

## COLUMBIA RIVER GORGE BUSINESS REVIEW



ROSE MAYS

### Methods of Embezzlement

Embezzlement is not an easy subject to discuss. A business owner may begin to notice that something just does not seem right within her business. Maybe there are an unusual number of returns or the cash drawer is short more often than normal. If you are a business owner and start to notice discrepancies in your business, you may be a victim of embezzlement.

What is embezzlement and why is it defined differently than theft? According to Gaebler's, "Resources for Entrepreneurs", embezzlement is the fraudulent appropriation of property by a person to whom funds or assets has been entrusted. The embezzler is someone in your company whom you trust and given permission to have access to the business' assets. Conversely, a theft is committed by either a stranger or someone who is not authorized access to money. This is one of the most difficult aspects of being a victim of embezzlement: The business owner realizing that they were betrayed by a person they trusted.

There are many different ways people steal from their employees. Some ways are simple; some take more effort and are more complicated. Some of the more simple ways business owners are victimized are:

- **Taking cash.** The most common method in a cash base business such as a bar or restaurant is to pocket cash receipts. It is difficult to track transactions in a cash-based business so there is a lot of opportunity for an employee to pocket cash payment.
- **Not completing a transaction.** This happens most often in a smaller retail-style business. The clerk will ring up a transaction and collect the payment as a subtotal. When payment is received, the embezzler will void the transaction and pocket the money.
- **Undercharging.** Another common way someone steals money is by undercharging a friend or relative for merchandise. Many times the friend will return the merchandise for a full refund and give the employee a cut of the profits. Sometimes the friend will give the employee a kickback for the undercharged merchandise.
- **Not charging a friend or relative for an expensive item when ringing up merchandise.** This similar to the undercharging scheme. This ploy is effective since it appears everything is legitimate and it also avoids the need for a traceable price adjustment.
- **Fake refunds.** A fake refund is difficult to trace in most cases. In this case, no one really returns any merchandise but the clerk will either process a cash refund to her or credit her own credit card.
- **Fraudulent vendor invoices.** This is a common trick used by a bookkeeper to commit fraud. The bookkeeper will form a dummy company and open a business bank account using the registry number. The bookkeeper submits a fake invoice, writes a check from her employer's account and deposits the check into her bogus business account.

• **Fake payroll employee.** One of the more creative ways to embezzle is to add a relative such as a child onto the payroll who is not an employee. This can be easily done when a payroll check is electronically deposited and the business owner does not review the payroll summary.

• **Bogus expense receipts.** For some employees submitting bogus expense receipts for reimbursement is common way steal money. A careful review of all expense receipts for reimbursement should be mandatory.

A business owner never wants to believe that an entrusted employee would every betray them but it happens. And it happens often. Being an owner of a successful small business is difficult and normally there is a very small margin for error between success and failure. Be vigilant when it comes to overseeing your company's finances. Don't be afraid to ask questions and enact appropriate policies and procedures so your business doesn't become a statistic. As the late Andy Grove said, "If you think you are safe from embezzlement, you're an easy target".



### BUSINESS CARD BILLBOARD

**HOLLY NELSON LMT**  
Licensed Massage Therapist

To Book an Appointment:  
Cell: 541-490-3351

License # 19313 Book online  
www.flowhoodriver.com

Flow yoga: 118 3rd St. Hood River, Oregon

- Relaxation
- Sports
- Therapeutic
- Reiki

**MARK BRADY**  
Trained in Pedorthics

1020 Wasco Street  
Hood River, OR 97031  
541-490-2061

footworx.net

**PARKDALE METALWORKS** | PARKDALE | OREGON

**CLINTON**  
541 399 0540  
PARKDALE METALWORKS LLC.  
PARKDALEMETALWORKS@GMAIL.COM

**BUSINESS FOR SALE**

Lockouts Originate Keys Change Combinations Keys Service Master Keying Integrity Timely Home Rekey

**Security Systems Technology**

OR CCB# 182422 OCLS# 5090

Ye Olde Locke Shoppe

541 **386-5270**

Wallace Ingram  
1311 13th Street  
Hood River, OR 97031  
Fax: 541-386-7178

**Becky Fry**  
541-490-3176  
Becky@DonNunamaker.com  
www.Bfry.DonNunamaker.com

OR & WA Broker

2495 Cascade, Hood River, OR 97031

**Lindamay Woosley**  
PRINCIPAL BROKER, REALTOR®, GRI, SRES  
LICENSED IN OREGON & WASHINGTON

lindamay@windermere.com  
lindamayrealestate.withwre.com  
541-490-4360

**Windermere REAL ESTATE**  
COLUMBIA RIVER GORGE

**Professional Pavers & Construction**  
Jeff Burns

Asphalt & Paving • Excavating • Road Building  
Site Prep • Sealcoat • Land Clearing  
Striping • Utilities • Demo

1767 12th St. #384  
Hood River, OR 97031  
OR CCB #215531  
WA #PROFFPC831L7

Office 541.386.1227  
Cell 541.399.3360  
services@hrpropavers.com

**Chris VAIL-ROLLINS**  
Your Personal Oregon Broker

Results That Move You!

541-490-4812

2495 Cascade • Hood River OR

**GynKnow**  
GYNECOLOGY SPECIALTY CLINIC

**Elaine Adsit, MD**  
Board Certified/Fellow American College of Obstetrics and Gynecology

In the Heights in Hood River

1631 Woods Court, Suite 103  
Hood River • 541-387-0244

**LANES EXCAVATION INC**

Site Preparation • Utilities • Foundation  
Excavation • Septic Systems • Stump Removal

Jeremy Lane, Owner  
541-490-2633

1767 12th St. #276 Hood River  
lanesexcavation@gorge.net  
Bonded & Insured CCB# 185807

**Morgan Stanley**

**Michael Schock**  
Vice President  
Wealth Advisor  
4800 Meadows Rd., Suite 400  
Lake Oswego, OR 97035  
503-534-3428 or 541-214-4178  
michael.schock@morganstanley.com

© 2017 Morgan Stanley Smith Barney LLC.  
Member SIPC. CRCS196709  
https://fa.morganstanley.com/michael.schock

**SIMURDAK CONSTRUCTION INC**  
QUALITY BUILDING

Pre Engineered Steel Building  
Residential & Commercial  
All Phases of Construction

**GREG SIMURDAK**

541-490-2764  
SIMURDAKCONST@AOL.COM  
SIMURDAK.COM

3780 Eagle Loop Suite 100  
Hood River OR 97031  
OR #183651 • WA #SIMURC19118T

**Jill Guenther**  
OREGON BROKER  
541.490.3156  
2495 CASCADE, HOOD RIVER, OR 97031

"Helping people find their place"

**EAGLE MEDIA NORTHWEST**

**Niki Piacente, MEDIA CONSULTANT**

CELL 503-866-9874  
npiacente@thedalleschronicle.com

**TAYLOR AUTOMOTIVE**

"Our goal is to treat every customer as we would want to be treated."

• TUNE-UPS • BRAKES • TIMING BELTS  
AND SO MUCH MORE

Like us on Facebook for the best deals

1139 Tucker Rd • Hood River (in front of the bowling alley)  
541.386.3333 • taylorautomotiveonline.com

**THE GREEN SUMMER**

Lawn & Gardening Maintenance  
Clean Ups • Hauling Bark Dust & Pruning  
Rototilling and More

**Jose Villegas (541) 806-0699**  
License #49418999

The area's premier lifestyle publication

**the gorge**  
magazine

**JODY THOMPSON** advertising director  
(425) 308-95823 // jthompson@thegorgemagazine.com  
office (541) 399-6333  
www.thegorgemagazine.com

**ADVERTISE HERE!**

Your **full color** business card  
for only \$100/month!

For more information:  
email: GorgeSalesTeam@eaglenewspapers.com  
call: 541.386.1234 ext 101