

How to steal a million dollars



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Fraud Examination Unit 9 6/2/12 How to steal a million dollars Mr. Seneca Stunton was an accountant clerk for a company called Carlton Chemical. Seneca had no formal education for accounting. His experience was for a smaller company which he excelled at book keeping. He accepted the job with Carlton Chemical and he was on the track to excel and have a great career. His supervisor was just in Seneca's position, so Seneca was pretty happy to see that there were advancement opportunities within the company. Seneca approached his job with commitment and enthusiasm.

He was married and with his wife and his own kids they had a total of seven children. Seneca's duties were accounts receivable collections, posting payments, resolution of customer service inquiries and maintenance of the accounts receivable ledgers. Patrick Dawley was the owner; he started the business over thirty years ago. Carlton Chemical sells chemicals to large and small business and they use it for raw material. The company was growing, Patrick looked on what really drove sales was how effective the operation is, like keeping accurate order taking, billing and collections, timely deliveries and great customer service.

Patrick was viewed as a problem solver. There was not a problem too small for him to figure out. He had the ability to look at the problem and see the solution. Patrick was the only one who really had access to the money, all transactions had to go to him to approve. Every week he held detailed meetings about the money and unpaid bills. He looked over the statements on a regular basis. There was not really too much that got passed him so when he found out the ARs was not correct and there was more outstanding bills then he thought there was really surprised him.

Seneca was taking one person's larger payments and was putting it to other customer's outstanding bills. He was doing this for over a great deal of time. Which created a huge landslide of problems for the company, and when all the audits was said and done there was around two million dollars missing. This investigation took a very long time and they could not find where the money went. They investigated Seneca's life style and he did not over spend or live outside his salary, and everything they could do pointed that there was no money stolen. So they were stumped where the money went.

There was however inappropriate discounts given to the customers. There were some complaints about this from the customers, but the company did not follow up on it. Carlton Chemical did recover a little of the money from customers that were willing to pay some of their bills, and from the insurance that the company has. After all this they were still one million dollars down. This was a unique problem that the company faced. The biggest thing that allowed Seneca to do this was the lack of supervision. Patrick looked at all the statements that where involved directly with the money.

He did not think to keep track of the outstanding payments since that could not allow someone to directly steal from the company. Even thou Seneca had no control nor did he touch money he still was in charge of the bills. He did not steal from the company directly but he did use other payments to pay the past due. Which then created the first payments to be late and so it was a huge snowball effect. In no time at all there were so many past due bills. I think Seneca did this because he simply did not like addressing the customers about their bills. So he came up with this idea.