

STATE OF WISCONSIN

CIRCUIT COURT

SHEBOYGAN COUNTY

STATE OF WISCONSIN

CRIMINAL COMPLAINT

-vs-

Sarah M Gora
343 Prospect Avenue
Sheboygan Falls, WI 53085
DOB: 12/14/1978
Sex/Race: F/W
Also Known As Sarah M Jorsch

DA Case No.: 2012SB000425
Assigned DA/ADA: Joel Urmanski
Agency Case No.: C11-14841
Court Case No.: 2012 CF

Defendant.

Kristine Thurs, Sheboygan Police Department, being first duly sworn on oath deposes and says on information and belief:

Count 1: THEFT FROM A FINANCIAL INSTITUTION (VALUE EXCEEDS \$100,000)

The above-named defendant on or about December 02, 2010, Sheboygan County, Wisconsin, did knowingly take possession of money owned by or under the custody or control of a financial institution without authorization from the financial institution and with intent to convert it to her or her own use or to the use of any person other than the owner or financial institution, where the value of the money exceeds \$100,000, contrary to sec. 943.81 and 943.91(5), 939.50(3)(e) Wis. Stats.

Upon conviction for this offense, a Class E Felony, the defendant may be fined not more than Fifty Thousand Dollars (\$50,000), or imprisoned not more than fifteen (15) years, or both.

Count 2: COMMIT LOAN FRAUD (VALUE EXCEEDS \$100,000)

The above-named defendant on or about December 20, 2010, Sheboygan County, Wisconsin, with intent to defraud a financial institution, did knowingly overvalue or make a false statement concerning any land, security, or other property for the purpose of influencing the financial institution to take or defer any action in connection with a loan or loan application, where the value of the loan exceeds \$100,000, contrary to sec. 943.83 and 943.91(5), 939.50(3)(e) Wis. Stats.

Upon conviction for this offense, a Class E Felony, the defendant may be fined not more than Fifty Thousand Dollars (\$50,000), or imprisoned not more than fifteen (15) years, or both.

Count 3: THEFT - BUSINESS SETTING OVER \$10,000

The above-named defendant between November 01, 2006 and March 14, 2011, Sheboygan County, Wisconsin, by virtue of her office, having possession of negotiable instruments having a value greater than \$10,000, of another did use such negotiable instruments without the owner's consent, contrary to the defendant's authority, and with intent to convert the property to her own use, contrary to sec. 943.20(1)(b) and (3)(c), 939.50(3)(g) Wis. Stats.

Upon conviction for this offense, a Class G Felony, the defendant may be fined not more than Twenty Five Thousand Dollars (\$25,000), or imprisoned not more than ten (10) years, or both.

The basis of complainant's charge of such offense is: Official reports prepared by Police Officer James Priebe and Detective Cameron Stewart, both of the Sheboygan Police Department, as well as a Forensic Analysis performed by WIPFLI concerning the Midwest Credit Union (MCU). Which reports indicate that on November 09, 2011, Officer Priebe was dispatched to the MCU Financial Institution, 2902 S. Business Drive, City of Sheboygan, County of Sheboygan, State of Wisconsin, in reference to a fraud case. The MCU is a closed charter union serving all employees of Piggly Wiggly Midwest, LLC, all Piggly Wiggly store employees, including all franchises and independent owners and employees, employees affiliated with Piggly Wiggly, and any member of their immediate family. Services provided by the MCU include share accounts, share certificates, home equity loans, lines of credit, auto loans, recreational vehicle loans, and unsecured signature loans. The MCU is governed by a volunteer Board of Directors. The MCU had one full-time employee and three part-time employees. Sarah M. Gora, d.o.b. 12/14/1978, was a full-time employee hired on June 21, 2006 and later fired on March 14, 2011. She served as President with duties that included approving and processing member loans, generating loan disbursement checks, mailing member statements, recording member and general ledger transactions, balancing the general ledger accounts, reconciling bank statements, maintaining the corporate line of credit, and preparing financial reports for the Board of Directors. Gora was also the primary person responsible for MCU's accounting procedures and entries into the company's books and records.

On November 09, 2011, Officer Priebe made contact with Nancy Schulze of the MCU. Officers learned that in December 2010, employees of the MCU took notice that Gora seemed to be spending a large amount

of money as she was bragging about her expensive purchases along with the purchase of a new home. Gora was also observed controlling behavior in receiving the mail and increasing her control over accounting records. Gora was further observed by co-workers using their computer to login under their names to make accounting transactions. Some of the employees checked and found discrepancies in Gora's account with the MCU. The information was passed on to Schulze, who looked into suspicious account activity by Gora. Schulze found that Gora used money that was supposed to be invested for the MCU and deposited it into her own personal account at a local credit union and used a company credit card to purchase thousands of dollars worth of personal items, which ranged from furniture and food to Victoria Secret purchases. The MCU hired a private accounting firm, WIPFLi CPAs and Consultants, to complete a forensic analysis of Gora's activities with the MCU. WIPFLi's analysis involved obtaining electronic files containing downloads of the MCU's check register, share credit adjustments, share debit adjustments, and Guardian credit card statements for the time period of January 01, 2007 to March 21, 2011. WIPFLi was also provided a listing of all loan disbursements for the period of January 01, 2009 to December 31, 2010.

According to WIPFLi's report, the MCU maintained investments in several certificates of deposit during Gora's employment with the MCU. Gora was responsible for the management and oversight of the investment account activity. On November 04, 2010, Gora processed a MCU check in the amount of \$150,000. The check was issued as payable to the Sheboygan Area Credit Union and was classified as a 30-day investment. On the same date, Gora transferred \$150,000 into the MCU's cash account at the Sheboygan Area Credit Union from the MCU's account with the Corporate Central Credit Union. The transfer of money from the Corporate Central Credit Union resulted in the MCU's account entering into a borrowing status with the Corporate Central Credit Union. The check was deposited into Gora's personal account at the Sheboygan Area Credit Union on December 02, 2010. On December 03, 2010, Gora deposited a check in the amount of \$31,810.46, dated December 02, 2010, issued by the Sheboygan Area Credit Union into her personal account at the MCU. According to the WIPFLi report, the \$31,810.46 deposit was likely partial proceeds from the December 02, 2010 check deposited into Gora's Sheboygan Area Credit Union account. The MCU was unaware of the reclassification or transfer of the money into Gora's personal account for personal use.

On December 20, 2010, Gora applied for and obtained a home equity loan from the MCU. Gora filled out her own Loan Set Up and Underwriting sheet as well as her own underwriting comments. She

signed the loan application on December 20, 2010. The loan file with application was to be analyzed for compliance with established MCU policy. A primary share account and share asset was listed on the application in the amount of \$24,159.01, which was the balance remaining as a result of the December 03, 2010 deposit of \$31,810.46 into Gora's personal account.

Gora's loan application listed a total loan amount of \$188,027.65. The loan application also included a copy of what appeared to have been Gora's credit report dated November 29, 2010. The credit report showed Gora's credit score of +776, a MCU credit tier of A+. The loan application also indicated collateral for the home equity loan as real estate at 343 Prospect Avenue in Sheboygan Falls. A Real Estate Assessment and Tax Detail, apparently from a Sheboygan County website, indicated a 2009 estimated fair market value for the residence as \$205,100. Based on the information provided in the loan application and file, the MCU Board approved Gora's loan in the amount of \$188,027.65.

The WIPFLi report indicates that a search of the Sheboygan County website was performed to verify the Real Estate Assessment and Tax Detail contained within Gora's loan file. Sheboygan County's website indicated that the 2009 estimated fair market value for 343 Prospect Avenue, Sheboygan Falls was actually \$145,100, not \$205,100. Information from the Sheboygan Falls Register of Deeds Office indicated that Gora purchased the property on December 01, 2010 for \$121,700.

Analysis of Gora's credit report, dated November 29, 2010, contained within her loan file also showed a difference in the type font compared to an actual credit report dated September 30, 2010. It was learned that the credit report of September 30, 2010 showed Gora's credit score of +593, contained a civil judgment record, a Collections section, and did not list a credit inquiry from November 29, 2010. An up-to-date credit report for Gora dated February 17, 2011 again showed no prior credit inquiry dated November 29, 2010; instead, the report showed a prior inquiry of September 30, 2010. Ultimately, Gora's home loan was granted based on overstated market valuation and an overstated credit score. The loan would not have been approved with accurate information.

Gora also had an auto loan through the MCU. Gora's auto loan was initially approved on October 13, 2006 in the amount of \$22,397.36, to purchase a 2006 Honda Accent. Gora's auto loans were refinanced multiple times to partially pay MCU's corporate credit card, which Gora used for personal expenses without permission or consent. The refinances were also used to cover Gora's over drafted share

account. According to the MCU handbook, Gora should not have been making adjustments to any of her accounts, however, general ledger data from the MCU showed Gora's ID as making the loan add-ons. No documentation was located indicating that an additional loan was either requested or approved by the MCU Board. In December 2010, Gora's auto loan was refinanced into Gora's home equity loan, thereby "paying" the auto loan with \$62,156.66 from the proceeds of Gora's home equity loan.

The MCU had two credit cards issued by Guardian. Gora had one of the credit cards. Another employee had the other card. Each card had a separate number and the MCU received a separate statement for charges from each card. Only company-related charges were authorized to be made on the cards. During 2006 to 2009, the charges on the credit cards were paid by checks issued by the MCU's operating account. Beginning in December 2009, Gora's credit card was paid by wire transfers of funds from the MCU's account at Corporate Central Credit Union. While the initial credit limit on Gora's card was \$2,500, the credit limit was raised to \$5,000 without the MCU Board's knowledge or approval.

A review of the MCU records indicated that Gora was using her company credit card for personal expenses from November 2006 to March 2011. Gora's credit card balances were paid by increasing the principal on Gora's personal auto loan account. The increases were not authorized by the Board. The payments were made under Gora's MCU employee ID. Gora's card also incurred over-limit and finance charges paid by the MCU. The fees and charges were a direct result of Gora's unauthorized expenses with the company credit card and failure to timely pay balances on the card.

An estimate of the relative percentage of personal to business expenditures was used to estimate Gora's historic personal expenditures. A calculated personal expenses charged to Gora's company credit card totals \$62,550.40.

Subscribed and sworn to before me
this ____ day of February, 2012
and approved for filing:

Assistant District Attorney
Sheboygan County, Wisconsin

Complainant