

## Lessons learned from alleged theft of \$53 million

By Jim Nowlan

They simply trusted her. Even after Rita Crundwell bought the \$2.1 million motor home. Even after her herd of fine quarter horses grew to more than 300 animals. Even after she bought semi-trailers worth hundreds of thousands of dollars. All in her role as the \$80,000-a-year comptroller and treasurer of Dixon, Illinois.

The well-liked Crundwell, 59, has allegedly stolen \$53 million over 20 years from her home town of Dixon, from a city budget that annually has never reached \$10 million.

I was in Dixon the other day for another purpose, yet I had time to nose around a bit for a possible column, though folks I talked with at Books on 1<sup>st</sup> Street and a barbershop were a little reluctant to talk for the record.

There are lessons for all governments in the charges leveled by the U.S. Attorney's Office for the Northern District of Illinois. First, a little background.

Rita Humphrey graduated from Dixon High in 1971. She made the National Honor Society her senior year (one of 19 in a class of 331), was elected senior attendant in the 1970 homecoming court, and served as president of the Office Occupations Club. In high school, Rita interned with the Dixon city government and stayed on after graduation.

By 1984 she was selected by the city commissioners to become Dixon's comptroller and treasurer.

Rita married a man named Crundwell and lived modestly throughout the 1980s. They divorced in 1986; no children. By the 1990s her participation in the quarter horse world accelerated.

In 1990, Rita Crundwell also created a secret city account into which she allegedly began transferring city receipts, spending from the account to support her rapid rise up the rungs of the national quarter horse world.

The attractive Crundwell became the best in the American Quarter Horse Association, by 2011 having won “best owner and exhibitor” eight years in a row.

All that takes big money in a past-time known notoriously as a money pit. Horses are expensive. A horseman I know estimates that a fine equine specimen costs around \$300 a month to feed, bed, see a veterinarian. That means more than a million dollars a year just for the upkeep of her 311 horses, not counting labor.

To feed her ever more expensive habit, which included frequent wining and dining of fellow quarter horse aficionados in her Florida vacation home, and apparently \$300,000-plus in jewelry paid for by the city, Rita’s rate of theft apparently increased. She is alleged to have stolen \$3 million from the city in just the six months prior to this March 31.

While Rita was away on vacation last year, city clerk Kathe Swanson filled in for her and discovered the secret account. She and Mayor James Burke took the evidence to the FBI, and kept their secret for six months while the FBI investigated—and Rita continued her thievery.

Dixon is a picture post-card city of 16,000 nestled along both sides of the broad Rock River in northern Illinois. A statue of favorite son Ronald Reagan graces one side

of the river walk and that of A. Lincoln the other. Townsfolk fish beneath the Ronald Reagan Bridge, just a stone's throw from downtown Dixon.

The citizens of Dixon seem angered and embarrassed, worried maybe that their fine community will be mocked for being led by rubes who can't notice \$53 million missing dollars. And fingers are being pointed.

The city manager of neighboring Sterling said he noticed negative fund balances in Dixon and raised red flags with unnamed Dixon officials. Outside accountants are admonishing the city's auditors for not calling for a listing of city bank accounts.

[This isn't the first such major embezzlement in Illinois. In 1959, state auditor of public accounts Orville Hodge stole \$1.5 million from state accounts; he spent eight years in the hoosegow for the privilege. Similar to Crundwell, he was at the time responsible for both the pre-audit and the post-audit.]

What to do? Dixon has already instituted some redundancy in its financial system, requiring more than a single signature on checks, for example.

Now it needs to shed the commission form of government and replace it with the more professional council-manager form. In a commission government, five commissioners are elected to be both the executive and the legislative branches of city government. Each commissioner is given a portfolio to manage, such as finance, public works, and public safety.

Unfortunately, most elected commissioners are amateurs when it comes to their portfolios. As illustration, the previous finance commissioner for Dixon in 2011 praised Crundwell in his departure speech for watching vigilantly over every dollar of the taxpayers' money.

As Dixon's own Ronald Reagan said so famously, "Trust, but verify."