

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

who had been accused of draining the museum's endowment fund of nearly a half of a million dollars, pleaded guilty last week to four counts of felony theft as a result of a plea agreement that came more than a year after the complicated embezzlement case began.

Mar. 18, 2013

The former director of the Lewis County Historical Museum in Washington state, who had been accused of draining the museum's endowment fund of nearly a half of a million dollars, pleaded guilty last week to four counts of felony theft as a result of a plea agreement that came more than a year after the complicated embezzlement case began.

Deborah "Debbie" S. Knapp, 53, formerly of Chehalis, secretly drained the museum's \$460,000 endowment as well as its checking and savings accounts by making cash withdrawals from ATM machines, writing herself additional paychecks, and by using the museum's debit card to make personal purchases and to pay her own bills between 2008 and 2011, according to police reports.

Knapp pleaded guilty to four counts of first-degree theft during a brief change-of-plea hearing Wednesday afternoon in Lewis County Superior Court. Each count represents a year of theft amounting to more than \$5,000.

She faces four to 12 months in jail, and will be sentenced to pay an undetermined amount of restitution to the museum. As a condition of the plea agreement, Knapp paid \$20,000 as the first installment of restitution Wednesday.

During the hearing, current and past representatives from the museum's executive board, many of them former friends of Knapp, sat on the opposite side of the courtroom gallery watching her as she pleaded guilty.

Edna Fund, county commissioner and one of the whistleblowers in the theft case, sat

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

For years, the museum's executive board, which was supposed to oversee the operation and budget of the organization, remained oblivious to Knapp's reckless spending sprees and additional paychecks.

A financial audit revealed that on Jan. 1, 2008, the endowment fund had a balance of \$460,000. By the time Knapp was arrested in November 2011, the museum was broke, and had \$13,000 in unpaid bills.

The museum chose not to look into the finances of 2007 and 2006 due to the high cost of a further audit. Because the museum chose not to investigate it, neither did police or the prosecution, said Will Halstead, the Lewis County deputy prosecutor who handled the case.

A portion of the \$460,000 was spent on legitimate museum projects. Another undetermined amount was lost due to the economic recession. Knapp chipped away at the rest over a two-year period. Each time she transferred money out of the endowment, it resulted in high monetary penalties from the bank, and by Oct. 15, 2010, the endowment account was empty.

Even though Knapp was responsible for emptying the account, prosecutors could only prove she stole about \$137,000 of it, Halstead said.

The prosecution will likely recommend Knapp pay a similar amount in restitution, he said. The ultimate goal is to get as much money as possible back to the museum, which is still recovering from the huge loss.

"She obviously has to go to jail, but we have to help the museum," Halstead said.

The police report details that Knapp lied to the executive board about the finances of the museum for years prior to her arrest, according to the police report. While the treasurer at the time, Aileen Carlson, communicated the balances of the accounts to

the board, she never actually saw any of the bank accounts or statements herself. She

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

spend money to make money,” according to the report.

Knapp used the museum's money to go shopping at local businesses like Staples, Rite Aid, Walmart, Walgreens and K-Mart, according to the report. She charged the cost of her nephew's urns, plane tickets, and expenses for her daughter's wedding to the museum debit card. She also frequently used museum funds to pay her monthly expenses, such as her utilities, insurance and phone bill.

The empty endowment fund came to light after Dennis Dawes and Edna Fund, the representatives on the museum's board from the cities of Chehalis and Centralia, respectively, started to become suspicious of the museum's finances in the summer of 2011.

At the time, Fund said, she noticed discrepancies in the check registry, and it was difficult to believe the museum had simply run out of money.

It was sad, devastating and a huge betrayal of trust, Fund said Wednesday, adding that the situation resembled a “terrible soap opera.”

Fund said she and Dawes received a lot of resistance and pushback from the executive board at the time. At one point, she said she was told by board members that the money was gone, and that Fund should “get over it.”

On Nov. 6, 2011, during the annual membership meeting, the historical museum's executive board at the time, as well as Knapp, all insisted that museum's financial hardships were part of the larger economic problem of the area, not necessarily a theft or mismanagement of funds.

Nine days later, however, Dawes and the forensic accountant doing an audit of the museum's accounts met with a detective at the Chehalis Police Department, which

launched a criminal investigation against the director. Almost two months later,

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Copyright 2013 – The Chronicle, Centralia, Wash.

Accounting • Auditing • Income Tax • Nonprofit

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved