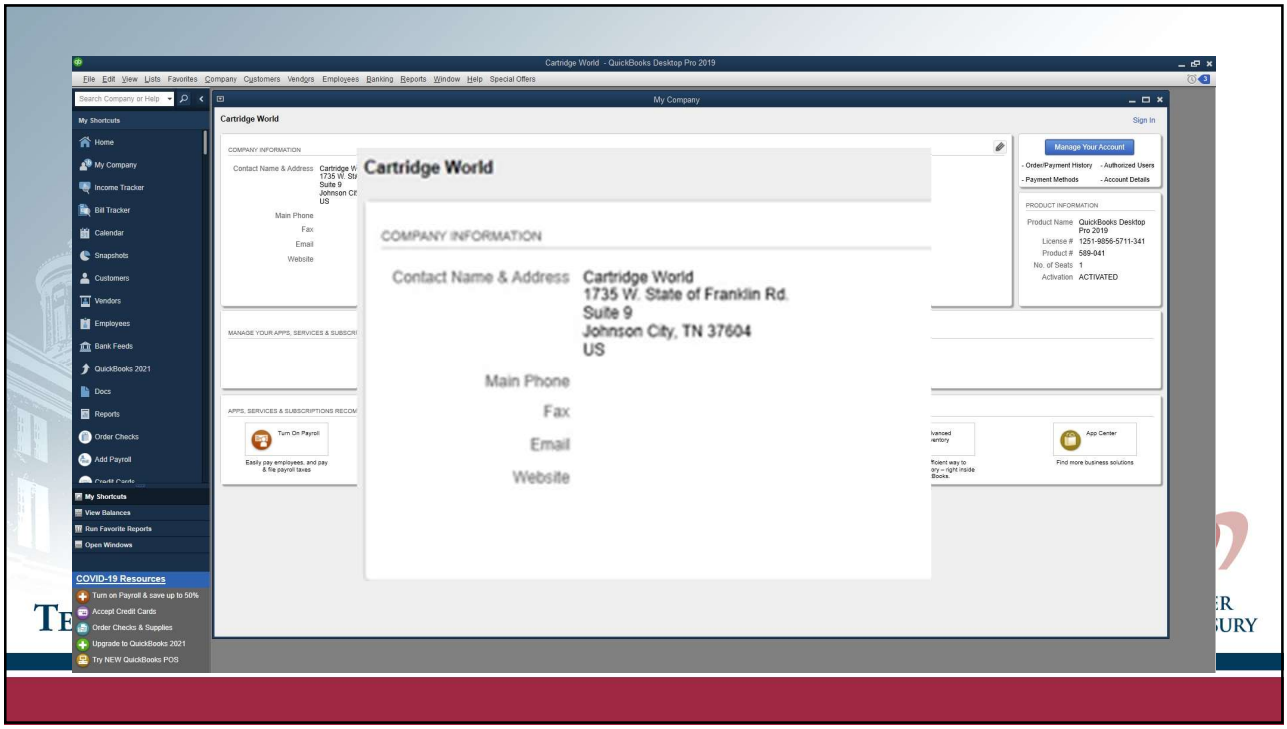
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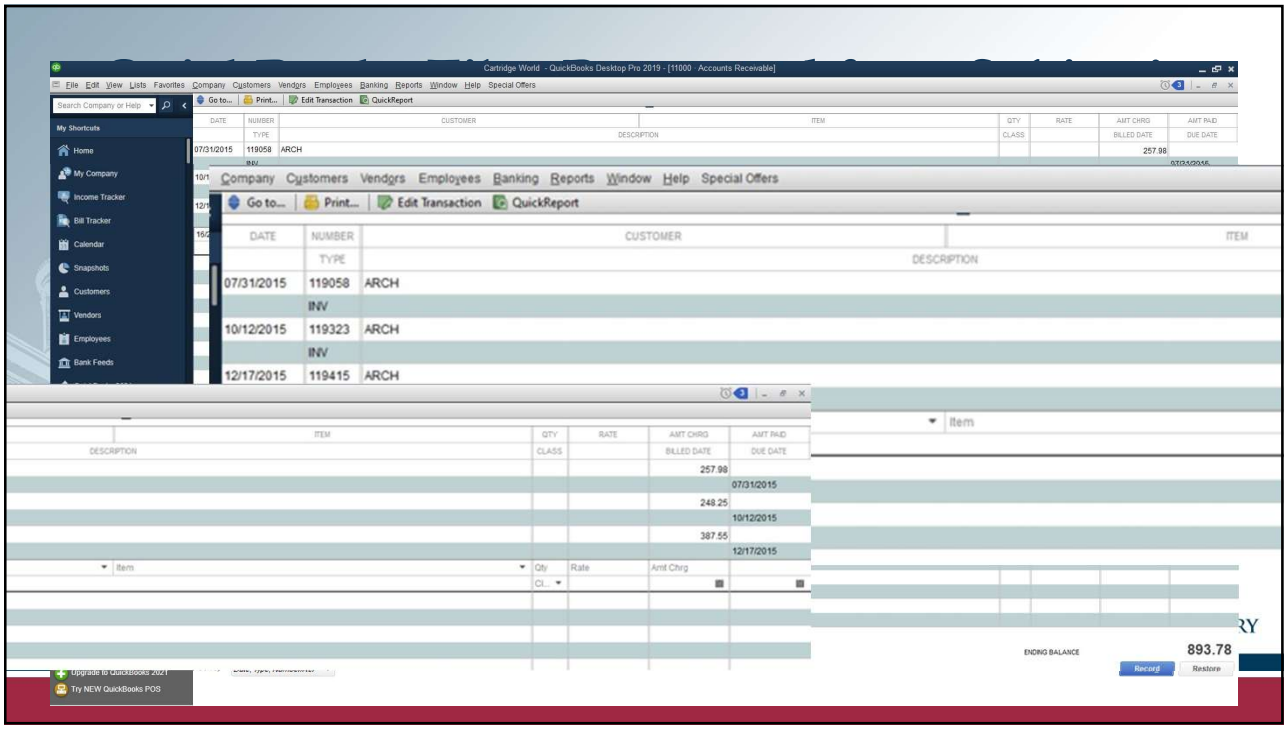
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Cartridge World - QuickBooks Desktop Pro 2019 - [Home]
File Edit View Lists Favorites Company Customers Vendors Employees Banking Reports Window Help Special Offers
Home Page
Insights
VENDORS
Purchase Orders
Receive Inventory
Enter Bills Against Inventory
New: Business Loans
Enter Bills
Pay Bills
CUSTOMERS
Accept Credit Cards
Create Sales Receipts
Refunds & Credits
COMPANY
Chart of Accounts
Inventory Activities
Items & Services
Order Checks
QuickBooks 2021 is here
Calendar
BANKING
Record Deposits
Reconcile
Write Checks
Check Register
Print Checks
My Shortcuts
Home
My Company
Bill Tracker
Calendar
Snapshots
Customers
Vendors
Employees
Bank Feeds
QuickBooks 2021
Docs
Reports
Order Checks
Add Payroll
View Balances
Run Favorite Reports
Open Windows
COVID-19 Resources
Turn on Payroll & save up to 50%
Accept Credit Cards
Order Checks & Supplies
Upgrade to QuickBooks 2021
Try NEW QuickBooks POS

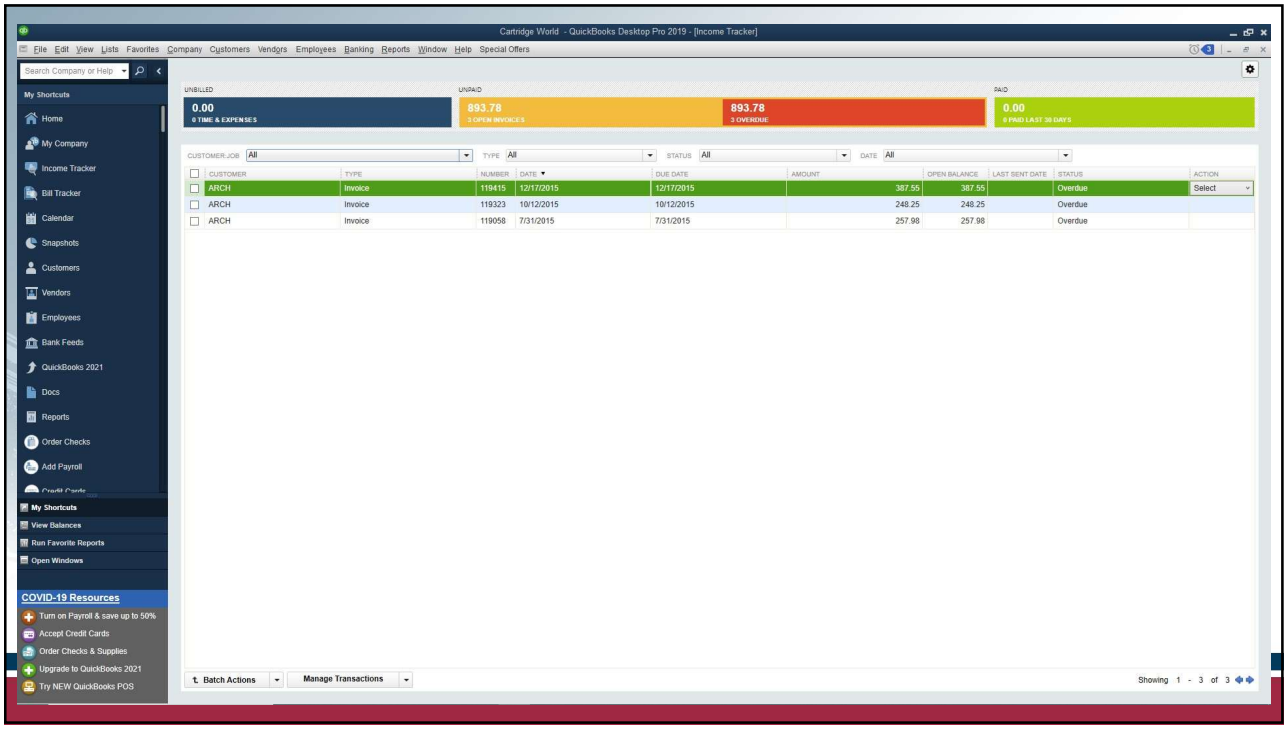
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Cartridge World - QuickBooks Desktop Pro 2019
My Company
Cartridge World
COMPANY INFORMATION
Contact Name & Address
Cartridge World
1735 W. State of Franklin Rd.
Suite 9
Johnson City, TN 37604
US
Main Phone
Fax
Email
Website
Manage Your Account
PRODUCT INFORMATION
Product Name QuickBooks Desktop Pro 2019
License # 1251-9856-5711-341
Product # 589-041
No. of Seats 1
Activation ACTIVATED
Turn On Payroll
App Center
Find more business solutions
COVID-19 Resources
Turn on Payroll & save up to 50%
Accept Credit Cards
Order Checks & Supplies
Upgrade to QuickBooks 2021
Try NEW QuickBooks POS

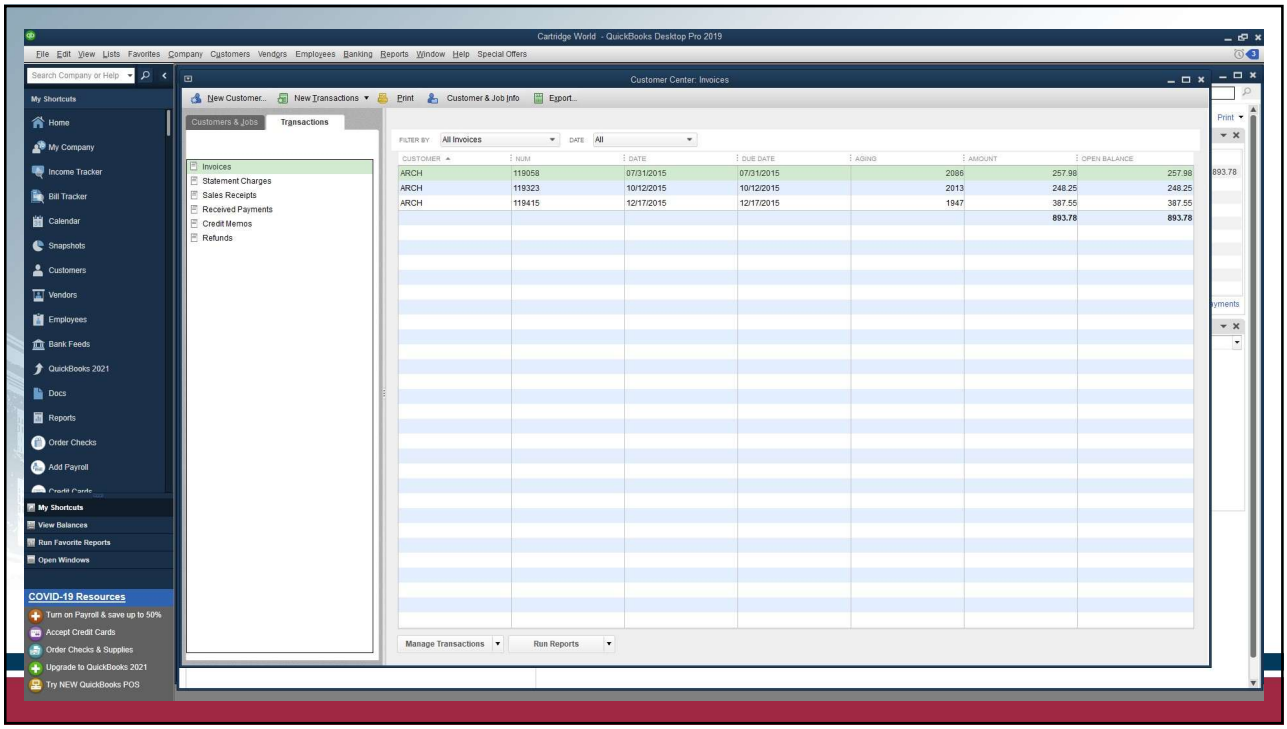
84


Cartridge World - QuickBooks Desktop Pro 2019 - [11000 · Accounts Receivable]
Company Customers Vendors Employees Banking Reports Window Help Special Offers
Go to... Print... Edit Transaction QuickReport
DATE NUMBER CUSTOMER ITEM
TYPE DESCRIPTION
07/31/2015 119058 ARCH
INV
10/12/2015 119323 ARCH
INV
12/17/2015 119415 ARCH
257.98
248.25
387.55
ENDING BALANCE 893.78
Try NEW QuickBooks POS

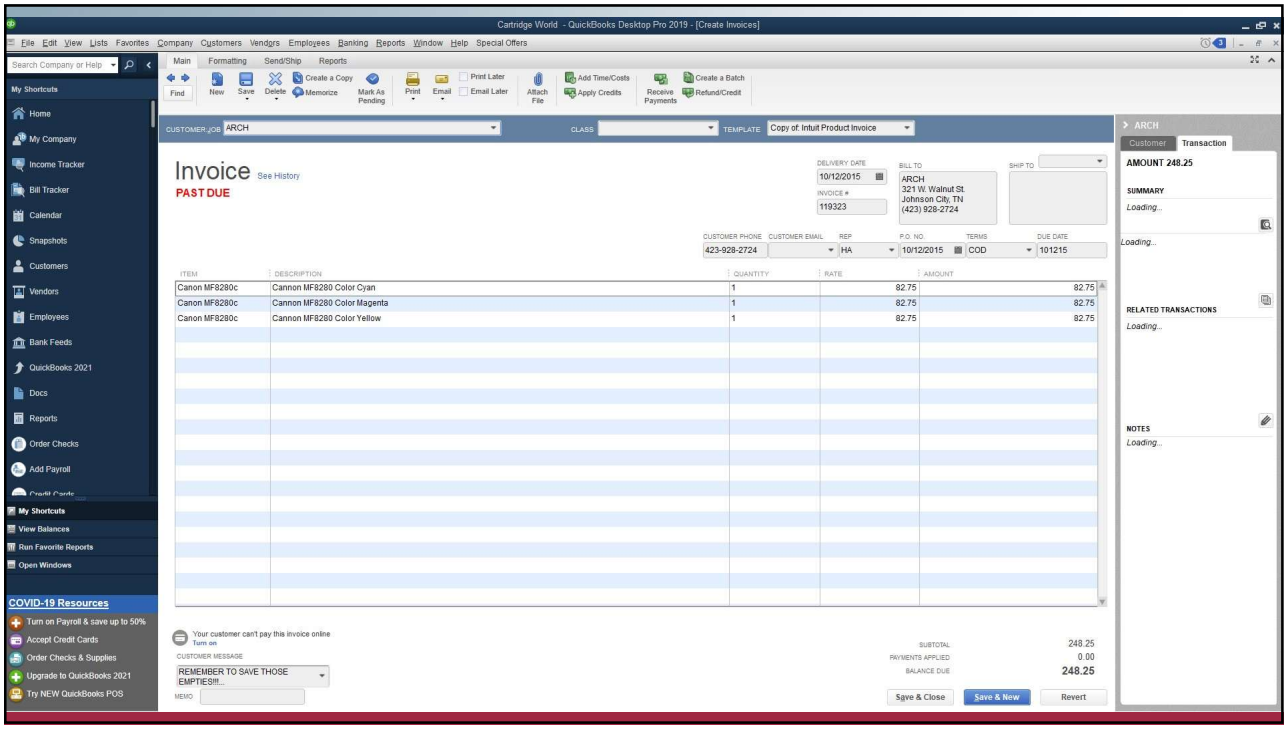
85


Cartridge World - QuickBooks Desktop Pro 2019 - [Income Tracker]
UNBILLED 0.00 0 TIME & EXPENSES
UNPAID 893.78 3 OPEN INVOICES
893.78 3 OVERDUE
PAID 0.00 0 PAID LAST 30 DAYS
CUSTOMER ARCH Invoice 119415 12/17/2015 12/17/2015 387.55 387.55 Overdue Select
ARCH Invoice 119323 10/12/2015 10/12/2015 248.25 248.25 Overdue
ARCH Invoice 119058 7/31/2015 7/31/2015 257.98 257.98 Overdue
COVID-19 Resources
Batch Actions
Manage Transactions
Showing 1 - 3 of 3

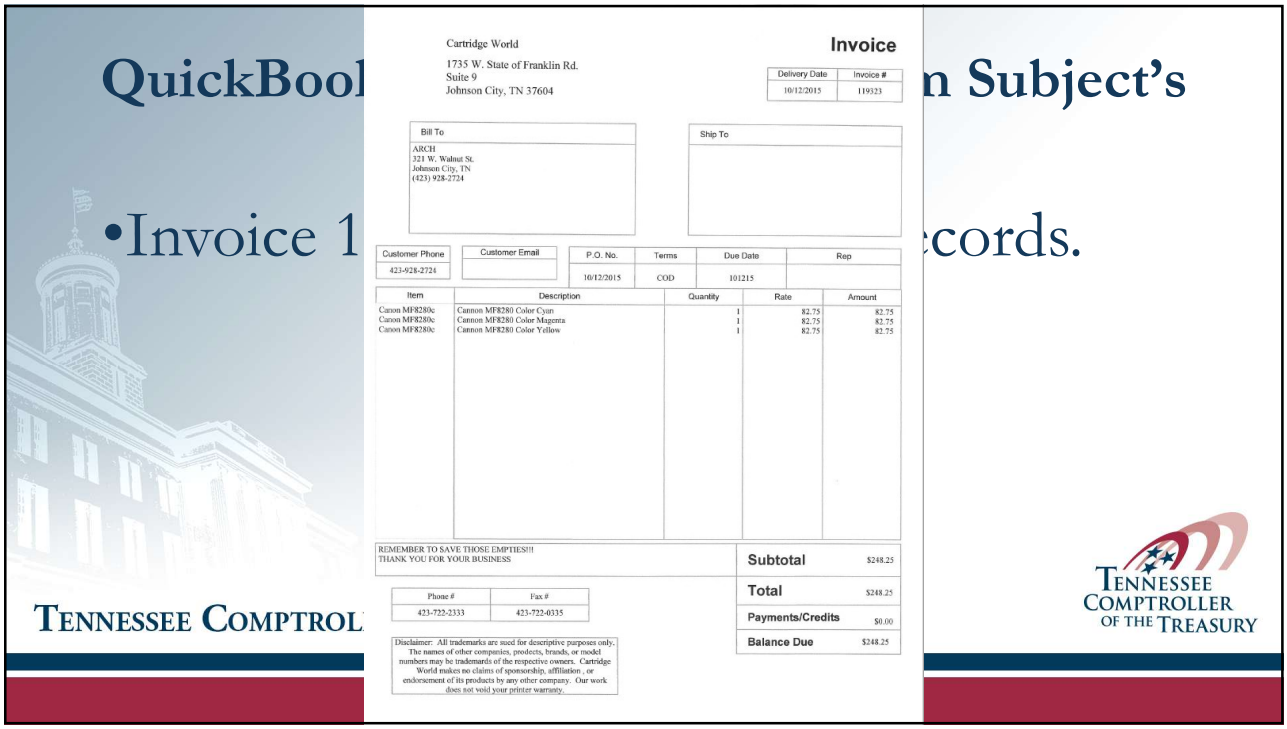
86


Cartridge World - QuickBooks Desktop Pro 2019
File Edit View Lists Favorites Company Customers Vendors Employees Banking Reports Window Help Special Offers
Customer Center: Invoices
New Customer... New Transactions Print Customer & Job Info Export...
Customers & Jobs Transactions
Invoices
Statement Charges
Sales Receipts
Received Payments
Credit Memos
Refunds
FILTER BY All Invoices
DATE All
CUSTOMER NUM DATE DUE DATE AGING AMOUNT OPEN BALANCE
ARCH 119058 07/31/2015 07/31/2015 2086 257.98 257.98
ARCH 119323 10/12/2015 10/12/2015 2013 248.25 248.25
ARCH 119415 12/17/2015 12/17/2015 1947 387.55 387.55
893.78 893.78
Manage Transactions Run Reports
My Shortcuts
Home
My Company
Income Tracker
Bill Tracker
Calendar
Snapshots
Customers
Vendors
Employees
Bank Feeds
QuickBooks 2021
Docs
Reports
Order Checks
Add Payroll
View Balances
Run Favorite Reports
Open Windows
COVID-19 Resources
Turn on Payroll & save up to 50%
Accept Credit Cards
Order Checks & Supplies
Upgrade to QuickBooks 2021
Try NEW QuickBooks POS

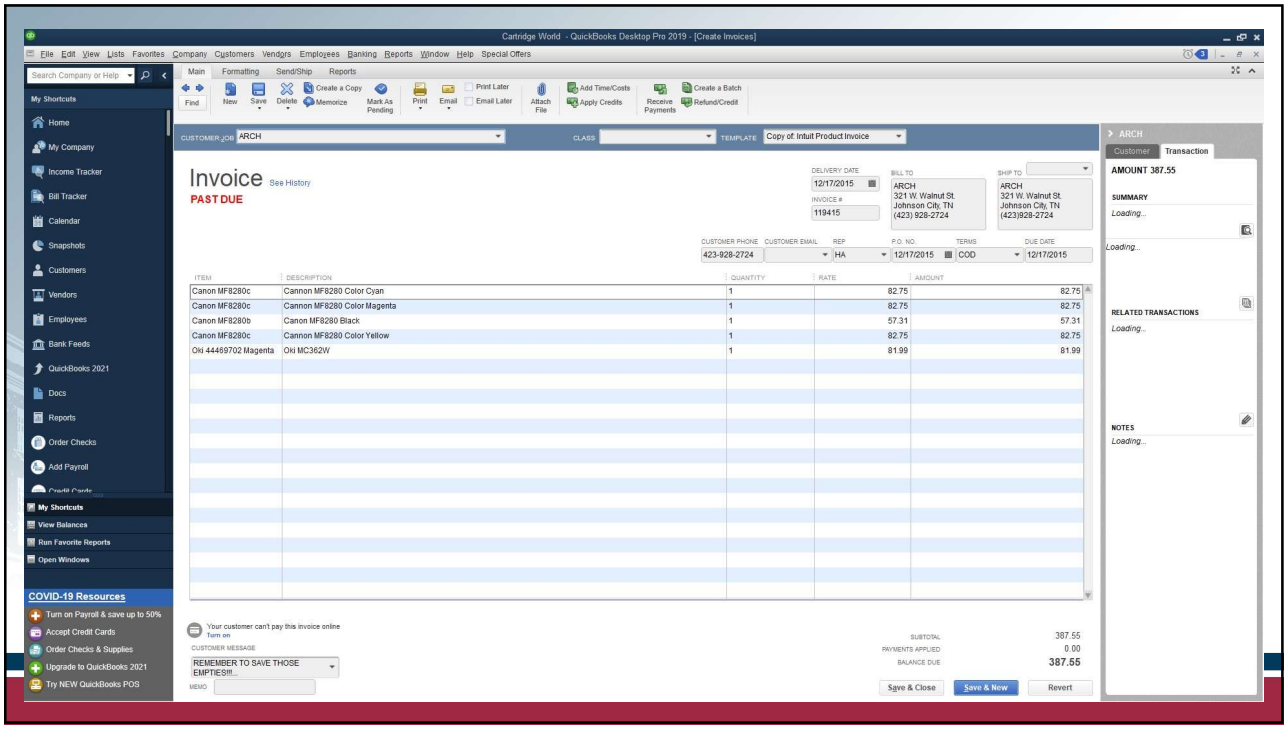
87


Cartridge World - QuickBooks Desktop Pro 2019 - [Create Invoices]
File Edit View Lists Favorites Company Customers Vendors Employees Banking Reports Window Help Special Offers
Main Formatting Send/Ship Reports
Find New Save Delete Create a Copy Memorize Mark As Pending Print Email Print Later Email Later Attach File Add Time/Costs Apply Credits Receive Payments Create a Batch Refund/Credit
CUSTOMER:JOB ARCH
CLASS
TEMPLATE Copy of: Intuit Product Invoice
Invoice See History
PAST DUE
DELIVERY DATE 10/12/2015
INVOICE # 119323
BILL TO ARCH 321 W. Walnut St. Johnson City, TN (423) 928-2724
SHIP TO
CUSTOMER PHONE 423-928-2724
CUSTOMER EMAIL
REP HA
P.O. NO. 10/12/2015
TERMS COD
DUE DATE 101215
ITEM DESCRIPTION QUANTITY RATE AMOUNT
Canon MF8280c Cannon MF8280 Color Cyan 1 82.75 82.75
Canon MF8280c Cannon MF8280 Color Magenta 1 82.75 82.75
Canon MF8280c Cannon MF8280 Color Yellow 1 82.75 82.75
Your customer can't pay this invoice online
Turn on
CUSTOMER MESSAGE
REMEMBER TO SAVE THOSE EMPTIES!!!...
MEMO
SUBTOTAL 248.25
PAYMENTS APPLIED 0.00
BALANCE DUE 248.25
Save & Close Save & New Revert
ARCH
Customer Transaction
AMOUNT 248.25
SUMMARY
Loading...
RELATED TRANSACTIONS
NOTES
My Shortcuts
Home
My Company
Income Tracker
Bill Tracker
Calendar
Snapshots
Customers
Vendors
Employees
Bank Feeds
QuickBooks 2021
Docs
Reports
Order Checks
Add Payroll
View Balances
Run Favorite Reports
Open Windows
COVID-19 Resources
Turn on Payroll & save up to 50%
Accept Credit Cards
Order Checks & Supplies
Upgrade to QuickBooks 2021
Try NEW QuickBooks POS

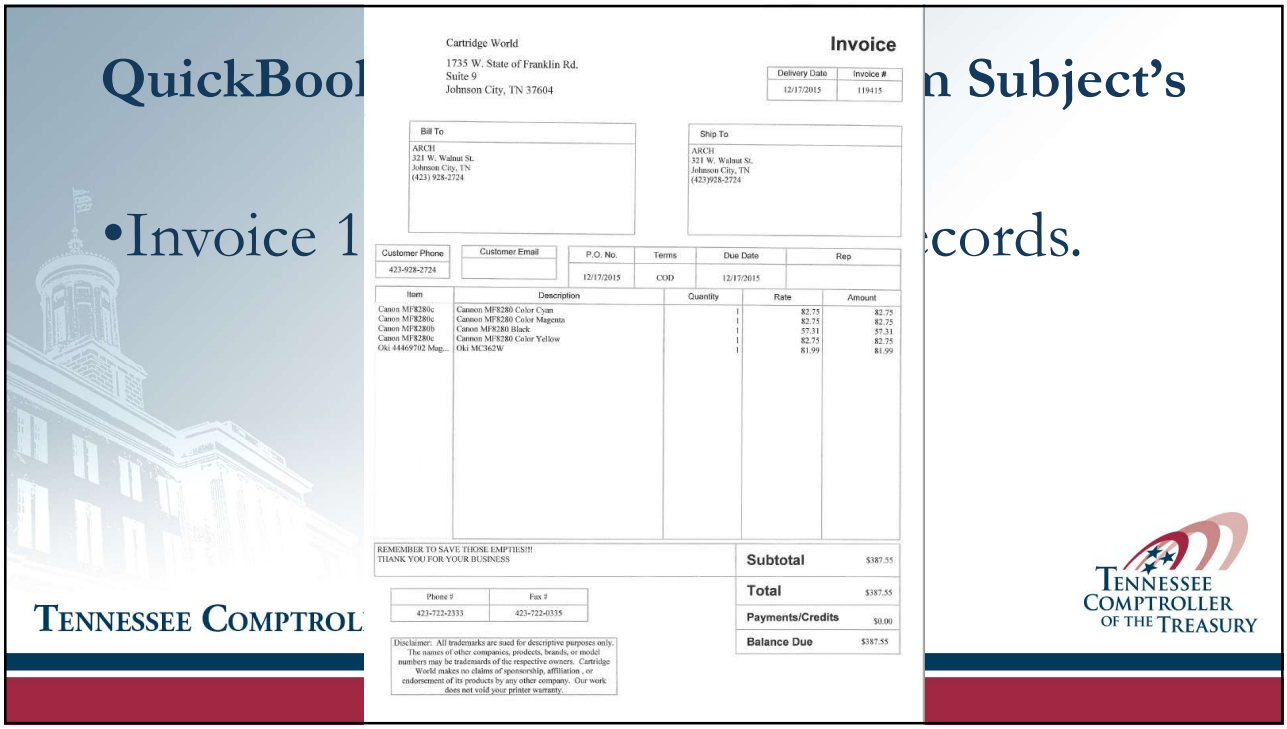
88


QuickBook
n Subject's
•Invoice 1
cords.
TENNESSEE COMPTROL
TENNESSEE COMPTROLLER OF THE TREASURY
Cartridge World
1735 W. State of Franklin Rd.
Suite 9
Johnson City, TN 37604
Invoice
Delivery Date 10/12/2015
Invoice # 119323
Bill To
ARCH
321 W. Walnut St.
Johnson City, TN
(423) 928-2724
Ship To
Customer Phone 423-928-2724
Customer Email
P.O. No. 10/12/2015
Terms COD
Due Date 101215
Rep
Item | Description | Quantity | Rate | Amount
Canon MF8280c | Cannon MF8280 Color Cyan | 1 | 82.75 | 82.75
Canon MF8280c | Cannon MF8280 Color Magenta | 1 | 82.75 | 82.75
Canon MF8280c | Cannon MF8280 Color Yellow | 1 | 82.75 | 82.75
REMEMBER TO SAVE THOSE EMPTIES!!!
THANK YOU FOR YOUR BUSINESS
Subtotal $248.25
Total $248.25
Payments/Credits $0.00
Balance Due $248.25
Phone # 423-722-2333
Fax # 423-722-0335
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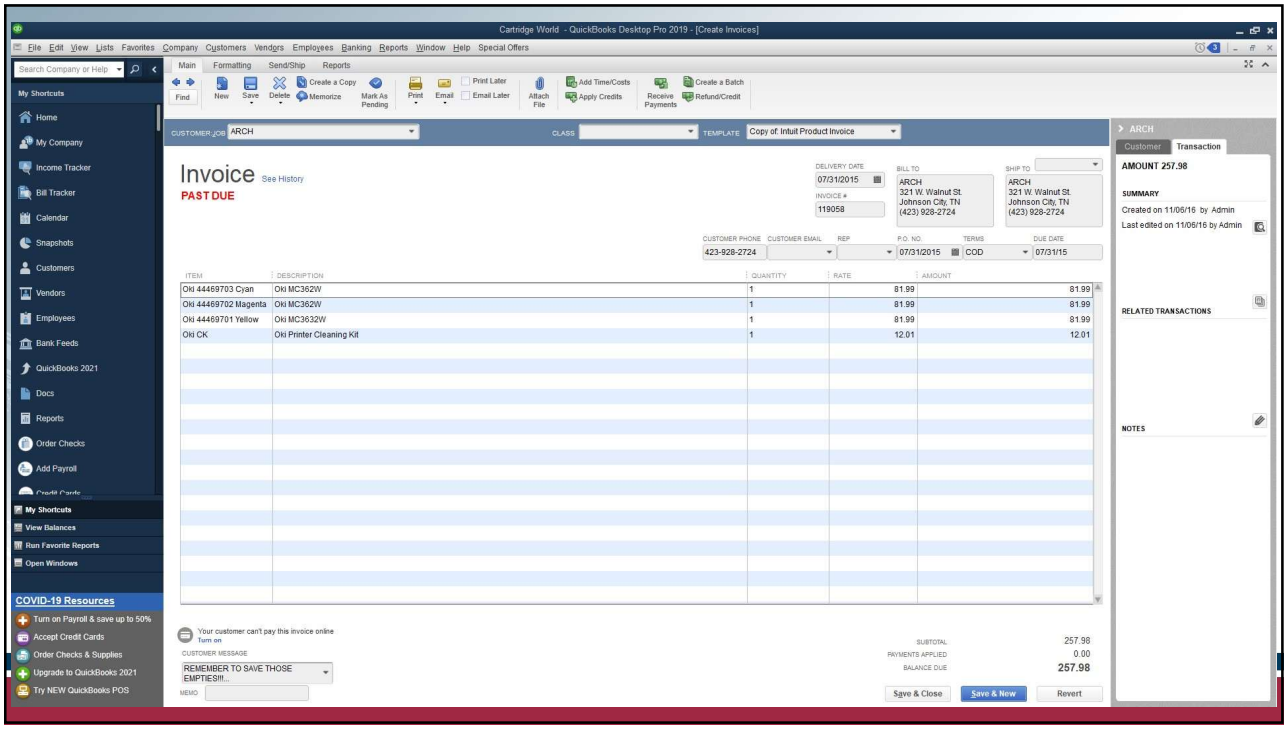
89


Cartridge World - QuickBooks Desktop Pro 2019 - [Create Invoices]
Invoice
PAST DUE
CUSTOMER:JOB ARCH
CLASS
TEMPLATE Copy of: Intuit Product Invoice
DELIVERY DATE 12/17/2015
INVOICE # 119415
BILL TO ARCH 321 W. Walnut St. Johnson City, TN (423) 928-2724
SHIP TO ARCH 321 W. Walnut St. Johnson City, TN (423)928-2724
CUSTOMER PHONE 423-928-2724
REP HA
P.O. NO. 12/17/2015
TERMS COD
DUE DATE 12/17/2015
ITEM | DESCRIPTION | QUANTITY | RATE | AMOUNT
Canon MF8280c | Cannon MF8280 Color Cyan | 1 | 82.75 | 82.75
Canon MF8280c | Cannon MF8280 Color Magenta | 1 | 82.75 | 82.75
Canon MF8280b | Canon MF8280 Black | 1 | 57.31 | 57.31
Canon MF8280c | Cannon MF8280 Color Yellow | 1 | 82.75 | 82.75
Oki 44469702 Magenta | Oki MC362W | 1 | 81.99 | 81.99
SUBTOTAL 387.55
PAYMENTS APPLIED 0.00
BALANCE DUE 387.55
CUSTOMER MESSAGE REMEMBER TO SAVE THOSE EMPTIES!!!...
MEMO
Save & Close
Save & New
Revert
ARCH
Customer
Transaction
AMOUNT 387.55
SUMMARY
RELATED TRANSACTIONS
NOTES
COVID-19 Resources

90


QuickBool
n Subject's
•Invoice 1
ecords.
TENNESSEE COMPTROL
TENNESSEE COMPTROLLER OF THE TREASURY
Cartridge World
1735 W. State of Franklin Rd.
Suite 9
Johnson City, TN 37604
Invoice
Delivery Date 12/17/2015
Invoice # 119415
Bill To
ARCH
321 W. Walnut St.
Johnson City, TN
(423) 928-2724
Ship To
ARCH
321 W. Walnut St.
Johnson City, TN
(423)928-2724
Customer Phone 423-928-2724
Customer Email
P.O. No.
Terms COD
Due Date 12/17/2015
Rep
Item
Description
Quantity
Rate
Amount
Canon MF8280c Color Cyan 1 82.75 82.75
Canon MF8280c Color Magenta 1 82.75 82.75
Canon MF8280 Black 1 57.31 57.31
Canon MF8280c Color Yellow 1 82.75 82.75
Oki 44469702 Mag... Oki MC362W 1 81.99 81.99
REMEMBER TO SAVE THOSE EMPTIES!!!
THANK YOU FOR YOUR BUSINESS
Subtotal $387.55
Total $387.55
Payments/Credits $0.00
Balance Due $387.55
Phone # 423-722-2333
Fax # 423-722-0335
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Cartridge World - QuickBooks Desktop Pro 2019 - [Create Invoices]
File Edit View Lists Favorites Company Customers Vendors Employees Banking Reports Window Help Special Offers
Main Formatting Send/Ship Reports
New Save Delete Create a Copy Memorize Mark As Pending Print Email Print Later Email Later Attach File Add Time/Costs Apply Credits Receive Payments Create a Batch Refund/Credit
CUSTOMER:JOB ARCH
CLASS
TEMPLATE Copy of: Intuit Product Invoice
Invoice See History
PAST DUE
DELIVERY DATE 07/31/2015
INVOICE # 119058
BILL TO ARCH 321 W. Walnut St. Johnson City, TN (423) 928-2724
SHIP TO ARCH 321 W. Walnut St. Johnson City, TN (423) 928-2724
CUSTOMER PHONE 423-928-2724
CUSTOMER EMAIL
REP
P.O. NO.
TERMS COD
DUE DATE 07/31/15
ITEM DESCRIPTION QUANTITY RATE AMOUNT
Oki 44469703 Cyan Oki MC362W 1 81.99 81.99
Oki 44469702 Magenta Oki MC362W 1 81.99 81.99
Oki 44469701 Yellow Oki MC3632W 1 81.99 81.99
Oki CK Oki Printer Cleaning Kit 1 12.01 12.01
Your customer can't pay this invoice online Turn on
CUSTOMER MESSAGE
REMEMBER TO SAVE THOSE EMPTIES!!!...
MEMO
SUBTOTAL 257.98
PAYMENTS APPLIED 0.00
BALANCE DUE 257.98
Save & Close Save & New Revert
ARCH
Customer Transaction
AMOUNT 257.98
SUMMARY
Created on 11/06/16 by Admin
Last edited on 11/06/16 by Admin
RELATED TRANSACTIONS
NOTES
My Shortcuts
Home
My Company
Income Tracker
Bill Tracker
Calendar
Snapshots
Customers
Vendors
Employees
Bank Feeds
QuickBooks 2021
Docs
Reports
Order Checks
Add Payroll
My Shortcuts
View Balances
Run Favorite Reports
Open Windows
COVID-19 Resources
Turn on Payroll & save up to 50%
Accept Credit Cards
Order Checks & Supplies
Upgrade to QuickBooks 2021
Try NEW QuickBooks POS

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QuickBool… n Subject's

- Invoice 1… …s"
  located in…

Cartridge World
1735 W. State of Franklin Rd.
Suite 9
Johnson City, TN 37604

Invoice

Delivery Date	Invoice #
7/31/2015	119058

Bill To	Ship To
ARCH 321 W. Walnut St. Johnson City, TN (423) 928-2724	ARCH 321 W. Walnut St. Johnson City, TN (423) 928-2724

Customer Phone	Customer Email	P.O. No.	Terms	Due Date	Rep
423-928-2724		7/31/2015	COD	07/31/15	

Item	Description	Quantity	Rate	Amount
Oki 44469703 Cyan	Oki MC362W	1	81.99	81.99
Oki 44469702 Mag...	Oki MC362W	1	81.99	81.99
Oki 44469701 Yell...	Oki MC3632W	1	81.99	81.99
Oki CK	Oki Printer Cleaning Kit	1	12.01	12.01

REMEMBER TO SAVE THOSE EMPTIES!!!
THANK YOU FOR YOUR BUSINESS

Subtotal	$257.98
Total	$257.98
Payments/Credits	$0.00
Balance Due	$257.98

Phone #	Fax #
423-722-2333	423-722-0335

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TENNESSEE COMPTROL…

TENNESSEE COMPTROLLER OF THE TREASURY

93

QuickBooks Files Recovered from Subject's Computer

…omputer

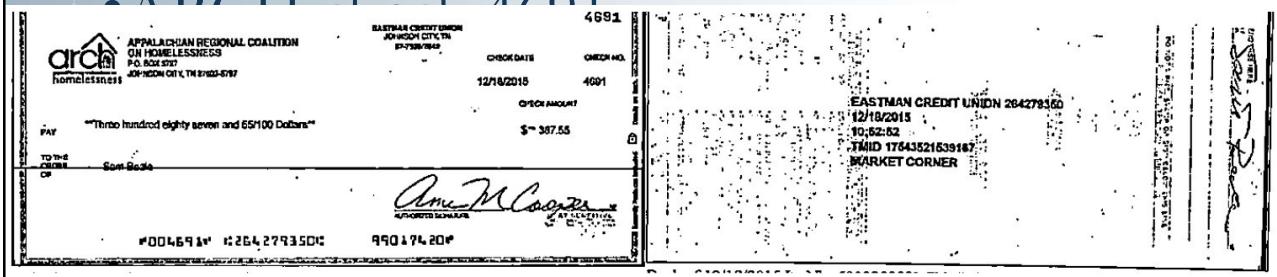
Payee	Amount	Memo (if none - NA)	Check or Transaction Number	Check or ACH	Bank	First Signature on Check	Second Signature on Check (if none - NA)	Name of Endorser (if none - NA)	Legitimate Signature per Signer	Does the check payee match the entry in QuickBooks /Fin Edge?	Payee in QB/FE	Memo in QB/FE	Date in QB/FE	Amount	Check # in QB/FE
Sam Beale	$ 387.55	NA	4691	Check	ECU	Anne M. Cooper	NA	Sam Beale	No	No	Cartridge World	None	12/17/2015	$387.55	4691
Julie Beale	$ 257.98	NA	4644	Check	ECU	Anne M. Cooper	NA	Julie Beale	No	No	Cartridge World	None	7/31/2015	$257.98	4644
Julie Beale	$ 248.26	NA	4676	Check	ECU	Anne M. Cooper	NA	Julie Beale	No	No	Cartridge World	None	10/12/2015	$248.26	4676
	$ 893.79													$893.79	

TENNESSEE COMPTROLLER OF THE TREASURY

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QuickBooks Files Recovered from Subject's Computer

- ARCH check 4691



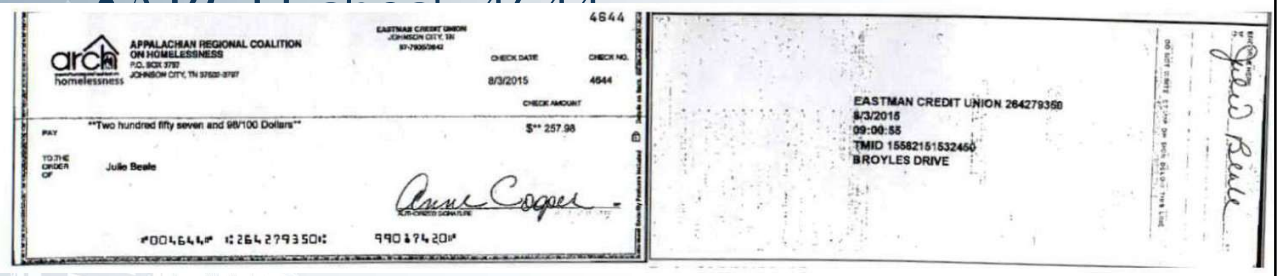
TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

95

QuickBooks Files Recovered from Subject's Computer

- ARCH check 4644



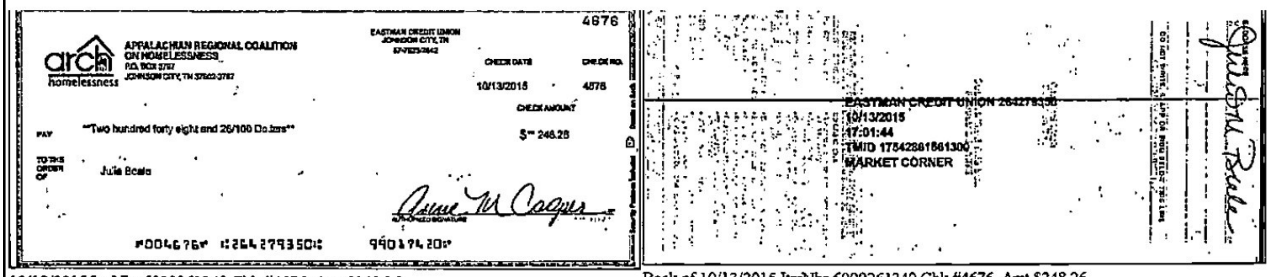
TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

96

QuickBooks Files Recovered from Subject's Computer

- ARCH check 4676



10/13/2015 ItmNbr 6000261340 Chk #4676 Amt $248.26 — Back of 10/13/2015 ItmNbr 6000261340 Chk #4676 Amt $248.26

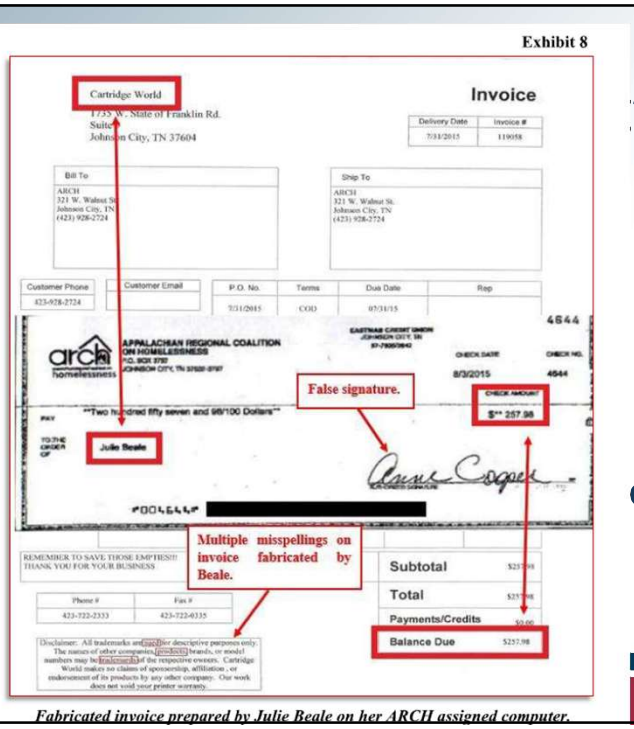
TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

97

Qu udy

- Analyz
- "Acct
- Mat audit sam
- Che by Beale to c cting her sch



Fabricated invoice prepared by Julie Beale on her ARCH assigned computer.

TENNESSEE COMPTROLLER OF THE TREASURY

98

ARCH – Case Study

- Interview subjects
  - Julie Beale
    - Admitted to misappropriation scheme via checks and debit card, manipulating records to conceal.
      - Signed statement.
    - Claimed Sam was totally innocent in all of it.

ARCH – Case Study



ARCH – Case Study

- Interview subjects
  - Sam Beale
    - Generally laid back, like "the Dude."



TENNESSEE COMPT

TENNESSEE COMPTROLLER OF THE TREASURY

101

ARCH – Case Study

- Summarize and present to the DA.

Summary of Misappropriation Methods:

Description	Total
Unauthorized payments to Sam Beale	$ 75,630.06
Unauthorized payments to Julie Beale	32,937.43
Unauthorized payments to family member	5,081.69
Payments for personal rent	3,375.00
Personal charges on ARCH debit card	2,183.47
Payment for personal debt	375.00
Total Misappropriated from ARCH	**$ 119,582.65**

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102

ARCH – Case

- Presented the case to the
July 2021.
- Julie Beale was indicted fo
theft over $60,000; consp
commit theft over $60,00
laundering.



103

ARCH – Case

- Presented the case to the g
2021.
- Sam Beale was indicted fo
theft over $60,000; conspi
theft over $60,000; financi
a vulnerable adult; theft ov
laundering.



104

ARCH – Case Study

- Hired separate defense attorneys.
- Sam bonded out on Friday, Julie stayed over the weekend.

105

ARCH – Case Study

- In January 2023, Julie Beale pleaded guilty to

State Of Tennessee vs Julie Beale (et. al)
90CC1-2021-CR-47385

Julie Beale, Defendant

Filing Date:	*Jul 19 2021*	**Balance Due:**	*$34,275.45 Make a Payment*
Case Judge:	*Stacy Street*	**Last Pay Date:**	*May 11 2026*
Status:	*Disposed*	**Next Hearing:**	
Status Date:	*Jan 31 2023*		
Case References:	*None*		

106

ARCH – Case Study

- In January 2023, Sam Beale entered into



State Of Tennessee vs Julie Beale (et. al)
90CC1-2021-CR-47385

Samuel T Beale IV, Defendant

Filing Date:	Jul 19 2021	Balance Due:	$36,204.62 Make a Payment
Case Judge:	Stacy Street	Last Pay Date:	Jul 06 2026
Status:	Disposed	Next Hearing:	
Status Date:	Jan 31 2023		
Case References:	None		

Session Objectives

- Recap
  - Covered a couple of PSAs.
  - Followed the COT investigative process.
  - Discussed the consequences that can accompany a lack of internal controls.

Fraud Presentation 2026

- Questions?

TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

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Fraud Presentation 2026

- Thanks!
  - Michael.Booher@cot.tn.gov
  - https://www.linkedin.com/in/michael-booher-nashville/

TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

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