



Protecting Your DMO

Case Studies from the Headlines



Headline News for all the Wrong Reasons



Valley Forge

Ex-Valley Forge Finance Chief Arrested

Embezzled more than \$775,000 over an eight-year period, He allegedly wrote 300 unauthorized checks to himself, using the money to pay child and spousal support and college tuition.

**Former Valley Forge finance director
Barnes headed to jail**



What can we learn?

What did he do?

Blatantly wrote himself checks which he signed.

A

Don't allow anyone who can print checks to also be a signer on the account.

B

Require two signatures on all checks or, at a minimum, those exceeding a certain threshold.



**Former CVB director accused of
setting up phantom accounts
Rahm charged with theft,
embezzlement, credit card fraud (68-
month sentence)**



**Former CVB director
pleads guilty to 7 counts of
theft**



What can we learn?

What did he do?

Set up phantom/fake vendor accounts and took the checks.

A

Require invoices and documentation for all payments.

B

Have an approved vendor list. Ask questions about vendors that are unfamiliar (great task for a treasurer) and research to ensure that vendors are legit.

C

See Tip 2



Convention Visitors Bureau Director charged in credit card fraud case



What can we learn?

What did she do?

Used the company credit card for personal expenses.

A

Don't use company credit cards; require employees to use their own and file for reimbursement.

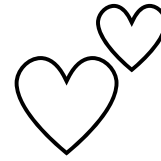
B

Ensure that credit card receipts are required and reviewed (board officer should always approve the CEO's expense report).



Northern Kentucky

**Police: Romance scam at heart of \$4 million
Northern Kentucky public money theft case**



**NKY visitors bureau official charged with theft, accused
of sending \$3.8M in vendor checks**

**Long-time finance director, Bridget
Johnson pleaded guilty to stealing \$4
million....15-year prison sentence.**



What can we learn?

What did she do?

Electronic funds transfers and then altered bank statements to make them look like legitimate transactions.

A

Open or electronically pull your own bank statements with images of checks.

B

Require two authorizations for any electronic funds transfer.



Visit Dallas

**After 'scathing audit,'
VisitDallas will visit city
officials who are demanding
answers**



VisitDallas CEO Phillip Jones is an avid cyclist and triathlete.
Jonathan Zizzo

POLITICS & GOVERNMENT

VisitDallas Audit Reveals a Well-Run Trough for Piggish Top Executives

It's time for some serious change.



CFO by design

What can we learn?

What happened?

Did not segregate public and private funds (as required by State law).
Loaned the CEO large amounts of money.
Hired a marketing guy to run finances.
Did not follow expense policies.

A

Know your contract and your statutes.
Understand nonprofit governance.

B

Hire experience for the position.

C

Don't become entitled and complacent.



Cedar Rapids

NEWBO EVOLVE

'Newbo evolve' debts shut down GO Cedar Rapids

Bank and vendors jilted as city takes over marketing

Newbo evolve loses \$2.3M, director fired



Dothan tourism official a criminal
'leader,' should pay \$1.4 million for
concert fraud, feds say

Dothan tourism leader ordered to prison, resigns



CFO by design

What can we learn?

What did he do?

Defrauded a bank to get a loan – pled guilty to this charge.

Made bad financial decisions to even start the festival.

Got hired by Visit Dothan.

A

Be creative in marketing but conservative financially – don't risk more than you can afford to lose.

B

Admit when you're in over your head... don't keep digging.

C

Board governance is important – understand and ask questions about programs. Don't hire someone under indictment.



Las Vegas

**LVCVA misuse of airline gift cards
widens**



**Charged with felonies,
tourism boss gets
'sweetheart' deal**

**LVCVA spends millions to wine
and dine but some question
spending**



What can we learn?

What did they do?

Used Southwest Gift Cards for personal, versus business, travel.
Disguised the purchase of the gift cards as marketing.
Opened up audits into all financial activity.

A

Don't take liberties with our hospitality industry.

B

If you use gift cards legitimately, inventory and track them.

C

Don't assume you're owed anything.





High Risk



Areas of
High
Risk/Limited
Knowledge

Financial
Exposure

Human
Resources

Board
Governance

Community
Alignment



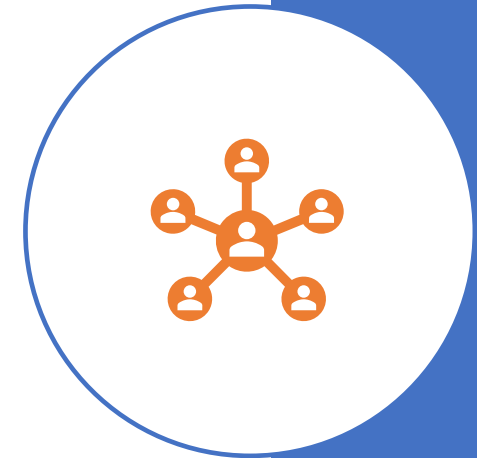
Financial Exposure

- Private versus Public Funds
- Electronic payments
- Board officer approval of CEO expense reports
- Insufficient policies
- Do you understand how to read financial statements?
 - Balance Sheet
 - Statement of Activities



Human Resources

- Compliance with local, state, and federal laws...highly regulated, steep penalties
- Personnel files – how to build and store
- Performance Reviews
- Compensation Policies and Surveys
- Employee Relations



Board Governance

- Compliance with bylaws
- Keep the board in their lane
- Manage meetings to facilitate discussion
- Document decisions appropriately
- Board composition and size
- Board engagement



Community Alignment



Local Media Relationships



Reciprocal Board seats



Relationships should be wide and deep




Don't limit relationships to the CEO



Talk to your elected officials outside of budget season





Q & A

Thank You!

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To learn more about us and
our services:
www.cfobydesigntx.com

