

Insiders steal big from unsuspecting churches: Churches urged to report embezzlement

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When their priest, Brian Lisowski, was caught with an alleged prostitute last summer, parishioners at St. Bede the Venerable Catholic Church began to suspect their pastor had been keeping secrets from them. They were right—he had a million of them.

About the time the priest resigned in July 2004, the Archdiocese of Chicago said it discovered Lisowski had systematically skimmed more than \$1 million from the parish in his five years as pastor. The theft was discovered when collections went up dramatically after Lisowski left.

While corporate scandals at Enron and Tyco have made headlines in recent years, churches like St. Bede and other nonprofit entities also have been victims of embezzlement. They can be particularly vulnerable, experts say, because of the level of trust given to employees and volunteers and their lack of sophisticated financial controls and oversight.

The embezzlement at the Chicago parish is one of dozens of high-profile cases involving churches in 2004.

- In New York, Pastor Charles Betts of Morning Star Missionary Baptist Church has been accused by prosecutors, along with the bookkeeper and her husband, of stealing \$494,000.
- In Rockford, Illinois, Jannine M. McKee was sentenced to 18 months in prison for taking \$140,000 from the Second Congregational Church where she was the volunteer financial secretary.
- A former bookkeeper at St. Rose of Lima Catholic Church in Layton, Utah, was charged with stealing more than \$38,000.

- Marie Wendel, business manager for Kolbe Catholic School in Cheektowaga, New York, stole \$332,000, and at Grace United Church in nearby Buffalo, the church's day care director, Bernadette Lucas, embezzled \$235,000. Both pleaded guilty.

The latter case was not an isolated one in the Buffalo area. The local district attorney's office has prosecuted eight embezzlement cases at churches and nonprofit groups since 2003, totaling more than a \$1 million, according to the *Buffalo News*.

GuideOne Insurance, which insures about 45,000 churches in the U.S., has paid out an average of \$2.9 million on about 1,800 theft claims in each of the past five years, said Emily Abbas, a company spokeswoman. Those figures include theft by outsiders as well as embezzlement by people inside the church.

Most cases of church embezzling go unreported, says Kent Egging, a pastor in Washington state who has studied church embezzlement for his doctor of ministry degree. Egging, pastor of Bethany Covenant Church in Mount Vernon, says congregations are often embarrassed by what has happened and are unwilling to go to the police.

"The biggest issue in a case like this is the violation of trust," he said. "It's not about the money so much. It's about the trust."

At one congregation, Egging said, the church's treasurer stole more than \$45,000. The money was in an account separate from a building fund that had been put on hold. That separate account gave the treasurer two things that an embezzler needs to succeed—access and no accountability, Egging said.

"He could transfer funds into this separate account and then withdraw them," said Egging, "and absolutely nobody knew." The treasurer created a false financial statement that covered up the transactions. Since he kept the books and reconciled the bank account, it was easy to avoid detection. The embezzling was finally discovered when the building project started up again and the funds were gone.

Most churches want to make things easy on volunteers, said Egging. At many churches, volunteer accountants work at home and keep bank statements there as well, for their convenience.

There are steps that churches can take to reduce the risk of embezzlement, said Lisa Curtis of the economic crime unit of the Denver District Attorney's Office.

These include creating a system of checks and balances so that no one person has complete control over income, expenses and financial reports; having at least two people examine bank statements and returned checks each month; and paying for an annual audit by an accountant. She also suggests that churches require their treasurer or bookkeeper to take an annual vacation—because it's difficult to hide fraud during an absence.

Curtis urges churches and nonprofit groups to report any embezzling immediately. "If you do not prosecute embezzlers," she said, "they will get away with stealing from charity—and they will continue their thefts at other organizations."

In Egging's case of the congregation with the building fund, that church did file a police report but did not press charges. Instead, the former treasurer agreed to repay the funds. However, he reneged on the agreement.

Egging issued a warning about being quick to offer forgiveness without consequences. "It all sounds so loving at the time," he said, "but this guy was a criminal, and he stole the money and wasn't intending to pay it back." -*Bob Smietana, Religion News Service*