

# BOOKKEEPERS AS BANK ROBBERS

BY WILLIAM ATHERTON DUPUY

CONTRARY to the belief of most men engaged in banking," said Edward P. Moxey, veteran bank examiner for the Government, "the individual ledger offers a greater possibility of looting the bank through fraud than any other book. Why, the largest defalcation that ever occurred in a bank in this country was due to the juggling of this book on the part of mere clerks! What is more, the bookkeepers in the bank in question never handled a dollar of the money of the institution; at least, not when on duty."

"This was a remarkable case in many respects. It was remarkable in the first place because the guilty parties actually succeeded in operating for over eighteen months without detection, and in getting a sum of money greater than the capital stock of the bank. It was remarkable because an inspection led to the discovery that two bookkeepers standing side by side were each falsifying the individual ledgers they kept, each without the knowledge of the other. It was remarkable because of the fact that conviction in the principal case was obtained without any direct documentary evidence, and purely through the deductions of the bank examiners from the figures in hand."

"It all happened in a Southern city, which it is well to refrain from mentioning, as the stockholders of the defrauded bank made good and the institution is today one of the most profitable banks in the field. A director of the bank one day jotted down on a pad approximate amounts that should be to the credit of certain depositors whom he knew personally. He turned to their accounts in the individual ledger, and was surprised to find that there was practically nothing to the credit of any of these men. That night he remained at the bank and examined the accounts more in detail. He found six hundred thousand dollars missing, wired to Washington, and closed the bank. I was assigned to the case."

I FOUND that three bookkeepers had stood side by side and kept the individual ledgers in which appeared the accounts of the depositors. Beginning with A, the first bookkeeper, and a third of the alphabet, a second man, and the other the remainder. These bookkeepers reported their balances to the keeper of the general ledger every night. When the general ledger balanced, everything was regarded as being all right. The first of the individual bookkeepers, who may be styled LaSalle for the purposes of this story, was the man under suspicion. He carried on his book the accounts of many large depositors, but, strange to say, the balances of many of these had dwindled to practically nothing. There had been placed against these accounts with wonderful regularity for a year and a half previous certain large sums, but steadily accumulating. These sums, for such amounts as \$300, \$500, \$1,000, never in round numbers of fifty or hundred, but evidently intended to bear the earmark of "kiting" transactions.

Soon after the detection of the fraud LaSalle was tried and sentenced. No trace of the money that had flown the irregular sums of money was to be found about the bookkeeping LaSalle's effects. There were no cash tickets, which offered some one a chance to where much of the money was going, but nothing else bearing on the case. Determining the source of the money was the task we set ourselves to accomplish.

To begin with, that this was a case of kiting, and that some depositors in addition to the bookkeeper had cashed out the money, and that the bookkeeper had from time to time corrected the general ledger balance correctly. This was the case, he is now charging the fraud on the account of some other bookkeeper, but would place the bookkeeper in a very delicate position if any examination of his accounts. It was fairly certain, that the checks had not been presented to the paying teller of the bank, but had been deposited with the cashier and had been paid through the clearing house. In such cases as these the tellers are sure to check the checks to see that the amounts are correct, rarely notice the amount, and would not be likely to attract attention to the rather frequent use of an individual depositor. It was the duty of the bookkeepers to ascertain whether or not the individual had cashed out the money to cover them. The bookkeeper was not to cover them.

had been wrongfully charged and the dates upon which they had come to the looted bank. From this I knew when the checks had passed through the clearing house. Because they were for unusual amounts, I found that there were days when but one check for that sum had passed through the clearing house. I was able to ascertain from which bank that check had come, and this bank was able to tell me who had deposited a check of that sum on the given date. The deposit slips did not, however, show by what bank the check was payable, and the recurrence of the peculiar figures at the clearing house and the defrauded bank was the sole line of proof.

TRACING one check in this way to the man who had deposited it might not have been conclusive; but I laboriously traced twelve hundred of them, and all led to the same individual. I had confirmed my case by proving it twelve hundred times. The maker of the checks, in his attempt to give one appearance to his transactions, had reckoned without considering this possibility of betraying himself. He had made a single mistake, as every criminal is sure to do at some stage of the game.

"The man who had deposited all these checks was one Green, which name is also fictitious, operating as the General Supply Company, let us say, and keeping a shop that dealt in a small way in supplies. He was associated with an alleged grass widow, who, he claimed, advanced him money for business transactions, getting the same from a disaffected spouse. The widow had opened an establishment at a Southern seashore resort, and the records of transactions showed that one hundred and eighty thousand dollars of the General Supply Company money under Green's checks had gone to her direct, instead of the trend being in the other direction."

"Having massed my evidence, Green was confronted with it and charged with the crime. It was ridiculous, he said. He denied the production of a single check of his upon that bank. He declared he had not had an account in the looted institution for five years. True enough, I had not found one of his checks, and true enough he had not made a deposit in the bank for years. He had figured that under these conditions, and with LaSalle dead, he was entirely safe. He laughed at the charges against him."

"I was convinced that the woman in the case was the head and front of the offending, and spent months trying to connect her with it in such a way as to make her answerable to the law. In all this I was unsuccessful; for there was not a scrap of evidence upon which to base legal proof of her complicity. There was merely the fact that she had received great sums of money from the General Supply Company, and behind her the record of money spent in so lavish a way as to set a city gossiping. There was little left of the great sums appropriated, and not a cent was ever recovered."

"While Green was lavishing all this money upon his woman associate, his mother and sisters were living in the most abject poverty, and never received a penny from him. This fact weighed heavily against him when his case was brought before a jury and backed by our cumulative evidence. He was given six years' imprisonment. The widow still protested his innocence, even after he had gone to prison, and he continued to insist that she was in no way connected with the crime. Both remained game to the end of the chapter. He served his term in the penitentiary, while she went to a Northern city and opened a little shop, through which she was gaining a livelihood when last heard from, and perhaps dwelling sorrowfully upon the magnitude of her wild fling in the Southland."

BUT the examination of the bank's books had produced a second surprise which was no less startling than the first, and exemplified still further the possibility of a mere bookkeeper looting such an institution. Earlier in the history of the bank there had been only two names in the individual ledgers, instead of three. LaSalle had had the first half of the alphabet, while another bookkeeper, here known as Noland, had the accounts of the men whose names fell to the lower half. There was on this book the name of one Simon, a lawyer of rather questionable reputation. His specialties were damage suits, compromises and real estate transactions.

"Noland was an old employee of the bank and thoroughly trusted. He was the patient, plodding, methodical sort of man, faithful to his work, but of no great force of character."



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