



Report to the Legislature— Financial Investigations Highlights

Year Ended December 31, 2024



Lindsey A. Perry
Auditor General

Overview of 2024 financial investigations activities

Our financial investigators:

 <p>Reviewed 102 fraud-related allegations</p>	 <p>Reported on \$38,838,679 in public money losses</p>	 <p>Recommended ways Arizona governments could help prevent and detect fraud</p>
--	---	--

We received 102 fraud-related allegations concerning school districts, State agencies, universities, counties, cities and towns, and special taxing districts. We evaluated all allegations to determine sufficiency of evidentiary documentation and whether the issue would best be resolved through a financial investigation or further review by independent auditors or separate regulatory agencies.

Additionally, we made a positive impact on Arizona government by helping to hold fraudsters accountable. Specifically, as summarized in the table on page 3 and further described in the bullets below and on page 2, our investigations helped prosecutors take legal action against 5 public employees for their alleged unlawful actions that resulted in public money losses totaling \$38,838,679.

In particular, 1 investigation supported a grand jury indictment, and 4 investigations culminated in plea agreements and/or sentencing for the following criminal charges:

State charges	Federal charges
<ul style="list-style-type: none"> ▶ Purchase of appointment to office. ▶ Fraudulent schemes and practices. ▶ Forgery. ▶ Fraudulent schemes and artifices. ▶ Theft. ▶ Violation of custodian of public monies. 	<ul style="list-style-type: none"> ▶ Embezzlement. ▶ Money laundering. ▶ Tax evasion.

Finally, as described on page 4, our financial investigators helped protect public monies by assisting Arizona governments with their responsibility to prevent and detect fraud. For example, we suggested internal control improvements and statute revisions, conducted fraud prevention trainings, issued educational fraud prevention alerts, and participated with an anti-fraud organization to stay abreast of the latest fraud prevention and detection techniques.

In 2024, our financial investigations helped prosecutors take legal action against 5 public employees for their alleged unlawful actions that resulted in public money losses totaling \$38,838,679

- ▶ An **Arizona State University** ([Report 23-406](#)) Technology Office manager of information technology may have embezzled **\$124,093** when he used his ASU purchase card to make 810 personal purchases, including 12 gaming consoles, 10 smart watches, 2 Christmas trees, a treadmill, and a row machine. He concealed his actions when he submitted for processing 347 forged receipts and 358 false business purpose descriptions, making it falsely appear as if the purchases were for valid ASU purposes. In 2024, the manager of information technology pleaded guilty to fraudulent schemes and artifices, violation by custodian of public monies, and forgery. He was sentenced to 2 concurrent terms of 1.5 years imprisonment at the Department of Corrections/Arizona State Prison and 7 years' probation upon release from prison, and ordered to pay \$124,093 restitution.
- ▶ A **Department of Education** ([Report 23-403](#)) Career and Technical Education Future Farmers of America (FFA) executive secretary may have opened a secret checking account with himself as the only signer and deposited therein \$1,700,939 of Arizona Association FFA (AZFFA) monies that should have been deposited in a Department checking account, altering Department accounting records to conceal his actions. Without the Department's or AZFFA's knowledge, the executive secretary spent this money for AZFFA and personal purposes. Because monies were commingled and certain records were unavailable, we were unable to determine how much of this money was used for AZFFA purposes. In 2024, the executive secretary pleaded guilty to fraudulent schemes and practices. He was sentenced to 1 year probation and ordered to pay a \$2,500 fine.
- ▶ A **Higley Unified School District** ([Report 21-402 REV February 2025](#)) superintendent received \$62,500 from 2 District vendors without claiming these monies as income on her State income tax returns. Additionally, the superintendent had participated in certain District decisions involving these vendors and failed to disclose a substantial interest in connection with such decisions. In 2024, the superintendent pleaded guilty to purchase of appointment to office and agreed to file amended tax returns and pay any outstanding tax, fines, or penalties to the Arizona Department of Revenue. She was placed on 6 months' probation and ordered to pay a \$2,750 fine.
- ▶ A **Hyder Elementary School District** ([Report 24-403](#)) superintendent secretary was indicted for theft, violation by custodian of public monies, and forgery. In particular, she may have embezzled **\$2,486** when, 3 months after she was terminated, an illicit District check in that amount was deposited in her business checking account. Moreover, because District officials failed to implement basic internal controls and protect public monies, unauthorized credit card purchases were made and questionable checks were issued, resulting in an additional \$9,738 District loss not directly attributed to specific employees.
- ▶ A **Santa Cruz County Treasurer** ([Report 24-402](#)) pleaded guilty to 3 federal charges

related to embezzlement, money laundering, and tax evasion. In this plea agreement, she acknowledged she abused her position of trust as Treasurer when from March 2014 through March 2024, she embezzled approximately **\$38,712,100** of County monies by means of 187 wire transfers from County bank accounts to her bank accounts, and she agreed to pay restitution to the County for that amount. She also agreed that following this restitution, she would pay the United States Treasury \$13,143,526 for taxes due from 2014 through 2023.

Presented plea agreement terms are subject to court approval. The Treasurer is currently scheduled to be sentenced in June 2025. She faces maximum prison terms of 10 years for embezzlement, 20 years for money laundering, and 5 years for tax evasion.

For this investigation, we cooperated with the United States Department of Justice and the Federal Bureau of Investigation as part of their review.

2024 offender indictments, plea agreements, and/or sentences: criminal charges, public money loss, private benefits, restitution, fines, incarceration, and probation

Offender	Criminal charges	Arizona public money loss	Related private benefit	Conditions sentenced to:			
				Restitution	Fine	Incarceration	Probation
ASU Manager of information technology	Pleaded guilty to 3 State felonies	\$124,093	—	\$124,093	—	Two 1.5 years served concurrently	7 years
ADE Executive secretary	Pleaded guilty to 1 State misdemeanor	Unknown	—	—	\$2,500	—	1 year
Higley USD Superintendent	Pleaded guilty to 1 State misdemeanor	—	Received \$62,500 from 2 District vendors	—	\$2,750	—	6 months
Hyder USD Secretary	Indicted on 3 State felonies	\$2,486	—	TBD	TBD	TBD	TBD
Santa Cruz County Treasurer	Pleaded guilty to 3 federal felonies	\$38,712,100	—	TBD	TBD	TBD	TBD

In 2024, our financial investigators completed numerous varied activities to help Arizona governments protect public monies and prevent and detect fraud

Suggested internal control improvements

We provided victim government entities with 11 specific ways to improve internal controls directly related to their losses to help them protect public monies from future misuse. These internal control recommendations are included in reports posted on our website and can also serve to help other government entities properly manage public monies and avoid falling victim to fraud-related losses.

Suggested statutes revisions

We made 2 recommendations to the Arizona Legislature to consider revising statutes. First, we suggested that our Office should have statutory authority to obtain detailed records directly from financial institutions to help us detect forgery and material misrepresentations. Second, we suggested that certain newly elected or appointed government officials should be required to meet minimum training requirements to help them properly execute the duties of their offices and maintain a stalwart stewardship over public monies.

Conducted fraud prevention trainings

We conducted 5 fraud prevention and detection trainings for fellow employees, other government auditors, and university students, bringing awareness to public fraud and corruption, the forces that drive them, and best practices to prevent them.

Issued Fraud Prevention Alerts

We issued 2 Fraud Prevention Alerts describing how certain fraudulent schemes and misuse of public money exploits occurred. These alerts are designed to show government management what could go wrong and what actions they can take to help protect public monies and deter and detect fraud. They are posted on our website and directly distributed to State agencies, universities, community colleges, school districts, charter schools, counties, cities, and towns.

Participated with anti-fraud organization

We are members of the Arizona chapter of the Association of Certified Fraud Examiners, Inc. (ACFE), the world's largest anti-fraud organization dedicated to preventing and detecting fraud through education and training. Additionally, our director of financial investigations served on the ACFE Arizona chapter board of directors. The ACFE advocates for delivering best-in-class training, fostering a global community of anti-fraud professionals, and reducing fraud and corruption worldwide. Our participation with the ACFE has broadened our professional network and provided us with the latest fraud-related news, information, and best practices.