

Commissioners, employees testify for prosecution at embezzlement trial

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Unexplained salary increases, checks allegedly forged, unapproved travel stipends, and a personal bank statement that coincided with a county check cashed were just a few highlights of evidence presented to the jury at the Bernice McPhatter embezzlement trial.

The Rev. Tony Hunt, former Hoke county commission chairman, and Cleo Bratcher Jr., also a former county commission chairman, told the court last week that the board of commissioners never approved any travel stipends for McPhatter. In her employment contract, McPhatter was provided with a county vehicle, canceling any need for travel stipends, according to them.

McPhatter is charged with the embezzlement of \$269,000 of county funds, including more than \$20,000 in unauthorized travel stipends she allegedly received illegally.

In cross-examination of Hunt, Raeford attorney Gregory Thompson, McPhatter's defense attorney, tried to discredit Hunt's testimony. Thompson also attempted to indicate that Hoke Commissioners James Leach may have authorized McPhatter to receive travel stipends.

"Didn't you tell her (McPhatter) you would tell the truth?" Thompson said to Hunt. "That you would tell that Mr. Leach gave her permission about the travel stipends?"

"No," Hunt said. In earlier testimony, Bratcher brother of McPhatter, said to Newton: "It was understood that she (McPhatter) had a vehicle and would not have a travel stipend."

Newton said, "So you gave her (McPhatter) a car when you took away the travel stipend?"

Bratcher firmly said, Yes. I did not know she was still receiving it."

According to records, McPhatter initially received a monthly travel stipend of \$120 until she was officially appointed county manager. Hunt and Bratcher indicated they did not know McPhatter increased her travel stipend to sometimes as much as \$3,000 in one month.

Bratcher said he had no concerns prior to McPhatter's resignation in October 2000 when she formerly served as county manager and finance officer.

"I knew she could do the job," Bratcher said. "I felt she should have checks and balances. As a chairman, you have a responsibility to 'ride herd.'"

Newton said in response, "Did you ever personally check behind your sister?"

"No ma'am," Bratcher said. Bratcher recalled on October 11, 2001 when he was called to the office of Raeford CPA Frank Baker, auditor for Hoke's annual audit. County Attorney Neil Yarborough was also present. He was shown checks allegedly embezzled by McPhatter, and was told they were discovered during a routine audit.

"I saw a \$5,000 check written to Mrs. McPhatter, and I think there was one for \$7,500," Bratcher said. "The checks were drawn on the County of Hoke."

"I asked them to go to Mrs. McPhatter for her to give information on what they were."

Even though Bratcher was chairman, he said he did not want to confront his sister out of "brotherly love."

"I did not know what I would say," Bratcher said.

A perplexed Hunt said when he learned of the alleged embezzlement he was "shocked" and so was Leach. He said he noticed in examining the \$5,000 check that the signature of the commissioner (Leach) that accompanied her signature did not look like his signature.

"It appeared to be an off-line check," Hunt said. "It did not appear to have been run through a machine."

"That would mean the check was produced in another way," he said.

"I knew we paid her every two weeks, and I knew there was no way it was a pay check. I could not imagine what we would have to reimburse someone for that amount."

Hunt said several days later, after she resigned, he went to see McPhatter at her home to seek answers. She was not there. Her husband, Malcom McPhatter, invited Hunt to look at one of the couple's bank statements.

"I was shocked," Hunt said. "I saw a deposit amount for \$5,000."

After testifying last week, Hunt said yesterday out of court that he never spoke to McPhatter once she resigned. After he saw her bank statement allegedly coincided with the check she allegedly wrote of county funds, he could not face her.

"I had wanted to believe she did not do it," Hunt said yesterday. "I was trying to give her the benefit of the doubt."

Employees testify

Former county finance employee, Sabrina Bauld, who returned from Kansas to testify for the prosecution, and Hoke finance technician Allison Walter testified how they found the check for \$5,000. Bauld said she and Shirley Rush, then Hoke's finance director, initially discovered a check missing during the audit and uncovered the \$5,000 check.

"Mrs. Rush found the discrepancy in one of the checks from the bank statements," Bauld said. "I could not find it. Mrs. Rush went downstairs and pulled out the original check."

"It was a handwritten check. The signature of the chairman was not normal."

Bauld said she made copies for Rush and Walters and put the originals back. Because Bauld was a less experienced employee, she wanted them to retain copies, she said. The check was deposited into the county's account.

"I brought it (McPhatter's check) to Allison's attention of the \$5,000," Bauld said.

Walters apparently notified finance auditor Scott Edwards, who was assisting in the audit for Frank Baker CPA. Edwards contacted Baker about the alleged discrepancy and subsequent bank deposit of McPhatter's check.

During testimony, Walters told the court she was familiar with the signature of McPhatter, verifying on some of the checks entered into evidence that they appeared to be the signature of McPhatter.

Newton asked Walters why she told Edwards about the check.

"I was afraid if I did not it would never be told," Walters said.

In cross-examination of Bauld, Thompson, questioned if the signature machine could be manipulated, or if someone else had access to the bank vault to obtain signature stamps. However, in testimony on Monday, Newton demonstrated that the county checks allegedly written by McPhatter to herself were deposited into her personal accounts.

Rush was indicted in August 2002 for accessory after the fact in connection with the embezzlement because she allegedly accepted a check from

McPhatter to replace the county check. She is still waiting for a trial date on the charge.

Linda Revels, clerk to the board of commissioners and former assistant to McPhatter, testified last week. She told the court she expressed doubts to McPhatter when she planned to promote Rush from assistant finance officer to finance director. Revels said she socialized with McPhatter and also worked professionally with her.

"I told Mrs. McPhatter, in my opinion, that Mrs. Rush was not qualified to be finance director," Revels said. "I told her that I agreed with (Commissioner Charles) Daniels that applications should be taken for the job and the best applicant should get it."

"Mrs. McPhatter said she thought Mrs. Rush could do the job." Revels said she noticed after Rush took over as finance director that McPhatter continued to do "a lot" of the finance work.

"I did have a conversation with Mrs. McPhatter," Revels said. "I told her I was concerned about her doing a lot of financial work, and that she should be running the day-to-day operation."

"Mrs. McPhatter said she was trying to help Mrs. Rush get caught up."

Walters also told the court of increasing amounts on travel stipends McPhatter received from January 1999 to October 2001. Some stipends

jumped from \$500 to \$1,500 up to \$3,000. At one point, McPhatter appeared to be receiving travel expenses bi-monthly and sometimes even several months in advance, Walters told the court.

"I went into Mrs. McPhatter's file to try to backtrack to see what moneys she had been paid for, but it was confusing," she said.

Never asked

Walters said she never asked McPhatter about the discrepancies because she was "her boss." She said Miriam Bratcher, Hoke payroll technician, allegedly signed some of the requests for McPhatter's monthly stipends. Miriam Bratcher is married to the cousin of McPhatter, according to Cleo Bratcher Jr.

Edwards, now employed as Hoke's finance director, said after the \$5,000 check was found that he went through county records and found "additional" checks written to McPhatter that were "questionable." Edwards said the signature of McPhatter appeared to be "legitimate," but the signature of Leach appeared to be "forged."

In further testimony, Hoke Human Resources Director Jean Wade told the court of change orders for McPhatter's salary that appeared to have gaps, or change orders missing.

In October 1995, McPhatter, who served as deputy finance officer to the finance director, received a raise from



Hoke finance technician Allison Walters (left) and Sabrina Bauld, former county finance employee, wait their turn to testify.

\$25,524 to \$29,115. Then in a change order in April 1996, McPhatter's salary was increased to \$32,099, but the next change order dated October 1997 signified McPhatter was already receiving \$40,592 in salary. This was an unexplained jump of \$8,000. In the same change order, McPhatter's salary was subsequently increased to \$41,607. At the time McPhatter resigned in October 2001, her salary had risen to \$80,483, according to Wade.

The trial is anticipated to end likely by Tuesday, depending on the length time and number of witnesses the defense will call.

McPhatter trial (Continued from page 1A)

and subsequently deposited them into her savings and checking accounts.

Jurors leaned forward intently when Newton discussed a separate transaction of \$25,155, a check allegedly written by McPhatter in December 1999.

"Were you able to trace any of the stolen \$25,000?" Newton asked Pinkston as defense attorney Gregory Thompson objected to the question.

"Yes," Pinkston replied. Unraveling the money allegedly spent or invested by McPhatter, Pinkston said \$10,000 of the proceeds was used to make a down payment on a Ford Expedition at the Auto Store in June 2000. A portion of the proceeds was also to purchase a certificate of deposit at her bank for \$5,000.

Prosecutors alleged that after McPhatter deposited a county check of \$3,032 into her bank account in January 1999, she also purchased a Chevrolet van from Reed-Lallier Chevrolet in Fayetteville. She wrote the auto dealership a check for \$3,000 for a down payment — funds directly linked to county moneys, Pinkston alleged.

Other witnesses were questioned by Newton, including Patty Williams, branch operations specialist for BB&T; Margaret Crumpler, Centura Bank's manager; and Amy Viverette, Centura Bank operations specialist.

At one point, Williams had so many checks to verify of McPhatter's that she held up checks in both hands in the witness box. She revealed a pattern of county checks deposited by McPhatter as far back as 1995 before United Carolina Bank merged with BB&T. She confirmed the checks of county funds allegedly embezzled were deposited into joint bank accounts maintained by McPhatter and her husband, Malcom McPhatter.

Seldom looking at the jury or judge, a downcast McPhatter took notes of the trial proceedings, displaying no emotion. She only glanced over her shoulder to peer at the large projection screen where Newton and the jury reviewed the alleged illegal checks.

Newton inquired of Pinkston as



McPhatter greets some supporters at her trial in Cumberland County.

check after check was shown, "Did you note anything unusual in regards to this particular check?"

Pinkston continued answering, "Yes."

She told Newton how the original county checks for which McPhatter was designated as payee — most discovered in the county's storeroom — did not match up to the payees found on county trial-balance checks or carbons of the checks retained in financial records. On at least seven checks, Pinkston said, SBI handwriting experts determined the signatures of other county officials as the second required signature were forgeries.

Hoke finance employees were apparently not aware of any financial misdealings that may have been committed by McPhatter. The county's copies of checks indicated payouts to numerous vendors such as the North Carolina Association of County Commissioners, Pitney-Bowes office machines, Raeford CPA Frank Baker, who audits the county financial records annually. Pinkston said all of the vendors confirmed they never re-

ceived the payments of those county checks. Instead, McPhatter endorsed them to herself and deposited them into her bank accounts — sometimes taking out cash from the transactions, Pinkston said.

Accused with crimes committed as a public officer between 1994 and October 2001, McPhatter is charged with felony offenses that include four counts of embezzlement. She is accused of stealing more than \$269,000, encompassing travel stipends and county funds. McPhatter, 47, is also charged with 64 counts of forgery and uttering of county checks between July 1994 and November 2000.

She served dual roles as county manager and finance director — a practice auditors say contributed to any malfeasance.

During the trial on Monday, Thompson occasionally raised objections to some testimony. As the afternoon testimony continued, he took detailed notes and frequently approached the bench with Newton to confer with Superior Court Judge Jack Thompson.

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