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Woman embezzles \$600,000 from West Hartford practice

By CHRISTIAN NOLAN

Karen Davis-Jennings's oldest son will go off to college in the fall and her other son will start high school. The boys say they need their mother around, calling her the "backbone" of the family.

But the paralegal will miss both of those big moments in her sons' lives after a federal judge sentenced her to 16 months in prison for embezzling more than \$600,000 from the West Hartford law firm where she worked.

With the current struggling economy, a Connecticut embezzlement expert claims similar schemes are popping up throughout the country.

Stephen Pedneault, principal of Forensic Accounting Services in Glastonbury, says lawyers need to take precautions that are as simple as opening and reviewing their monthly bank statements to avoid being the victims of embezzlement.

"[Attorneys] should be practicing law but at the same time need to be fiscally responsible for their finances," Pedneault said.

Davis-Jennings, 44, was a paralegal and bookkeeper for the Law Offices of Jefferson D. Jelly from 1997 until May 2005. The law firm is a sole proprietorship, Jelly as principal, and has employed up to five attorneys. Jelly did not return calls for this article.

Davis-Jennings worked primarily on personal injury cases, handled financial books and was in charge of payroll and paying bills. Jelly even asked her to handle some of his personal finances, namely expenses related to his mother, who suffered from dementia and lived in an assisted living facility.

According to court records, Davis-Jennings, who resides in Bloomfield with her husband and two sons, began gambling regularly in 1998 at Mohegan Sun casino. Her lawyer, A. Ryan McGuigan, said she became addicted. In a seven-year span, she lost \$150,873 at the casino, authorities said.

Well into debt, Davis-Jennings began writing checks from the law office's checking account, over which she was given signatory authority, to cover mortgage and personal credit card bills totaling \$265,118. She also used a debit card that had been issued in the names of Jelly and his mother to cover personal bills totaling \$243,383.

She also forged Jelly's mother's signature on \$82,385 worth of checks. Lastly, when doing payroll, Davis-Jennings falsely represented that she worked overtime and collected an extra \$96,788.

Because of all the fraud, she filed false tax returns for 2001 through 2004. The tax loss to the government for that period was \$142,259.

Letters Of Support

Eighteen letters were submitted to U.S. District Judge Christopher F. Droney in support of her character and asking for no jail time. Still, Droney sentenced her earlier this month to 16 months in prison, followed by two years of supervised release. She also must pay \$500 a month in restitution.

McGuigan said she could have gotten more than three years in prison. He noted that he's never seen a more "forgiving, gracious, understanding" victim than Jelly.

Clearly, he's not the only victim of this sort of theft. "It's coming up a lot these days," Pedneault said of law firm embezzlement, "especially the last year to year-and-a-half."

Pedneault, who is investigating an embezzlement case at another Connecticut law firm, said lawyers need to take precautions. "The owner of the law firm should open all bank statements and review the cancelled checks," Pedneault advised. "Go online and monitor bank activities."

Only the attorneys owning the firm should have authority to sign checks. Bookkeepers should not have signature stamps. "If Davis-Jennings couldn't sign checks, she couldn't do what she did," Pedneault said.

Tammy Hailey, executive director for NALP, the Association for Legal Career Professionals, agreed that lawyers are better off handling finances themselves. She said lawyers also should not ask paralegals or other assistants to handle finances if that's really not in their expertise. Lawyers also need to watch ethical boundaries, said Hailey, referring to Davis-Jennings's handling of her boss's mother's finances.

Lastly, Pedneault recommends that lawyers get better employee dishonesty insurance policies. He said most firms that call him to report suspected employee financial malfeasance lack proper insurance coverage. He recommends policies of at least \$50,000 to \$100,000. •



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Stephen Pedneault, principal of Forensic Accounting Services in Glastonbury, said lawyers who run small firms should check their bank statements and carry ample employee dishonesty insurance.

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