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**ALL THE QUEENS HORSES**

MCTI  
February 11, 2026

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**Dixon, Illinois and Rita Crundwell**

- ▶ \$53.7 million
- ▶ 22 years
- ▶ Sentenced to 19 years and 7 months
- ▶ Released in August, 2021 after serving 43% of her time (she had been seeking a compassionate release because of failing health)
- ▶ Her sentence was commuted by President Biden on December 12, 2024

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**Dixon, Illinois and Rita Crundwell**

- ▶ Recovery fund
  - ▶ \$10.4M from selling her assets, including horses, Dixon ranch and Florida vacation home
  - ▶ Settlement with CPA firm netted \$30M after attorney fees
- ▶ Use of funds
  - ▶ Paid off debt of \$21.2M
  - ▶ Finally completed a few capital projects for \$6M
  - ▶ 6 months of expenditures in a rainy day reserve fund-\$5M
  - ▶ Earmarked more for future projects

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### What can we learn and apply for our municipalities?

- ▶ What stood out to you that you can take back to your municipality?
- ▶ Why was she able to get away with it for so long?

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### What can we learn and apply for our municipalities?

- ▶ Why was she able to get away with it for so long?
  - ▶ "Trust but verify"-there was no verification
- ▶ Lack of segregation of duties
  - ▶ She handled cash receipts, cash disbursements and the bank reconciliations
  - ▶ Who else signed checks?
    - ▶ Someone else receiving the bank statements and preparing the bank reconciliations, reviewing invoices (including an initial and date), and having two signatures required on checks would have likely either kept it from happening or found it much more quickly
- ▶ Why was no one using common sense in reviewing the financial information to realize a lot of capital project money was missing?
- ▶ Why didn't anyone realize a lot of capital projects were not getting started and completed (an adopted capital projects plan would have helped the City see that projects were not getting done)

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### What can we learn and apply for our municipalities?

- ▶ Why was she able to get away with it for so long?
  - ▶ Did not anyone ever look at a list of vendors (especially the big dollar vendors) to see if they knew who they were?
  - ▶ Good idea to periodically (semi-annually or annually) have someone outside of finance confirm all accounts with banks and ensure they are all included in the general ledger.

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### What can we learn and apply for our municipalities?

- ▶ Primary responsibility for finding fraud is with your municipality
  - ▶ Over 80% of the time fraud is found, it is found internally
  - ▶ BUT, in this case, because it was so material, the auditors should have found it as well (they even confirmed the bank accounts and never followed up on what they received)
- ▶ Also remember that the purpose of an audit is not to find fraud, but to issue an opinion
  - ▶ Reasonable assurance
  - ▶ Materiality

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### What can we learn and apply for our municipalities?

- ▶ As elected officials:
  - ▶ Fiduciary responsibility to your municipality
  - ▶ They need to have enough education and training to understand the financial statements they receive; there is no such thing as a dumb question when you are trying to understand the financial information for their municipality
  - ▶ They should receive your municipal financial information (at least quarterly, but preferably monthly), review it, make sure it makes sense to them and is what they expect. They should not be afraid to ask questions.
- ▶ Learn to "risk assess"

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IT CAN HAPPEN IN ANY ORGANIZATION!!!!!!!!!!

#### The Risk of Fraud



The Fraud Triangle

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What can we learn and apply for our municipalities?

Conclusion

Find good staff and trust them, but still verify by skeptically reviewing documents and information, asking questions, and making sure you have good internal controls, processes and procedures.

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