



State of New Mexico
OFFICE OF THE STATE AUDITOR

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State Auditor Tim Keller Uncovers Likely Fraud, Embezzlement at La Promesa School
*Identifies hundreds of checks worth over \$475,000 written to vendors were cashed
into former employee's personal bank account*

ALBUQUERQUE, NM – Today, State Auditor Tim Keller released the results of an investigation into La Promesa Early Learning Center, a state charter school in Albuquerque. The Risk Review found about half a million dollars were diverted from the School into a former employee's personal bank account between June 2010 and July 2016. Office of the State Auditor (OSA) subpoenas of bank records uncovered that the former Assistant Business Manager deposited over 500 checks written to 53 different vendors into her personal accounts by apparently signing many of them over to herself, through a process known as "dual endorsing." The report outlines specific potential criminal violations such as fraud, embezzlement, larceny and forgery.

"After reviewing bank statements and school records, we discovered an apparent forgery scheme that funneled over \$475,000 from the School to an employee's personal bank account," stated State Auditor Tim Keller. "As a result, hundreds of kids were defrauded of funding that should be going to their education. The accountability from our investigations enables the School to get to the bottom of past financial problems so they can continue serving their diverse students well into the future."

The Risk Review found that the former Assistant Business Manager for La Promesa deposited over \$475,000 worth of checks that were made payable to various vendors into her personal bank account. Additionally, the employee deposited about \$177,000 worth of checks that were payable to her mother, who was the Executive Director at the time, and her boyfriend, who was a vendor of the School. The checks made payable to the employee's mother and boyfriend may also have been fraudulently dual endorsed. The former Executive Director was also responsible for signing all outgoing checks from the school, including the checks in question. Bank records indicate that the money was used by the former Assistant Business Manager to pay for day-to-day expenses, bills and loans.

The OSA initiated the Risk Review in May 2017 after receiving information about financial discrepancies through the office's confidential fraud hotline and from the current School leadership. The OSA is formally referring the potential fraud, embezzlement, larceny and forgery violations to federal and state law enforcement authorities.

The Risk Review follows OSA’s investigation of financial transactions in 2016 at La Promesa that led to the former Executive Director and other staff leaving the School and the Public Education Department taking control of the School’s finances. The earlier investigation is available here: https://www.saonm.org/media/uploads/La_Promesa_Charter_School.pdf

“We appreciate the current leadership at La Promesa and the Public Education Department for their initial outreach and for fully cooperating with our investigation,” said Keller. “Bringing this accountability to the financial challenges of the past gives the School a chance to keep serving the students who depend on them and restore the community’s confidence.”

The full report, including an analysis of the dual endorsed checks, is available here: https://www.saonm.org/media/uploads/La_Promesa_Risk_Review.pdf

The Office of the State Auditor helps government work better by providing transparency and accountability for government spending; informing policy choices; and tackling fraud, waste and abuse. OSA is an independently elected executive agency responsible for examining the use of public dollars in New Mexico.

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