PRICE CHECK ON REGISTER ONE

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Clifton and Holly Harmon had been married for 14 years. They grew up in a small town and knew each other for most of their lives. Like many people, they struggled to raise their three children and meet the monthly bills with their paychecks from a local chicken packing plant. There wasn’t much work around Cherokee, Iowa, and what was there was didn’t pay well.

They decided to pack up the family and move about three hours south to Des Moines for higher paying jobs and an opportunity to improve their lives. They found an apartment in Grimes, a small town about 10 miles outside of town. After they enrolled the kids in school, Clifton landed a job in the food processing plants. The pay was better than he had been making in Cherokee, but it fell short of what was necessary to support the family.

Holly had held many different positions over the years, but she lacked specialized skills. She didn’t want to go back to work, but knew that it would take two paychecks to pay the rent. After working in the packing plant in Cherokee, Holly swore that she would never go back into a factory. She was thrilled when she was hired as a cashier at a large national superstore.

Cathy Lester, one of Holly’s best friends, had moved to Des Moines about a year earlier and had encouraged Holly to do the same. Cathy was a single mother of two, who, like Holly, had grown up in Cherokee. She married young and had her first child soon after. The second came along a year later – about the same time her husband decided he didn’t want to be married. Kathy worked as an office assistant, and although she was still struggling to make ends meet, she was better off than if she had stayed in Cherokee.

Shelly North was Holly’s sister. She was divorced with three kids, and also struggled to pay her bills. But unlike her sister, Shelly was satisfied with living in a small town. She had other family members around, and it was a safe place for the kids. Shelly rented a modest house in Cherokee and was doing fine until health problems forced her to quit her job. Child support payments from her ex-husband were not always on time, and sometimes didn’t come at all, so she relied on government assistance.

Amelia Leach was born in California, but her family moved to Cherokee when she was a child. Even though she grew up in Iowa, she always wanted to see the world. So it was not surprising to anyone when just after high school she left Cherokee to seek her fortune. Amelia was a bright, attractive young woman. She had a magnetic personality, and the potential to be
successful in life. But a combination of growing up too fast, associating with the wrong people, and taking shortcuts let her to trouble. She was first arrested in Colorado for forgery at age 20. That was followed by three more arrests within a year. Over the next two decades, Amelia would find herself in and out of jail, in and out of marriage, and finally back to Iowa.

But she was always on the outlook for the easiest way to make a buck. The fact that she always got caught didn’t stop her from believing that her next scam would be the one to put her over the top.

**CAUGHT ON CAMERA**

Thanksgiving had just come and gone, and I was gearing up for what I expected to be an active holiday season. I am a 20-year veteran in law enforcement and had been doing fraud and forgery investigation for the past 4 years. Since I am the only fraud detective in my department, my desk is constantly overloaded with paperwork. I usually have between 20 and 30 active cases, and sometimes as many as 50. With Christmas approaching and the stores filled with shoppers, there was more opportunity and motivation for fraud to occur.

I am also a questioned-document examiner. When I received a call from Chris Lawrence, the loss prevention supervisor at a large national store chain, I was about one month into my studies to receive a Certified Fraud Examiner (CFE) certification. Chris told me that he suspected an employee had been involved in stealing merchandise.

This was not the first time that I had been contacted by the store. In the past, there have been numerous forged checks or stolen credit cards, and the occasional employee caught taking a few bucks out of the till. The place was equipped with a state-of-the-art surveillance system, so if Chris had any of the larceny on camera, I was confident that I would have no problem identifying the culprit.

When I arrived at the store, I met Chris Lawrence in the security area. In the office are dozens of monitors were Chris and his staff are able to watch each cash register, aisle, entrance and exit door, as well as, the parking lot. All of the equipment is digital, and each color monitor has high definition resolution. The cameras can zoom in close enough to see pictures on the driver’s licenses that are presented to the checkout clerks. Video was kept for at least 90 days and could be accessed with the touch of a button.

Chris told me that he had footage of one of their employees scanning numerous items through the cash register check out with false UPC labels, stickers with bar codes for pricing. He then showed me a surveillance tape of the checkout lane during a recent two-week period. On the tape were 22 suspicious transactions that Chris had documented involving Holly Harmon operating the cash register when three other females and a male subject brought items to her.
One can clearly identify the items being scanned in the video, but when the cash register transaction log is reviewed, different items show up – items that ring up at a much lower cost. For example, Holly is shown scanning a clock radio, but the transaction log indicated that it was a bar of soap. It was clear that the items being scanned had UPC labels on them that were not ringing up at the proper amount. Chris also showed me several other times, when Holly would scan at the regular cost, but then turn around and void out that item from the cash register. Every time, she would leave the item in the cards and allow the individual to leave with it.

As I watched the video, it was apparent that there was one particular woman who was very active in the scheme. She was shown numerous times going through the checkout lane, and Chris had shots of her leaving the store with many items. It was clear from the footage that Holly and this other woman were very comfortable with each other. They worked with the ease and speed of two people who knew exactly what they were doing. This was obvious because as Holly was ringing merchandise out, the other woman would be placing those items in bags and putting them in her cart. Once the transaction was complete, this woman would take the receipt from Holly and quickly leave.

There were also two other unidentified women and a man who were seen performing the same transactions with Holly. Chris was able to provide me with a shot of the front license plate of the vehicle driven by the male suspect – as I said, these cameras were good.

I asked Chris how he found out about Holly’s actions. He said that she had been scheduled to work but failed to come in without telling her supervisor. It is store policy for the security department to perform or review of recent activity when an employee just doesn’t show up. As his staff began examining the transaction logs of Holly’s register, they noticed many items being scanned at the same price. That’s when they searched the videotape and started to suspect that false UPC labels were being used. Chris then had his staff look at all of Holly’s activity since she began working for the store. They discovered that within just a few days of being trained and put on a cash register, she began stealing.

I went back to my station and ran a check of the plate of the vehicle. It was registered to Clifton Harmon, Holly’s husband. I ran a driver’s license photo of Clifton Harmon and identified him as the male subject on the videotape.

I contacted Chris and asked him to compile an itemized list of all of the fraudulent transactions and the dollar amount of the merchandise, which I would need for charging purposes. However, I knew after watching the video that we would not be able to recover everything because not all of the items could be identified from the tape. Some were placed in other containers, and just removed from the store. Several times the suspects were seen loading suitcases or large plastic containers onto the checkout register’s conveyor belt. If those items
were empty, the suspects could have moved them with little effort, but on the tape, it was clear that they were spending an enormous amount of energy to lift them onto the belt.

THE BILL COMES DUE

As Chris put together the video and compiled a list of transactions, I began an investigation of Holly and her husband. A criminal history check showed that they had both been arrested for forgery, and Clifton had a previous theft charge. Now I needed to learn the identities of the other three women. Since no one at the store could tell me, there was only one choice – to contact Holly.

The Harmon’s rented apartment is located about 5 miles from the store. Since I didn’t know who might be at the residence, I took Detective Dan Stein with me. The complex where they lived consisted of several two-story buildings. Holly and Clifton lived on the ground floor at the end of one of the buildings. I had to knock several times before Holly answered the door. When she did, I identified Dan and myself as police officers and ask if we could step inside and speak with her. Holly escorted us into her living room. The apartment was small and dimly lit. In the corner was a Christmas tree with gift wrapped presents around the base, stacked two and three high.

As I began the interview, I asked Holly if she had worked for the store. She said that she had but that she had recently quit. When I asked why, she said that the hours she was working did not fit with her family life. I then let her know that I was investigating a report from her former employer about merchandise that had been sold at below-retail prices. It was obvious that this made Holly nervous. She shifted in her chair and would not maintain eye contact with me. I continued by telling her that I had videotape of her operating the cash register when these particular sales were made. I immediately saw a dramatic change in her physical appearance. Her eyes became dilated, her jaw muscles tightened, and she had trouble swallowing.

I then took out pictures I had made from the video and laid them on the coffee table in front of her. As she looked at them, I could not help but wonder about the thoughts running through her head. I then pointed to the first picture, which showed the woman who had been the most active in this scheme. I asked Holly who that person was. She answered in a soft voice, and without making eye contact: “I don’t know.” Each time I showed one of the other women and asked her who they were, she repeated the same answer. It was not until I pointed to the male subject that she finally looked at me and said, “That’s my husband.”

I told Holly that I suspected that she knew who the other three women were in that I also felt as she was involved in the theft of his merchandise. I advised her that she was not under
arrest, she did not have to answer any of my questions, and she could consult an attorney if she wished. She no longer wanted to speak to me and asked me to leave her apartment.

As soon as Dan and I left, I contacted to other detectives from my department, and asked them to meet with me. When Tim Pettit and George Griffith arrived, I advise them of the situation involving the Harmons and told them that I was going back to the station to get a search warrant for their apartment to look for stolen merchandise. I asked him to watch the apartment and make sure that the Harmons didn’t try to remove anything.

Just as I arrive back at the police station, I received a call from Detective Pettit. He said Holly had just taken some of the gift-wrapped presents from her place to the apartment next door. It certainly appeared as she was attempting to hide evidence. Because of the exigent circumstances, and not knowing who lived in the apartment where Holly was taking the items, I told Pettit to secure her apartment until I could get a search warrant approved.

As I continued to work on the warrant, I received another call from Pettit. He advised me that he was inside the Harmons’ apartment and that both Holly and Clifton were now more cooperative. I advised Pettit that I was going to continue writing the search warrant, but to go ahead and bring them in. It was not long before Holly and Clifton arrived. While Clifton waited at the front desk, I took Holly to the interview room to begin questioning her and set up the video camera to record the session. I advised her of her rights and asked if she would be willing to speak with me. I then gave her the Miranda waiver form to sign. Her attitude was similar to what she exhibited in the apartment. She would not make eye contact with me, and in a very low toned voice she said that before talking with me, she wanted to speak with an attorney. Why she didn’t say that before I brought her into the interview room is unknown. It could be that once she sat down in the interview room, the reality of her situation sank in. But for whatever reason, once she told me she wanted a lawyer, the interview was over. I took her back to the lobby of the police station.

I then asked Clifton to come with me. I made sure not to allow any time for the two of them to speak to one another as they passed in the hall. When we got into the interview room and sat down, the only things on the table in front of him were the Miranda rights form and the stack of still shots I had from the video. I made sure that the picture on top of the stack was the one I had of him coming out of the store with some of the merchandise, and I also made sure her it was in a position where he could easily see it.

Just as I did with Holly, I read Clifton, his Miranda rights and asked if he understood them, and if he was willing to speak with me. Clifton hesitated to answer at first. He asked me what his wife had said. I told Clifton that Holly said she wanted to speak with an attorney before speaking with me. I explained that he and Holly had every right to have an attorney present,
but that did not change what happened at the store. Regardless of whether they spoke to me, I was going to locate the merchandise.

“Clifton, it is time to step up and take responsibility for your part in the theft, if for no other reason than to show that you have some remorse for what happened, and because it’s the right thing to do,” I said. I made it clear to him that the whole scheme would eventually be uncovered. And that the more he cooperated, the faster things would go, and the sooner he would be able to start to put this behind him.

This was a critical juncture in the interview. If Clifton did not sign the waiver and agree to talk with me, it would be much harder to identify the other suspects. That additional time would give each of the other participants the opportunity to dispose of the evidence and make prosecution more difficult. At that point, I just laid my pen on the waiver form and slid it over in front of Clifton. Without staring too hard at him, but still watching his reactions, I just sat there are without saying anything else; I let them think about what I just said. This is sometimes the hardest part for young officers to do in order to get a confession. They are so anxious for response that they don’t allow suspects to ponder what they been asked to do. Rookies often only let a few seconds of silence pass before they jump back in with more coaxing and more rehashing of information. Once you have laid out the foundation to suspects and you’ve asked them a question, let them make the next move. In this case, I could tell from Clinton’s body language that he knew I had enough information to involve him in this scheme, and I just felt that he wanted to clear the air, so I let him sit and stare at the pen until finally he picked it up and signed the form. As soon as he did, his whole demeanor changed. It was as if someone took a weight off his shoulders. I actually saw a smile come across his face, and I knew that he would give me what I needed.

I started by confronting Clifton with the information I have received from the store. I showed him all of the still shots from the video and the cash register printouts of the transactions. I told him I knew that UPC labels had been changed in order to ring up the merchandise below its actual price. I gave him enough facts so that he understood that I knew everything about what had happened and how the scheme worked. Now Clifton had no reason to hold anything back. All I had to do was show him the pictures from the video, and one by one, he identified the three females seen on the tape.

The first person that Clifton identified was Amelia Leach, who was a friend of his wife’s. He said that Holly and Amelia came to know each other when they worked at the food plant in Cherokee. They talked on the phone a lot after Holly started working for the store. Amelia had also come to Des Moines several times to visit them. He said he felt that she was the one who concocted the scheme and that she talked Holly into participating.
Clifton also identified the two other women as Shelly North, Holly’s sister, and Cathy Lester, one of Holly’s closest friends. She told me the Shelly lived in Cherokee and Cathy lived in Grimes. As far as he knew, neither are Shelly nor Cathy had ever been in trouble with the law. He also explained his participation in the scheme. On two separate occasions, he went to the store and had items that had false UPC labels taped to them placed into his shopping cart. He said that both times, Amelia had gone to the store with him. He had watched as she took UPC labels from her pocket (which he had previously taken from other items) and put those labels on the things that he wanted. He then took the merchandise to the checkout counter, had them scanned by Holly, and left the store with the merchandise. Clifton claimed that before going to the store for the first time, Holly compiled a list of things for him to get. He put most of the blame on Amelia as the instigator of the scheme. I asked Clifton if he knew where the merchandise was. He told me that some of it was at his house and the rest was at the homes of the other participants. He said that he would go back with officers and retrieve all the items that were in those two apartments.

After obtaining a written statement from Clifton, I contacted the county attorney, who authorized charges against Holly for the theft. As Clifton went back to his apartment with the officers to retrieve the merchandise, I booked Holly and had her transported to the county jail. As it turned out, more than $4,200 in merchandise was found in the Harmon’s apartment. But that was only a part of what was taken. I still needed his help in order to recover the other stolen goods.

WRAPPING UP SOME GIFTS

Clifton wanted to cooperate. I had to take advantage of that and not allow too much time to pass before the other perpetrators could be contacted. I asked Clinton if he would be willing to call Cathy and try to convince her to admit to her apart in the theft and turnover in the other merchandise she had. He said that he would do whatever I needed in order to get this cleared up.

After stationing officers outside her house, I had Clifton phone Cathy. He told her that the store had found out about the theft, and the police had video of her in the store. He let her know that Holly had been arrested and that all the items they had in their apartment had been recovered; it would be in her best interest to cooperate.

Cathy consented to a search of her house, and all of the items she received in the scheme were recovered. Since she had children at home, Cathy was allowed to turn herself in the next day and was also charged with theft.
I knew that Amelia would be the most difficult of the entire group to get to cooperate, but since Clifton was still willing to help, and the approach we took with Cathy worked, we decided to try it again. Early the next morning, Detective Griffith, and I drove three hours to Cherokee. After contacting the local police in getting one of their officers to accompany us, we drove to Amelia’s house and waited outside until Clifton called her. She was not as receptive is Cathy. Once Clifton explained the situation to her and told her Holly had been arrested, she hung up on him.

After Clifton told me that Amelia was not going to cooperate, I decided to go ahead and make contact with her. I was a little surprised when after only a few knocks on the door, Amelia answered. She was much friendlier than I thought she would be and she invited us into her house. Once inside, she said that she knew why we were there. And that she wanted to assist us. I have to tell you this startled me for a second. I explained that I had a warrant for her arrest and advised her of her rights. She immediately waved them and agreed to tell me what happened. She tried to put most of the blame for the planning of the scheme on Holly, but she admitted that she was a major player in putting false UPC labels on merchandise. Soon we were going through her house and piling all kinds of things on the floor in her front room. By the time we were finished, there were so many items that we had to rent a trailer to haul everything back. It turned out that Amelia had more than $5,000 in merchandise.

We followed the same plan with Holly’s sister, Shelley. Clifton called her as we waited down the street. Shelley cooperated – she was crying when she opened the door. After being advised of her rights, she told us of her involvement in the theft. She then went around the house and brought everything she had stolen to us. The total value of her theft was $1,500.

After all of the items were collected, we recovered more than $12,000 in merchandise and made five arrests. Clifton, Shelley, and Cathy were placed on probation and ordered to pay restitution for their parts in the scheme. Holly and Amelia were not so lucky. Since it was obvious that they were the main planners of the theft, they each received 10-year prison sentences, in addition to orders of restitution.

LESSONS LEARNED

We were lucky to recover the majority of the goods. The store had an excellent surveillance system. Without the videotape evidence, it is extremely unlikely that things would have progressed as quickly and smoothly. It allowed us to identify the perpetrators, figure out the scheme, and identify most of the stolen merchandise.

It is good that the store has policies in place to check on employees who abruptly quit, but I wonder if they would have detected the scheme if Holly had not been so fast to leave. What if
she would have stopped switching UPC labels for a time and then submitted a two week notice? Would the store have been as diligent in going back over cash register transactions? When I posed that question to Chris, he said he’s not sure if they would have caught it. After all, it was a very busy time of year.

I also learned that effective interview techniques can break a case wide open. Although Holly refused to talk, my interview with Clifton turned the case. I laid out the evidence so that he knew I was aware of the scheme and his participation. I then waited for him to make the next move. He knew he was caught and that his best option was cooperation. Without his help, it would have taken much longer to track down the other suspects, and I have no doubt that we would have had a much more limited recovery of the merchandise.

**Discussion Questions**

1. Considering the facts of this situation, did the store adequately protect itself against the possibility of being defrauded? Explain your answer.

2. What recommendations would you make to the store to prevent future occurrences? In your answer discuss the following specific areas where the store might make improvements in its procedures. In your opinion, would improving procedures in these areas help to reduce the likelihood of the store suffering a loss due to fraudulent activities by employees and others? Why?
   - Use of background checks
   - Improved monitoring
   - Increased perception of detection