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ACCOUNTING & AUDIT

Cashier Admits Embezzling \$1 Million to Hide Online Affair

A tale of sexting, blackmail and embezzlement involving two couples in Ohio and West Virginia reached a head last week when one of the parties, a former Bethany College cashier, admitted to stealing \$1 million from the school to keep an online affair secret from her husband.

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A tale of sexting, blackmail and embezzlement involving two couples in Ohio and West Virginia reached a head last week when one of the parties, a former Bethany College cashier, admitted to stealing \$1 million from the school to keep an online affair secret from her husband.

Shelly Lough, 46, of Wheeling, W.Va., admitted Friday that she took the money to satisfy the demands of an Ohio couple who federal prosecutors say threatened to turn over evidence of the relationship to her husband unless she paid them.

The Ohio couple, Jason and Rachaelle Weese of Calcutta, Ohio, are under indictment in U.S. District Court in Wheeling on federal extortion charges.

Ms. Lough, whose theft was discovered during an August audit, pleaded guilty to embezzlement and falsifying accounts in state court and will be a witness against the Weeses as will Ms. Lough's husband and Rachaelle Weese's brother.

Ms. Lough worked in an office that cashed staff and student checks, and covered her tracks by altering records.

According to the FBI, Ms. Lough engaged in an online relationship with Mr. Weese, 31, from July 2011 until she ended it in October 2012.

It was a romance of the Internet age: The couple never had physical contact, authorities said, but exchanged sexually charged texts and sent each other pictures of their body parts.

After Ms. Lough stopped the relationship, prosecutors said, the Weeses began threatening her and demanding payments in exchange for their digital media devices, such as cell phones and digital drives containing what Mr. Weese called “the dirt” detailing the online affair.

U.S. attorney William Ihlenfeld said the case was unique in his experience.

“It's not unusual that money is embezzled from a college or from various other entities,” he said. “But to have such a large sum of money not only embezzled but taken to give to other people because of an extortion scheme is highly unusual. It's one I've never seen before.”

The FBI said Ms. Lough met with Mr. Weese at Bethany College some 15 times to deliver cash straight from the bank to exchange for the devices.

At first she paid in small installments of \$9,000 or so, but eventually the cash bundles ballooned.

Mr. Ihlenfeld said Mr. Weese was the instigator of the blackmail scheme and that Rachaelle, 26, capitalized on it.

“It was his idea,” he said. “He was the leader. She went along with it.”

It's not clear when she found out about the online affair, but she used it to her advantage and participated in the extortion by joining her husband in making threatening phone calls to the Lough home, authorities said.

She also enjoyed the stolen money. The couple used the cash to buy a \$35,000 SUV, a Chevy Camaro, jewelry and other items. When the FBI raided their Cricket Lane house a year ago, agents found \$262,000 in cash.

Among the evidence prosecutors expect to present in court is a Facebook page showing Ms. Weese wearing an expensive piece of jewelry with bundles of stolen cash visible in the background still in its bank wraps.

Mr. Ihlenfeld said prosecutors have yet to determine where all of the stolen Bethany money went.

His office has filed a forfeiture notice for the Weeses' vehicles, \$25,000 in jewelry and some \$600,000 in cash, but some money remains missing.

Ms. Lough's husband grew suspicious when he and his wife received menacing phone calls at home from people saying his wife was having an affair.

At one point in September, the callers even threatened to burn the house down.

Mr. Ihlenfeld said one interesting aspect of the case, among many, is how Mr. Weese and Ms. Lough met in the first place.

It was pure chance.

He said Ms. Lough received a text from Mr. Weese one day by mistake.

“It was a random message,” Mr. Ihlenfeld said. “But she responded to it. That's how they began to communicate, and one thing led to another.”

Yet their only contact in the real world, he said, came when they were exchanging cash for evidence at Bethany College and twice at a McDonald's in Wheeling.

Lawyers for all of the parties involved either could not be reached Tuesday or had no comment.

Mr. and Mrs. Weese appeared in federal court for arraignment hearings Friday, the same day Ms. Lough pleaded guilty.

The U.S. attorney's office did not move to detain them, and both remain free on bond pending trial.

Ms. Lough, who in 2013 confessed to a Bethany College attorney and later to police, is scheduled for sentencing in April.

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