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Credit Union, who pleaded guilty to embezzling nearly \$1 million from the institution, was sentenced in Riverside Federal Court to 2 1/2 years in prison Monday, March 25.

Mar. 26, 2013

March 25 — The onetime second-in-command of Upland, California-based Chaffey Federal Credit Union, who pleaded guilty to embezzling nearly \$1 million from the institution, was sentenced in Riverside Federal Court to 2 1/2 years in prison Monday, March 25.

Carol Ann Ferraro, 66, of Riverside, also was ordered by U.S. District Judge Virginia Phillips to pay a fine of \$1,052,790.56. That covers restitution to Chaffey's insurer of the \$968,000 Ferraro had stolen, plus legal fees, research and audit expenses to identify the missing money.

"This is a relatively small credit union and it had a huge impact," Assistant U.S. Attorney Antoine Raphael said in a phone interview after Ferraro was sentenced. "It was a lot of money taken over a long period of time by someone very high up."

He called the embezzlement "fairly sophisticated — by someone who knew the banking system."

In court papers, Raphael described Chaffey as "a small financial institution that serves employees of school districts in the San Gabriel Valley and the Inland Empire."

Ferraro, whose last position with the credit union was executive vice president, issued checks drawn on Chaffey Federal Credit Union accounts for such things as credit card bills, cellphone bills and mortgage bills. One check for \$29,355.50 was to pay for a recreational trailer, Raphael said.

Once identified, Ferraro admitted the embezzlement and took responsibility for it

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Her defense attorney argued that the law did not “distinguish between the window clerk at a credit union or the executive vice president,” and therefore her position at Chaffey should not be used as a sentence enhancement.

Deputy Federal Public Defender Young J. Kim also said in court papers there was no evidence Ferraro “took steps to hide her embezzlement from Chaffey FCU until she was confronted by an auditor.”

But the government successfully argued she had abused her trust.

Papers filed by Raphael said Ferraro had embezzled the money from January 2004 until June 2011. As auditors zeroed in on Ferraro in July 2011, she “attempted to conceal her theft ... (Ferraro) created fictitious deposits ... and she submitted a forged and fabricated financial statement to the bank auditor,” Raphael wrote.

Kim pointed out that Ferraro has been married to Ronald James Ferraro for 46 years, and has cared for him through health problems for 32 of those years. The couple has two adult daughters and seven grandchildren. She worked at Chaffey from June 1992 until August, 2011.

Her life, Kim wrote, “is so at odds with her crime ... She has cared for and supported her daughters, her friends, her parents and many strangers through her church. She is by all accounts a kind, generous and giving person.”

Ferraro has until May 13 to report to serve her sentence, Raphael said. She will likely serve about 85 percent of the time.

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