

Washington State Auditor's Office Fraud External Investigation Review Checklist

Fraud Case Number	F-23-298
Client	Central Washington University
Fraud Specialist	Neyda Flores
Date Completed Investigation Review	6/24/24

Objective:

Audit Policy 1410 may allow all or a portion of an investigation to be performed by a client, law enforcement agency (LEA) or other third party. In such cases, fraud investigators will review this work using the external fraud review checklist to determine if the investigative methods and conclusion can be relied on or if additional procedures are needed.

Investigators will contact Team Special Investigations, if you have questions or concerns during your review.

Summary of Notification of Suspected Loss		
1	When was our Office notified of the suspected loss? If we identified the suspected loss, when and how?	7/26/2023, submitted by CWU internal auditor
2	If there is assigned responsibility (Full Name, Position title)? If so, does the subject of the investigation have access to other accounting and financial systems? If yes, describe.	Yes, Douglas Presta, Paramedicine Program Director Note: the PAW also included Mitchell Russell, Lecturer, as a second subject but the police report that was received later determined that he was no longer a subject. See question 13 for details. Douglas Presta had access to budget speed keys when charging dining and facility rentals. He did not have access to accounting system, bank accounts or credit cards.
3	What is the employment status of the subject? Add key date information.	Resigned end of July 2023
Investigator information		
4	Who conducted the investigation? Full Name, Title	1 st investigation - Jesus Baldovinos, CWU internal Auditor 2 nd investigation - CWU Police Department – Officer #924 Steward Tanner
5	In your judgment, is the individual investigating able to conduct an objective investigation? If no, describe.	Yes
6	Does the individual have the experience and/or knowledge necessary to conduct the investigation? If no, describe.	Yes. Prior to CWU, Jesus was employed at SAO for about 14 years, and he was a fraud specialist. He has been in his current position since 2018.

		CWU police department
7	Has our Office had any prior concerns working with the individual investing? If yes, describe.	No
8	Has the investigation been reviewed by the client?	Yes
Scope, Methodology, and Evidence		
9	What was the scope (timeframe) and methodology of the investigation? Please describe approach, records reviewed, etc.	<p><u>1st investigation - CWU internal audit</u> The internal auditor was performing an audit on the Paramedicine Department as the Dean denied holding a conference but the department held the conference anyways.</p> <p>The full period was from 3/4/2019 through 3/27/2023 (includes the expanded testing). The investigation reviewed all Douglas Presta's reimbursement requests. The investigation found requested and received one reimbursement in March 2023 for \$4,193 for the Paramedicine Conference and CWU reimbursed him without itemized receipts. The internal audit recommended CWU to pursue the potential loss of \$4,193 that was reimbursed to Presta.</p> <p>The internal audit expanded testing to Douglas Presta all travel reimbursements from 3/4/19 to 3/27/23. Presta had additional unsupported travel expenses totaling \$11,872.</p> <p>The Purser Paramedicine Conference held on March 24, 25 and 26 of 2023 was not approved by the Dean. However, Douglas Presta and Russell Mitchell held the conference. They collected conference registrations via Spare Space site. The internal audit gathered information through interviews with staff and management and reviewed the following documentation:</p> <ul style="list-style-type: none"> • Expense reports for the Purser Paramedicine Conference • Budget and ledger reports obtained from Budget & Budget Development • Relevant email threads between employees regarding the conference • Other supporting documents <p>The internal audit recommended following up with the CWU police for the unknown amount Square Space receipts.</p> <p><u>2nd Investigation – CWU Police Department</u> Police Officer investigation was mainly over the unknown loss of funds collected through the third party pay site (SquareSpace which had a Domain of www.ppcellensburg.com which contracted with a third party vendor "Stripe" to collect cc payments). The investigation appears to go from 7/26/23 through 01/25/24. The investigation found \$9,128 was received through the website www.ppcellensburg.com with \$7,700.87 deposited into Douglas Presta's personal account and determined to be misappropriation and the remaining of \$1,427.13 being questionable as \$292.67 was paid in service fee charges and \$1,134.49 refunded to donors, which the police officer was able to see in the financial records but not receipts were obtained.</p>

		<p>The Police officer gathered information through interviews with CWU staff, subjects Mitchell Russel and Douglas Presta, and cosponsor Life Flight Network, search warrants of records for the third-party website which was used to collect funds/donations for the conference known as Square Space and Stripe and www.ppcellensburg.com, and search warrant for bank of America (Presta's bank accounts) and public records requests at CWU related to the paramedicine conference.</p>
10	Describe analytical procedures performed by the investigator including the time frame used.	<p><u>1st investigation - CWU internal audit</u> The internal audit compared revenues generated against expenses recorded for the conference and found a profit of \$2,598 (with \$25,000 in revenues receipted by CWU and \$22,402 in expenses paid by CWU, which included a reimbursement to Presta totaling \$4,193, for using his personal card to pay for conference expenses). The report shows the testing of Presta's reimbursement totaling \$4,193.95 with multiple transactions including conference account and lab account expenses tested from 10/7/2022 through 3/25/2023. CWU paid the full reimbursement to Presta, when this was a non-approved event and without itemized receipts provided. The subject was asked about the receipts for this reimbursement and the subject emailed his support such as a list of the expenses and his personal credit card statement to Garret Sand, Health Sciences Secretary Supervisor and cc's Tishra Beeson, Health Sciences Dept Chair and Mitchell Russell on 3/28/23. Therefore, internal audit recommended CWU pursue the potential loss of \$4,193 reimbursed to Presta and unknown loss of funds collected through the third party pay site. The internal audit found that it was made clear to the Director that a third party paysite proposed to purchase for the conference was not approved. Yet, it was claimed for reimbursement and the funds collected through the paysite were unknown for the internal auditor. Therefore, reported it to CWU police to find out further about the unknown proceeds collected through the third party paysite "Square Space".</p> <p>Since compliance issues were noted, the internal audit expanded testing for Douglas travel expenses, the report shows 33 reimbursements tested from 3/4/2019 through 3/27/2023. Per inquiry with the internal auditor there were a total of 40 reimbursements during this time period therefore tested 33 out of 40 reimbursements which were made up of multiple transactions. CWU found compliance issues on 21 reimbursement with a questionable amount of \$11,872.15.</p> <p>Each department is responsible for establishing and implementing processes and controls to ensure transactions are properly supported and approved. Garret Sand, Health Sciences Secretary Supervisor approved the reimbursements. It appears controls were not in place and therefore the reimbursement went through the process assuming the conference had been approved when it was not.</p> <p>Because of this audit, the internal audit performed a separate audit for University-wide on travel desk reimbursement for all</p>

		fiscal year 2023 and found compliance issues (refer to Q14).
11	Were tests of transactions conducted using the lowest possible original source documents? Describe the records.	<p>For the internal audit – yes such as itemized receipts if available, invoices and other supporting documentation available for the transactions selected.</p> <p>For the police report – Yes search warrant of records for related transactions of funds collected through the third-party website and account ledger reports and bank statements from Doug’s accounts.</p>
12	Were interviews conducted of entity personnel? If yes, add date of interview, name of person interviewed, and position title.	<p>The internal audit report does not show who was interviewed and dates.</p> <p>After further inquiry with CWU internal Auditor, we learned, CWU internal audit obtained emails from CWU email accounts of Presta and Russell where they are discussing the Paramedicine conference and the website built for the Paramedicine Conference at Squarespace.com. However, no interviews were performed.</p> <p>The police report – shows the following interviews were conducted:</p> <ul style="list-style-type: none"> • 7/27/23 - CWU internal auditor, Jesus Baldovinos • 8/2/23 – Tishra Beeson, CWU Department Chair of Health Sciences • 8/2/23 – Sheri Kinnan, CWU Academic Finance Manager – who regularly helps departments with conference budgeting and was unaware the conference did not have CWU approval. • 8/2/23 – Sathyanarayanan “Sathy” Rajendran, Dean of CEPS • 11/6/2023 - Russell Mitchell A., Paramedic Program Lecturer • 1/13/24 – Douglas Presta, former Paramedicine Program Director - via phone • 1/19/24 – Douglas Presta – scheduled to be in person but Presta couldn’t go in person, so it was re-scheduled to be on Teams on 1/20/24 • 1/20/24 – Douglas Presta – schedule to in Team but due to technical difficulties it was done through phone. <p>Additionally, the officer reached out to Co-sponsored of the Paramedicine conference Life Flight Network, Veronica Mitchell-Jones, Director of Business Development (no date on the report but looks like it was in July /August 2023, based on the timeline of events).</p>
13	Was the subject interviewed or given the opportunity to respond to the allegations? If yes, add date of interview. In cases where the individual is not interviewed, is the justification documented? How did the subject respond to the key interview questions? Did they take responsibility for the misappropriation? If yes, when and how much?	<p>Yes, but CWU police</p> <p>Mitchell Russell, Lecturer, had a close working relationship with Dr. Presta as a conference cohost, which could be subject to the same compliance issues. On 10/27/23, the police officer open the search warrant records requested from Stripe (who is Squarespace third-party payment service provider) and found a total of \$9,128 was received through the website by individuals donating to the Purser Paramedicine conference through the web site www.ppcellensburg.com and that Mitchell Russell was in control of these funds. On 11/6/23, the police officer met with</p>

	<p>Mitchell Russel at Russell's office for an interview. Russell was surprised when he heard the Paramedicine Conference was not approved by the University and said he did not know the Dean of the College, Sathy, had said no to the conference. Russel stated he knew they had issues with using the departments funds so that they set up their own account, to receive funds they generated, without having to use the other Paramedicine funds provided through the University. The Police officer asked Russel about the funds generated through the website and Russell opened the account and show the police officer with the financial details. Russell also exported the records and sent to the police officer email account. After reviewing the account there were \$9,128 received which matched the information from the search warrant on Stripe,inc. The financial records listed further information to include \$292.67 paid in service fee charges, and \$1,134.49 refunded to donors. After deducting the service charges and refunds, there remained \$7,700.87 in available funds. Russell then stated that the \$7,700.87 was paid out to a bank account belonging to Douglas Presta. \$4,143.61 on 2/23/23 and \$3,557.26 on 4/14/23. Both to Bank of America account #...9306, Routing #125000024. Russell stated this was done so that Presta could pay for the conference costs since they didn't know how to put it in the paramedicine special events account. However, per the police report it is unknown if Presta used this money to pay for conference costs or not, as there are no receipts for him to review. The report, stated Douglas Presta, was the direct supervisor for Mitchell Russell and Russell was acting on Presta's direction to assist with creating a meaningful conference for the Paramedicine Program. Russell's involvement was to benefit the program and to use the donations for the program as solicited. Presta is the last known individual to be in possession of the donated funds as they were deposited into his Bank of America account.</p> <p><u>Douglas Presta</u>, was first reached out on 1/13/24 and formal interviewed happened on 1/20/24 through phone. During the first phone call on 1/13/24, the subject was asked about the PPCEllensburg.com website funds and where the money went and he responded that he and Mitchell Russel had worked together to place it in one of the three CWU owned accounts, possibly the Foundations account. Police officer informed him that he had records showing that the money had been deposited into his personal Bank of America account. Presta then stated that he believes he had done a Zelle transfer to Mitchell Russell to put the money back into the program. The police officer asked Presta if he could locate a receipt for that transaction. Presta stated that he understood the co-mingling of money looked bad and that he wanted to meet with the police officer to over the records to help show where the money had been spent. The subject stated that if it had been transferred into his brokerage account then it is still sitting there and he like to make this right. So, an in person was set up. On 1/20/24, the subject was interviewed through phone as he couldn't attend in person. The subject mentioned that Sathy was difficult to work for and that is why he resigned his position. He mentioned having lawyers and filing a potential harassment lawsuit against Sathy for his workplace conduct against him. The subject told the police officer his Bank of America account was</p>
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		<p>closed so he did not have access to the specific bank account records that the police officer had received. Ultimately they were only able to identify \$500 payment that Presta indicated was used to pay for conference related costs. The \$500 transfer was from account ending in 9306 to account ending in 2639 and then was transferred via Zelle to Joseph Galindo. This occurred on 4/14/23 and is documented on the bank records. Presta also e-mailed the police officer a screenshot of his Zelle transfers showing the same payment information. On the Zelle transfer screen shot was a May 18, 2023 payment to Mitchell Russell for \$2,348.95 which stated for "Conference account plus cadaver training money your portion", this payment to Russell failed and never went through. Presta explained that this was him trying to give the account money back to Russell so he could continue to pay the conference costs. Presta additionally stated that it was Russell who had asked him if they could put the money into his (Presta's) account and then not tell the University about it so they could have full control over it to cover difference expense needs as they came up. Presta asked who he needed to contact to write a check to and return the money. Presta stated that he had no malicious intent to ever take money from the University and that he wanted to make this right and move on. Presta stated that he would be going to Bank of America to get his account records and would review them to further provide the police officer with additional information on what expenses were Conference related so that amount could be subtracted from the total amount they were discussing, which was \$7,700.87. Presta also wanted to point out that this was a personal witch hunt by Sathy against him because of their relationship and that had no merit. He stated that he never billed the University for his hours spent planning and working on the conference, but if he had, then it would amount to the University owing him more money than what was supposedly taken from the web site stripe account essentially making this a mute issue.</p> <p>He further stated he is a physician and has an account with over forty thousand dollars in it, so it's not about the money. He can pay it back to the University, he just needs to know how much.</p>
14	<p>Did the individual investigating address the "what else" question?</p>	<p>Yes: The internal audit expanded testing to the subject's travel expenses from 2019 through 2023 and found misappropriation and questionable activity (refer to Q10).</p> <p>The subject purchased handbags for \$417.15 for conference attendees and the internal audit determined that there were no inventory controls. However, it is likely that the conference attendees received the handbags so we will pass on further review.</p> <p>The subject did not have access to accounting systems, bank accounts or credit cards.</p> <p>Then the internal auditor conducted a separate audit over travel desk reimbursements University wide for FY2023 and compliance issues were also found. For fiscal year 2023, the University had 3,773 travel desk reimbursements, totaling \$2,043,267. The data was analyzed by Internal auditor and based on risk 33 travel desk</p>

		<p>reimbursements were sampled which made up approximately 229 transactions from 21 departments University-wide including Paramedicine, totaling \$46,935. The internal audit found, 11 of 229 or 5% of travel desk transactions were missing documentation (6 had no itemized receipts and 8 were missing documentation/no approval). These transactions were a portion of 3 of 33 reimbursements or 9% totaling \$3,293. Employees involved were Hoover, Amy, Arteaga, Mateo and Welsh, Joshua. We obtained the internal audit's testing spreadsheet for travel desk reimbursements and noted Mitchell Russel tab had two transactions tested one in May 2023 and one in September 2022 with no concerns noted. We followed up with the internal auditor and found those were all of Mitchell's travel reimbursements therefore considered it lower risk. As part of our FY22 and FY23 accountability audit, we are performing general disbursements, travel reimbursements and Pcard testing and expect this work to be completed in October 2024.</p> <p>The police officer addressed the Internal Auditor's unknown loss of funds through the third-party website of funds collected for the conference through donors.</p>
15	Does the investigation conclude with responsibility assigned? If so, add Full name, Position Title. Describe support/records used to assign responsibility.	<p>Yes, the internal audit found a potential loss of \$4,193 which was claimed for reimbursement by Douglas Presta, Paramedicine Program Director, when it had already been paid by CWU.</p> <p>Per the police officer supplemental report dated 12/20/2023, "Based upon my review of Douglas Presta's Bank of America account records I believe there is probable cause to arrest him for RCW 9A.56.040 – Theft in the first degree".</p> <p>After the interview with the subject on 1/20/24, the officer was going to try to reach out to Russell again to confirm or dispel some of Presta's statements. However based on the conversation, Presta, stated that based on the documents the officer was looking at , it appears he is still in control of some of the money. As of 1/20/24, the investigation continues.</p> <p>On 1/25/24, Officer Steward received an e-mail forwarded from the Chief Jason Berthon-Koch related to this case, the email was a conversation between Tirshra Beeson and Mitchell Russell stating that he spoke with Presta regarding the missing funds from the conference account and how he would like to discuss options for repayment.</p> <p>Officer Steward completed a CSR and have asked that this case be forwarded to the Prosecutor's Office for a charging decision.</p>
16	When did the individual investigating complete the investigation?	<p>CWU police completed their investigation on 1/25/24</p> <p>CWU internal audit draft report was completed on 8/8/23 (only draft as internal auditor waits for management's response to include on his reports)</p>
17	What are the results of the investigation? Is the conclusion supported by work performed? (Summarize the results of the investigation including misappropriation,	<p>Misappropriation totaling \$7,701 between 2/23/23 to 3/10/2023, and questionable expenditures totaling \$17,493 between 3/14/19 to 3/27/2023.</p> <p>\$7,701 was deposited to personal bank accounts without support</p>

	questionable amounts and the loss period.)	<p>that it was used for the paramedicine conference. Also questionable activity totaling \$17,493 (questionable travel expenses totaling \$16,065 plus questionable pay site expenses of \$1,427).</p> <p>The case was forwarded to the Prosecutor's Office for a charging decision. Daily Record Newspaper article dated 8/27/24 stated "During his sentencing late last week in Kittitas County Superior Court, Presta was ordered to pay \$6,050 in restitution but was not sentenced to any time in jail." The article stated he was charged third-degree theft.</p> <p>The investigation led to the subject having the funds on his account and wanting to repay.</p> <p>The internal auditor found a potential loss of \$4,193 which was claimed as a travel reimbursement by Douglas Presta, paid by CWU. Testing on the subject was expanded (testing 33 transactions totaling \$13,363.28 from 3/4/2019 through 3/27/23) and found questionable costs on 21 transactions totaling \$11,872, for a total questionable amount of \$16,065</p> <p>The police investigation found \$7,700.87 of the \$9,128 funds received through the website were transferred in two separate transactions to Douglas Presta's personal Bank of America account. A search warrant was granted for the Bank of America accounts belonging to Doug Presta. On 2/23/23, the first transaction from Mitch Russell of \$4,143.61 was deposited. On 3/10/23, Presta deposited \$13,000 from his bank account to his Charles Schwab Brokerage account. Had Presta not received the \$4,143.61, he would not have been able to make a \$13,000 transfer to his brokerage account. On 4/14/23, the second transaction from Mitch Russell of \$3,557.26 was deposited. Subsequently, Presta deposited another \$600 into his brokerage account and also continued to make payments which appear to be unrelated to the conference. Furthermore, by the end of November 2023 the bank account in question had a balance of \$0.00. Taking this into account, the police officer included in his report probable cause to make an arrest for theft in the first degree. The remaining of the funds received were supposedly for charges fee and refunds to donors per financial records however the report does not state corroborating the amount to source documents therefore remaining amount of \$1,427 appears to be questionable.</p>
18	Have any restitution agreements been signed? If so, describe.	<p>No</p> <p>Prosecutor called the Chief to get his thoughts as Presta was negotiating no jail time and that he would pay back.</p>
19	Who has received the results of the investigation?	<ul style="list-style-type: none"> Jesus Baldovinos Internal Auditor, Joel Klucking VP of Business and Financial Affairs, Sathyanarayanan "Sathy" Rajendran, Dean of CEPS, Steward Thompson ADP of Auxiliary (Jesus sent a copy to Thompson as he is

		responsible for travel).
Conclusions		
20	Describe what and the amount of the investigation conclusions you tied out to underlying support. Add links to records we created to document our review.	<p>We were able to tie the two transactions totaling \$7,700.87 deposited to the subject's bank account through copies of Douglas Presta's bank statements showing the following deposits:</p> <ul style="list-style-type: none"> • \$4,143.61 on 2/23/23 • \$3,557.26 on 4/14/23 <p>The Internal auditor provided us with the support that he was given from travel on Presta travel reimbursement of \$4,193 and noted there was a handwritten sheet labeling all the expenses and amount claiming for reimbursement along with Presta's personal cc statement supporting each expense we were able to tie all expenses to the CC statement including the five transactions showing as pending on the CC statement totaling \$1,034.88, to the side of each expense in the CC statement it was labeled as conference or lab account. No other receipts were given to the University.</p>
21	Do you agree with the methodology used to assign fixed responsibility?	Yes
22	Do you have any concerns about the work or evidence obtained? If yes, describe.	No
23	Do you agree with the conclusions? If no, describe.	Yes
24	Document how any concerns noted during this review will be resolved. If you think additional procedures should be performed, please describe and contact Team SI to discuss and obtain approval for the investigative plan and budget.	Sent to the Kittitas County Prosecutor's Office.