

Financial Investigation Report

Town of Parker—Criminal Indictment

Theft, Fraudulent Schemes, and Forgery

Our investigation resulted in the former office specialist's criminal indictment on 9 felony counts related to theft, fraudulent schemes, and forgery.



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Audit staff

Gretchen Augustine, Director

Tina Mann, Manager

Contact information

 (602) 553-0333

 contact@azauditor.gov

 www.azauditor.gov

2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

June 10, 2025

Members of the Arizona Legislature

The Honorable Katie Hobbs
Arizona Governor

Town Council
Town of Parker, Arizona

The Honorable Kris Mayes
Arizona Attorney General

We conducted a financial investigation of certain Town of Parker transactions for the period February through October 2021. We performed the investigation to determine the amount of public monies misused, if any, during that period.

The investigation consisted primarily of inquiries, observations, examinations of selected financial records and other documentation, and selected tests of internal control over Town of Parker operations. The investigation was not conducted in accordance with U.S. generally accepted auditing standards and was more limited than would be necessary to ensure we discovered all misused public monies or to give an opinion on internal controls. Accordingly, we do not express an opinion on the effectiveness of internal controls or ensure that all deficiencies are disclosed.

The Financial Investigation Report describes our findings and recommendations resulting from this investigation.

Sincerely,

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

Synopsis

We received an allegation of financial misconduct by Jennifer Alcaida, former Town of Parker (Town) office specialist.

Our investigation revealed that from February through October 2021, Ms. Alcaida may have embezzled \$173,295 of Town monies when she admittedly issued unauthorized checks to herself and others, kept cash that should have been deposited in a Town bank account, and made personal purchases on Town credit cards.

We have submitted our report to the Arizona Attorney General's Office, which on April 14, 2025, presented evidence to the State Grand Jury. The action resulted in Ms. Alcaida's indictment on 9 felony counts related to theft, fraudulent schemes and artifices, and forgery.

Additionally, in 2021, Ms. Alcaida received a \$20,833 U.S. Small Business Administration (SBA)-backed COVID-19 federal relief monies Paycheck Protection Program (PPP) loan for a nonexistent business. We requested the Arizona Attorney General's Office forward the information we provided regarding this loan to the U.S. Department of Justice for consideration and appropriate resolution.

Background

Located 160 miles northwest of Phoenix, the Town of Parker is the La Paz County seat and has about 3,100 residents. Ms. Alcaida began her Town employment in January 2001 as an office assistant and, 2 to 3 years later, became an office specialist. In this position, she reported to the Town manager and was responsible for preparing payroll, processing accounts payable, reconciling credit card statements to receipts, and training employees responsible for collecting cash. In September 2021, soon after we started our investigation, Ms. Alcaida admitted to the Town manager she had embezzled Town monies by issuing checks to herself and forging signatures on those checks. The Town subsequently terminated Ms. Alcaida's employment.

Summary of Ms. Alcaida's alleged embezzlement schemes totaling \$173,295

February through October 2021

\$158,837

Unauthorized Town checks

July - October 2021

\$9,768

Town cash receipts not deposited

July 2021

\$4,690

Personal purchases with Town credit cards

February - September 2021

Source: Auditor General staff analysis of Town records, Ms. Alcaida's personal bank account records, and interviews with Town staff and others.

Ms. Alcaida admittedly issued 6 unauthorized checks totaling \$180,328, of which \$158,837 was negotiated and \$21,491 was not negotiated

Ms. Alcaida admitted to us that from July through October 2021, she used Town payroll check stock to issue 6 unauthorized checks totaling \$180,328 payable to herself and others, forged authorized signatures on the checks, omitted check copies from the accounting records, and negotiated the checks herself or sent them to others for her benefit. Ms. Alcaida told us she issued these unauthorized checks to help pay for tax fees that, once paid, would give her access to \$3.8 million in a Malaysian bank account. Ms. Alcaida claimed she opened this account at the direction of “Charles Schultz,” whom she met online but never met in person.

Ms. Alcaida issued the first 2 checks totaling \$111,108 payable to herself, deposited them in her personal checking account, and then withdrew cash, which she reportedly transferred to Mr. Schultz through bitcoin digital currency so he could pay some of the professed tax fees. Ms. Alcaida claimed that because she reached her bitcoin transaction cap, she issued 4 additional checks totaling \$69,220 to Mr. Schultz’s alleged associates so they could cash the checks and transfer the money to Mr. Schultz through bitcoin. Although 2 of these checks totaling \$47,729 were negotiated, the Town initiated stop-payment actions on the other 2 checks totaling \$21,491. Ms. Alcaida was able to orchestrate this scheme undetected because the Town manager had not reconciled the payroll account since March 2021.

Ms. Alcaida admittedly embezzled cash receipts totaling \$9,768

For approximately 2 weeks in July 2021, Ms. Alcaida kept \$9,768 of cash receipts that should have been included in 8 Town deposits after directing desk clerks to deliver deposits to her instead of following their normal practice of delivering deposits to the bank. Ms. Alcaida acknowledged she kept these monies for her personal benefit. Because no one reviewed validated bank deposit slips to ensure the correct amount was deposited, Ms. Alcaida was able to keep this cash without detection.

Ms. Alcaida admittedly used Town credit cards to make 9 personal purchases totaling \$4,690

Ms. Alcaida admitted to us that from February through September 2021, she made 9 personal purchases totaling \$4,690 using 2 Town credit cards. Her purchases included several Apple products such as iPhones, AirPods, and a watch; Chanel and Versace men’s designer colognes; and 16 months’ worth of her past-due residential sewer services. Ms. Alcaida’s personal purchases went unnoticed because no one other than Ms. Alcaida reconciled credit card receipts to the credit card statements.

Ms. Alcaida participated in a false SBA-backed PPP loan application and received \$20,833

In 2021, Ms. Alcaida received a \$20,833 SBA-backed COVID-19 relief PPP loan for a nonexistent business. Although Mr. Schultz completed most of the PPP loan application for nonexistent business payroll, Ms. Alcaida participated by providing him with her social security and bank

account information to help Mr. Schultz with this process. The PPP loan proceeds were deposited into her personal bank account but were not used for payroll.

Former Town manager failed to implement adequate internal controls

The former Town manager was responsible for administering Town finances and supervising Ms. Alcaida, but her failure to implement adequate internal controls and perform certain duties allowed Ms. Alcaida's schemes to go undetected. In fact, the Town's most recent independent audit report of fiscal year 2020 identified that auditors had repeatedly notified the Town it had insufficient written policies and procedures for internal controls and lack of oversight and monitoring of policies and procedures in place. More specific to Ms. Alcaida's schemes, we noted the former Town manager failed to adequately control payroll check stock and had not performed her duty of reconciling payroll records to payroll checking account statements since March 2021. She also did not always ensure validated bank deposit slips were independently reconciled to cash receipt records. Finally, the former Town manager failed to review Ms. Alcaida's credit card purchase receipts to ensure transactions were appropriate.

Recommendations

Since our investigation began, Town officials reported to us that an outside entity is now responsible for reconciling payroll entries in the Town's computerized accounting system to payroll checking account statements every month, and the current Town manager conducts periodic unannounced reviews of payroll records to confirm policies and procedures are followed, including ensuring payments are made to actual employees for appropriate purposes. They further reported that 2 employees count and verify daily cash receipts, which are stored in a locked safe in a room with limited access until an employee independent of the cash-receipting process makes the bank deposit. Town officials also reported that they require credit card account holders to provide receipts and purchase orders to support all charges, which the Town manager reviews for propriety. However, the Town should take additional actions to improve controls over public monies and help deter and detect fraud.

Specifically, Town officials should:

1. Ensure independent audit reports are timely completed and thoroughly reviewed by the Mayor and Town council members.
2. Take appropriate action to correct internal control and other deficiencies noted in independent audit reports.
3. Ensure an employee independent of the cash-receipting process reconciles cash receipt records to validated bank deposit slips.
4. Establish and enforce a written credit card policy that:
 - ▶ Explains allowable and unallowable purchases.

- ▶ Clearly defines separation of responsibilities for requesting, authorizing, and executing credit card purchases.
 - ▶ Describes possible disciplinary actions for credit card misuse.
 - ▶ Includes processes for reviewers to identify and handle misuse.
5. Ensure employees with credit card responsibilities receive timely and continuous training on proper credit card procedures and document their understanding in writing.
 6. Ensure an individual independent of the credit card purchasing process reconciles credit card statements to transaction receipts and verifies purchases are for Town-related purposes.
 7. Ensure an individual independent of processing financial transactions conducts periodic unannounced reviews of payroll, cash receipts, and credit card processes to confirm policies and procedures are followed and internal controls are working as designed.