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In October 2011, the Committee discovered that Cora Carper, an employee of the International Association of Heat and Frost Insulators and Allied Workers, who had been discharged in May 2011, had embezzled a substantial sum from the Committee. Prior to her discharge, Ms. Carper's duties included preparing checks for the Committee. Between June 2009 and February 2011, Ms. Carper prepared over 300 checks, payable to cash or "Cash Reimbursement," which she cashed at a local bank. She endorsed the checks with her own signature and, as the Committee has learned, the security cameras at the bank show her cashing the checks. The total taken from the Committee was \$499,200.

The Committee has reported the theft to the General Counsel of the FEC, the Department of Labor, the bank and the bonding company that insures the Insulators against misuse of funds. The Committee has also filed a complaint against Ms. Carper with the FEC.

In March 2012, Zurich American Insurance Co, the bonding company, reimbursed the Committee for its loss.

The embezzlement took place despite the presence of several internal controls. The Committee had one bank account and that account was opened in the name of the Committee. The bank statements were reviewed by people other than the employee responsible for preparing checks. Bank deposits were made by people other than the employee responsible for receiving and recording receipts. All checks required written authorization and two signatures. Those safeguards, however, failed to prevent Ms. Carper from misappropriating Committee funds.

With respect to the Committee, there was neither a knowing nor a willful violation. The conduct at issue was not intended to advance the Committee's interest. There were internal controls in place, but in this instance those controls failed. At the time the embezzlement was discovered, it had already ceased because the employee who had engaged in that embezzlement had been discharged. The misappropriation of funds was fully disclosed to the Commission and to other authorities.

The Committee has taken affirmative steps to avoid any future misappropriation of funds. In this case, the Committee failed to discover the misappropriation in part because the bank statements appear not to have included copies or the check numbers of all checks cashed. The Committee has arranged for more complete and informative bank statements and has assigned to an employee other than the secretary responsible for preparing checks the task of reconciling the bank statements with the Committee's accounting records.