

Legal Definition

Penal Code Section

503 PC. **Embezzlement** is the fraudulent appropriation of property by a person to whom it has been in trusted.

504 PC. Every government official, and representative of any association, society, or corporation (public or private), who fraudulently appropriates to any use or purpose not in the due and lawful execution of that person's trust,

any property in his or her possession or under his or her control by virtue of that trust,

or secretes it with a fraudulent intent to appropriate it to that use or purpose,

is guilty of **embezzlement.**

Acknowledgements

The Winters Police Department would like to thank the following Agencies for providing information used in this publication

Crime and Violence Prevention
Center

California Attorney General's
Office

Pam Newman: Protecting Your
Business Against Embezzlement

American Bankers Association
Progressive Casualty Insurance
Company

Winters Police



*Embezzlement
Prevention*

Bruce Muramoto
Chief of Police

For more information please
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Prevention



Small organizations are particularly vulnerable to

embezzlement because there's often just one person handling money. The easiest way to prevent embezzlement is to divide these responsibilities between several people so no one person can steal without someone else noticing that there's a problem.

General Tips

- 1. Don't leave cash lying around in an unprotected spot.** It can easily disappear.
- 2. Don't use short cuts** such as signature stamps or signing several blank checks. Sign the checks yourself with a pen as the checks are needed.
- 3. Minimize the number of people** who handle transactions. Too many hands in the pot can lead to disaster.

- 4. Make deposits nightly** so that excess funds aren't left onsite or at someone's house.
- 5. Do periodical audits and treasurer reports** to ensure that problems can be addressed quickly.
- 6. Have internal controls** to make sure everyone has an understanding of their responsibilities. The following functions should be assigned to different people to help provide a checks-and-balance function: prepare checks for payments, receive payments using two person counts , Make bank deposits, sign checks using two signatures , and bank reconciliation using a third party
- 7. Do a background check** on participants who will be handling large sums of money. If they've had financial problems in the past it may be a sign that they're struggling financially. Often people are tempted to take money to smooth out personal problems, intending to pay it back later.



Problem Signs

Vacations: Embezzlers will strike you as the most dedicated of people. They cannot afford to take time off or be replaced, because they will be found out

Review statements: Rather than solely relying on financial statements from your treasurer- check the statements from the bank to ensure there are no sudden fluctuations of cash.

Spending Habits: A sudden shift in spending habits and a decrease in organization funding can indicate embezzlement

What to do

If you suspect embezzlement, contact The Winters Police Department at (530) 795-4561