

Gambling addictions fuel large-scale embezzlements

*Written by Andy Thompson Editor/Local Enterprise
Mar. 23*

postcrescent.com

Pathological gambling criteria

Questions about gambling behavior

1. You have often gambled longer than you had planned.
2. You have often gambled until your last dollar was gone.
3. Thoughts of gambling have caused you to lose sleep.
4. You have used your income or savings to gamble while letting bills go unpaid.
5. You have made repeated, unsuccessful attempts to stop gambling.
6. You have broken the law or considered breaking the law to finance your gambling.
7. You have borrowed money to finance your gambling.
8. You have felt depressed or suicidal because of your gambling losses.
9. You have been remorseful after gambling.
10. You have gambled to get money to meet your financial obligations.

Those who answer “yes” to any of the questions can seek assistance from a professional by calling the National Problem Gambling HelpLine Network at 800-522-4700.

Source: National Council on Problem Gambling

Before 2003, Bob Pedersen had limited knowledge about the evils of compulsive gambling.

But a shocking crime that came to light midway through that year forever changed Pedersen and the company he heads, Goodwill Industries of North Central Wisconsin.

The Menasha-based nonprofit organization’s controller was accused of embezzling more than \$500,000 to satisfy a gambling addiction. The controller, who lost the money at various casinos in Wisconsin, eventually was convicted, sentenced to five years in prison and ordered to make restitution.

“I wasn’t completely aware of the nature of intensity of what goes on with gambling addictions,” Pedersen, Goodwill’s president and chief executive officer, said last week in reflecting on the nearly 10-year-old embezzlement that rocked Goodwill. “It’s a big issue. And a lot of people are into some pretty deep water.”

Goodwill, which has recovered all but \$150,000 of the losses through insurance and partially paid restitution, was among the first high-profile gambling-related embezzlement victims in the Fox Valley.

There’s been several similar cases since Goodwill’s misfortune.

In 2011, a woman was arrested, imprisoned and ordered to pay restitution for embezzling nearly \$500,000 from the Community Blood Center in Grand Chute. The employee, a former account specialist, said she took the money to feed her gambling addiction.

Last year, charges were filed — and then dropped — against an Appleton woman who was accused of embezzling more than \$300,000 over a two-year period from Thrivent Financial for Lutherans. Prosecutors dropped the case after an agreement was reached with the company. The woman was required to pay back the misappropriated funds.

She told police she had a gambling addiction and began to steal when she could no longer keep up with bills.

Most recently, the treasurer of the Fox Valley Youth Baseball League was sentenced to two months in jail and placed on probation earlier this month for stealing \$20,000 from the organization. The defendant also blamed a gambling addiction.

Crimes, huge losses raise awareness

Pedersen is convinced that there are other embezzlements from local businesses arising from gambling losses that never make it to public view.

“My sense is it’s a genuine problem,” he said. “It’s real. There’s no question that it’s an issue and the fact that gambling is so prevalent in Wisconsin just contributes to the problem.”

In the years since the Goodwill embezzlement went public, Pedersen said he has been approached by representatives of other companies.

“They say, quietly, that ‘this has happened to us,’” he said. “A whole lot of this happens quietly and under the radar. They don’t want the public to have any sense at all that they’re vulnerable.”

Goodwill, which tightened its financial control in the wake of the embezzlement case, didn’t shy away from the negative publicity surrounding the prosecution of its former controller. Instead, the organization acknowledged the massive theft in a book titled “Betrayal,” which was distributed to many nonprofit agencies in the Fox Cities and beyond.

Pedersen said Goodwill’s openness brought awareness to the issue of compulsive gambling.

“It was useful on a number of fronts,” he said of the decision to openly address the embezzlement. “It spoke to our values and our leadership. It began the conversation (about the disastrous effects of compulsive gambling). There’s a lot more people talking about it.”

Far-reaching impact

Rose Gruber, executive director of the Wisconsin Council on Problem Gambling, said embezzlements are among the many unfortunate outcomes of out-of-control gambling.

“We hear more and more about (big embezzlement losses due to compulsive gambling),” she said. “It’s not all that uncommon, unfortunately.”

The majority of gamblers who steal from their employers are otherwise law-abiding citizens, she said. “For the most part, they have never been in trouble before.”

But once they get immersed in the lure of gambling, the losses can add up quickly.

“The more you do it, the more you need that high,” Gruber said. “It progresses as you go. It almost becomes make-believe money.”

But the money is very real to those who are touched by problem gamblers.

“Most people can put \$30 in their pocket, go to a casino and walk away when it’s gone,” said Jerry Bauerkemper, executive director of the Nebraska Council on Problem Gambling. “This population, because of an addiction (to gambling), won’t walk away. They chase losses and take bigger and bigger risks.”

Compulsive gamblers typically spend all of their money first, including cash advances from as many as 12 credit cards, and often gamble away money from friends and relatives, Bauerkemper said.

“Sometimes, they make that jump into criminal behavior and take money from a company or the government,” he said.

Cathleen Starck Wille, a counselor with The Samaritan Counseling Center of the Fox Valley, said a gambling addiction can have dire consequences.

“It can lead to embezzlement. You always hope that someone will stop or get help before they get to that point,” she

<http://www.postcrescent.com/article/20130323/APC0101/303230379/Gambling-addictions-fuel-large-scale-embezzlements>
said. “They always believe they are going to pay it back with another win.

“They just know that they can’t stop.”

— Andy Thompson: 920-993-1000, ext. 257, or athompson@postcrescent.com; on Twitter @Thompson_AW