



Department of Justice

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FORMER GERMAN TOWNSHIP FIRE DEPARTMENT TREASURER SENTENCED IN FEDERAL COURT TODAY

PRESS RELEASE

Timothy M. Morrison, United States Attorney for the Southern District of Indiana, announced that SUSAN D. WARGEL, 43, Evansville, Indiana, was sentenced to 30 months imprisonment today by U.S. District Judge Richard L. Young following her guilty plea to making or possessing a forged security of a state or political subdivision and filing a false tax return for the years 2004-2007. This case was the result of an investigation by the U.S. Secret Service, Vanderburgh Sheriff, and Internal Revenue Service, Criminal Investigation Division.

Immediately before she was sentenced WARGEL plead guilty to the offenses. In the guilty plea hearing the lead investigator testified to the following facts related to the offense:

Between July 1, 2002, and October 1, 2007, WARGEL was a volunteer fire fighter and Treasurer for the German Township Fire Department, an organization the activities of which affect interstate commerce and a political subdivision of German Township in Vanderburgh County, Indiana. WARGEL had been a volunteer fire fighter with the department since September of 1994. In 1998, WARGEL became the Treasurer for the Board of the German Township Fire Department and in 2000 WARGEL took over the bookkeeping duties for the department when the previous long time bookkeeper retired. WARGEL was hired by the department as a full time paid employee on July 1, 2004. She held a position of a fire fighter with the rank of Captain and performed the department's bookkeeping functions with a salary of approximately \$30,000 annually. In WARGEL's capacity as Treasurer, she was responsible for all day to day financial transactions, including preparing employee payrolls, paying employment taxes, paying property taxes, and paying department expenses. WARGEL was to keep the books, post invoices, balance the accounts receivables and expenditures, make deposits of funds received and was authorized to issue department checks for legitimate expenses. All checks issued were first required to be approved by the fire chief with a purchase order and then the checks were to be endorsed by at least two of three members of the Board of Directors. WARGEL was supposed to present the board monthly statements of the bank account and

business expenses, but in practice the board did not examine the statements and expenditures for accuracy. WARGEL was trusted to do the job.

On Sunday, September 30, 2007, while in the fire department office, the Fire Chief found a tax warrant in a sealed envelope in a folder on the desk of WARGEL. He subsequently called WARGEL and left a voice mail asking her to call him in order to fill him in on the tax warrant. The Chief then found multiple tax warrants in the folder and as a result notified the Board President, the Assistant Chief, and the Division Chief and asked them to report to the department immediately. Upon their arrival, the three opened the folder on the desk of Susan WARGEL and examined its contents. There were a total of 17 tax related documents in the folder reflecting tax delinquencies by the fire department. On October 2, 2007, the fire chief retrieved past bank account statements and cancelled checks stored at the fire department. The investigators began to examine the cancelled checks and discovered hundreds of forged checks written and signed by WARGEL. As the Treasurer, WARGEL was one of the persons authorized to sign checks. The second authorized signature required by Board's co-signing policy, was obviously forged on the questioned checks. The vast majority of these checks were made payable to vendors the department would not normally do business with such as credit card companies, mortgage lenders, utility companies, and car companies.

An audit conducted with the assistance of fire department personnel has resulted in the discovery of approximately 352 forged checks totaling approximately \$263,331. The checks were clearly written to pay for WARGEL's personal living expenses such as credit card, utility, automobile, insurance, and mortgage payments. The forged checks appear to have begun on July 31, 2002, and continued until September 18, 2007. A review of WARGEL's credit card statements revealed that WARGEL used fire department funds to pay for furniture, clothing, a Las Vegas vacation, and a Caribbean cruise. The approximate breakdown of loss amounts per year was:

2002: \$9,337.26
2003: \$52,905.37
2004: \$63,573.37
2005: \$47,598.52
2006: \$45,521.10
2007: \$44,800.42

On October 30, 2007, Susan WARGEL provided a voluntary statement to the investigating agents with her attorney present. In this statement WARGEL admitted that she used German Township Fire Department checks to pay her personal living expenses during the time period set forth in the Information and forged the required co-signature on the checks. WARGEL asserted that a few of the credit card payments may have been for fire department expenses that she charged on her personal credit cards. However, minimal legitimate expense were identified in the credit card records obtained during the investigation and reviewed by WARGEL during the interview. WARGEL also admitted making false entries in the check

ledger to conceal her embezzlement scheme. WARGEL also admitted that she prepared her 2003 to 2006 tax returns on her personal computer using turbo tax software. WARGEL admitted that she failed to report the funds she obtained from the forgery scheme on her tax returns. The returns were signed under penalty of perjury and filed with the IRS

An IRS CID agent reviewed WARGEL's tax returns for the years 2003 to 2006. As a part of her bookkeeping duties, WARGEL prepared her own yearly W-2 form reporting her salary from the fire department. WARGEL did not report the funds she received as a result of her scheme as gross income on her tax returns. As a result, the approximate amount of under reported total income and unpaid tax liability for the 2003 to 2006 years is as follows:

	<u>Year</u>	<u>Unreported Total Income</u>	<u>Additional Tax Liability</u>
•	2003	\$50,505	\$8,063
•	2004	\$61,173	\$13,550
•	2005	\$44,675	\$9,565
•	2006	\$43,643	\$9,200
		<u>\$199,998</u>	<u>\$40,378</u>

At the conclusion of the lead investigators testimony, WARGEL admitted that everything in the testimony was true.

Before Judge Young imposed the sentence, John Buckman, Chief of the German Township Fire Department, provided a lengthy statement on the negative impact the crime has had on the department.

According to Assistant U.S. Attorney Todd S. Shellenbarger, who prosecuted the case for the government, Judge Young also imposed 3 years supervised release following WARGEL's release from imprisonment. WARGEL was ordered to make restitution in the amount of \$263,331 to the fire department and \$40,378 to the Internal Revenue Service.

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