A Report by the Fraud Investigation Committee of the Social Justice Cooperative of Newfoundland and Labrador on the Theft of Funds by a Former Treasurer.

Background

On March 6, 2023, the membership of the Social Justice Cooperative of Newfoundland and Labrador (SJCNL) received an email titled "IMPORTANT: SJCNL Reports Theft to Membership". The e-mail opened by reporting that: "On February 13th, 2023, the Social Justice Co-operative of Newfoundland and Labrador's (SJCNL) Board of Directors became aware that a Board Member, who has since formally resigned, misappropriated collective funds." This began a

process for members, donors and community partners to discuss and decide on the courses of action to take in response to this theft.

In the weeks following this announcement to the membership, there were a series of meetings on the matter. At a Special Membership Meeting on May 2, 2023, motions were passed to form three committees, each with their own terms of reference:

- **The Financial Oversight Committee.** Terms of reference:
    - Develop a financial oversight policy that will be presented at SMM.
    - Maintain financial oversight based on policy.
- **The Transformative Justice Committee.**
    - To meet with the individual and develop and deliver a restitution plan.
    - To propose ways to support a culture of accountability
- **The Fraud Investigation Committee.** Terms of reference:
    - Review bookkeeping, get exact figures for funds owed by the individual (including going through her receipts) and funds held in trust.
    - Write an incident report

The purpose of this document is to deliver on the objectives of the Fraud Investigation Committee.

The objectives of this document

Once established, the Fraud Investigation Committee set more precise objectives of the incident report. This report aims to provide our members, donors and community partners with transparent, well researched and satisfactory answers to four questions.

First, ***exactly how much was stolen?*** Answering this question also meets the requirement of the first bullet point in the terms of reference for the Fraud Investigation Committee. The answers provided here are an *almost* complete fulfilment of that term. This can only be said to be "almost" complete because of the stipulation that the bookkeeping review include going through the receipts of the individual who stole the funds. This will be dependent on cooperation of said individual, which depends on the ongoing work of the Transformative Justice Committee. With that said, as will be shown later in this report, the thoroughness of the bookkeeping review that was completed should be satisfactory for the readers of this report.

Secondly, ***what actions and events directly caused the theft?*** That is, what actions were taken by the former treasurer to commit the theft and what actions were taken to avoid detection? Furthermore, on what timeline did these actions occur?

Thirdly, ***how was the theft able to happen; why was the board unable to prevent it?*** This document aims to give satisfactory insight into the actions, inaction and events of the SJCNL's board that made it possible for the theft to occur over almost 2.5 years without being detected.

Fourth and finally, ***what behaviours, practices, cultures, or organizational issues made the theft more likely to occur or harder to prevent?*** The actions, inaction, and events that made it more likely for the theft to occur, and less likely for the theft to be prevented, were not inevitable. Accordingly, this report aims to give some understanding of the deeper causes that gave rise to conditions that enabled the theft and weakened the board's collective capacity to detect and prevent it.

Beyond answering those questions, this document also provides some reflections and suggestions on improvements that the SJCNL board can make going forward to prevent future incidents.

Those who attended the Special Membership Meetings in 2023 may remember an initial, cursory, incident report presented at that time. This current report goes into much more depth and detail. Also, much of the contents of this report was presented at the 2024 SJCNL AGM. The details and conclusions of this report are the same as was given in that presentation, but this is the first time they are presented in document format, and they are presented with more structure than they were during that presentation.

How the research was conducted

This report is based on four sets of research.

First, the “bookkeeping review” was conducted by a thorough review of every SJC bank statement from a year before the theft started, until two months after it had been stopped. The bank statements were used to reconstruct a comprehensive ledger of income items and expense items over this time. This ledger was then used to reconstruct month-by-month income and expense summaries. Where possible, the information in bank statements was cross-referenced with notes on expenditures in meeting minutes and/or emails, such that income and expense items could be broadly categorized. This allowed for a breakdown of how much was stolen each month, alongside a breakdown of authorized expenses into broad categories. These numbers were then aggregated to give total estimates of probable theft vs. other expenses.

Next, all treasurer’s reports that were presented at AGMs or to the board in between AGMs, were collected and reviewed. The sufficiency of each report to its purpose was noted. The differences between each report and the actual state of the finances at the time that the report was given was calculated and noted. From this was constructed a table that provides a month by month summary of the completeness and accuracy of the treasurer’s reports. In addition, screenshots were taken of the actual treasurer’s reports and then marked up to help communicate their falsifications.

Thirdly, a review/analysis of all meeting minutes of the board, and many board emails, was conducted. This covered the time from a year before the theft started up to when it stopped. Information was drawn from these to help answer questions of how the theft occurred and how it was not detected and prevented.

Finally, interviews were conducted with 9 board members who were on the board for some of the time while the theft was occurring, or immediately before it started. These interviews provided two types of information. First, they give first hand accounts (from memory) of specific actions, inactions or events that most directly contributed to the theft and/or the failure to detect and prevent it. Second, they provide reflections and interpretations on the behaviours, practices, cultures, or organizational issues which may have made the theft more likely to occur or harder to prevent. Information across interviews was analyzed and summarized for this report.

Summary of Findings

A basic summary of what happened: from November 2020 to February 2023, the SJC treasurer stole funds from the SJC. They acted alone in this, but the board could have prevented it if certain processes and practices had been followed.

The best current estimate for the total amount stolen (i.e. transferred without authorization) is **$68,772.42**. During this period, over $126,000.00 in funds were raised, so operations of the SJCNL - including paying staff, funding community events, supporting community partners and covering operational costs - were able to continue throughout this period despite the theft. More detail on the finances over this period of time can be seen in the below table:

	Nov '20 - Feb '23 Totals
Income	
Donations	101556.2
Grants And Partnerships	14989.41
Interest	68.49
Event Income	5415.35
Uncategorized Income	6322.6
TOTAL	128352.05
Expenses	
Probable Theft	68,772.42
Staff Payroll	53013.77
Operations	2609.76
Other Authorized Expenses	27,118.68
Bank fees	1495.26
TOTAL	153,009.89
NET Income	-24,657.84
Starting Cash In Bank	25,163.46
Ending Cash In Bank	505.62

How the treasurer committed the theft:

- The treasurer was appointed control of online banking by November 2020.
- Theft started immediately at that time.
- The theft was conducted by doing electronic transfer from the SJC to the treasurer's personal bank account
- Money was stolen every month from then until (and including) February 2023
- Financial reporting over this time was inconsistent, and every financial report presented at an SJCNL board meeting or at an AGM was falsified
- The treasurer actively avoided having an annual financial audit completed

How and why was it not prevented:

- Only the treasurer had access to online banking, and as such there were not two approvals needed for online transactions. The transition to this approach to banking, away from purely offline banking, happened before the treasurer who committed the theft became treasurer. This transition was deemed important for operational reasons but was done in a rush. Board members intended to correct it and add more than one individual to the account. However, the pressures and distractions of Covid, combined with trust in a longstanding treasurer who was an advocate for responsible practices, likely diminished the urgency and importance of correcting the absence of second approvals. This was followed by board turnover and the appointment of the treasurer that committed the theft, and this further diluted the priority and focus of correcting the banking situation.
- As an active and important contributor to the organization, the treasurer was well trusted. The treasurer also was an internal advocate for responsible practices, including financial responsibility. As such, they were highly trusted by other board members, and so the financial reports they did present were also highly trusted.
- The first annual audit that was to occur under the treasurer that committed the theft should have happened in 2021. The treasurer did not complete it by the 2021 AGM. As the completion of annual financial audits was not a consistent practice from 2013-2020, not many board members were advocating for it. One board member that advocated for annual audits subsequently stepped down from the board in 2021.

Across all of the above issues, there were some board members aware of a need for improved practices and higher scrutiny. However, creating these improvements within the board were made difficult by a combination of multiple factors, including: interpersonal tensions, lack of experience and lack of training, a focus on non-administrative activist work, conflict aversion between board members, and a large amount of work relative to board capacity.

A note on the board's response to the theft: The co-chairs took control of the bank accounts shortly after discovering the theft. No funds were stolen between the time the theft was discovered and when the co-chairs took control of the bank account. Critical measures to prevent any future event were immediately put in place.

Since that time, the board has followed best practices for protecting and reporting on funds. For more on that, see Appendix A.

How much was stolen?

As was shared in the “Summary of Findings” section, the breakdown of total income and expenses from November 2020 to February 2023 is shown in the below table:

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Income	
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The “Starting Cash In Bank” in the above table is the total amount that was in the SJCNL bank accounts on November 1, 2020. The “Ending Cash In Bank” is the total amount that was in the SJCNL bank accounts on February 28, 2023.

Here is an explanation/definition of each of the above categories of income:

- “Donations” is any income that was received through the SJCNL’s online fundraising tools, as well as donations sent to the SJCNL via electronic transfer
- “Grants And Partnerships” is income that was received from another organization, as either a cheque or electronic transfer, as part of a specific grant we had been awarded or project/event we were partnering on.
- “Interest” is bank interest earned on the money we had held in our accounts
- “Event Income” refers to income received at events through “point of sale” apps (e.g. Square) or has hard cash that was later deposited
- “Uncategorized Income” was income received through electronic transfer, but for which we currently have insufficient information on its source or purpose

Here is an explanation/definition of each of the above categories of expenses:

- “Probable Theft” are electronic transfers from the SJCNL accounts to the former treasurer
- “Staff Payroll” includes paying salary to staff and contractors, and associated fees and taxes for making these payments
- “Operations” includes operational expenses related to our online financial services, as well as health insurance costs for staff
- “Other Authorized Expenses” are made up of all expenses related to events, projects, campaigns, political actions and supporting community members
- “Bank fees” include the monthly fees and service charges paid to the SJCNL’s bank (NLCU)

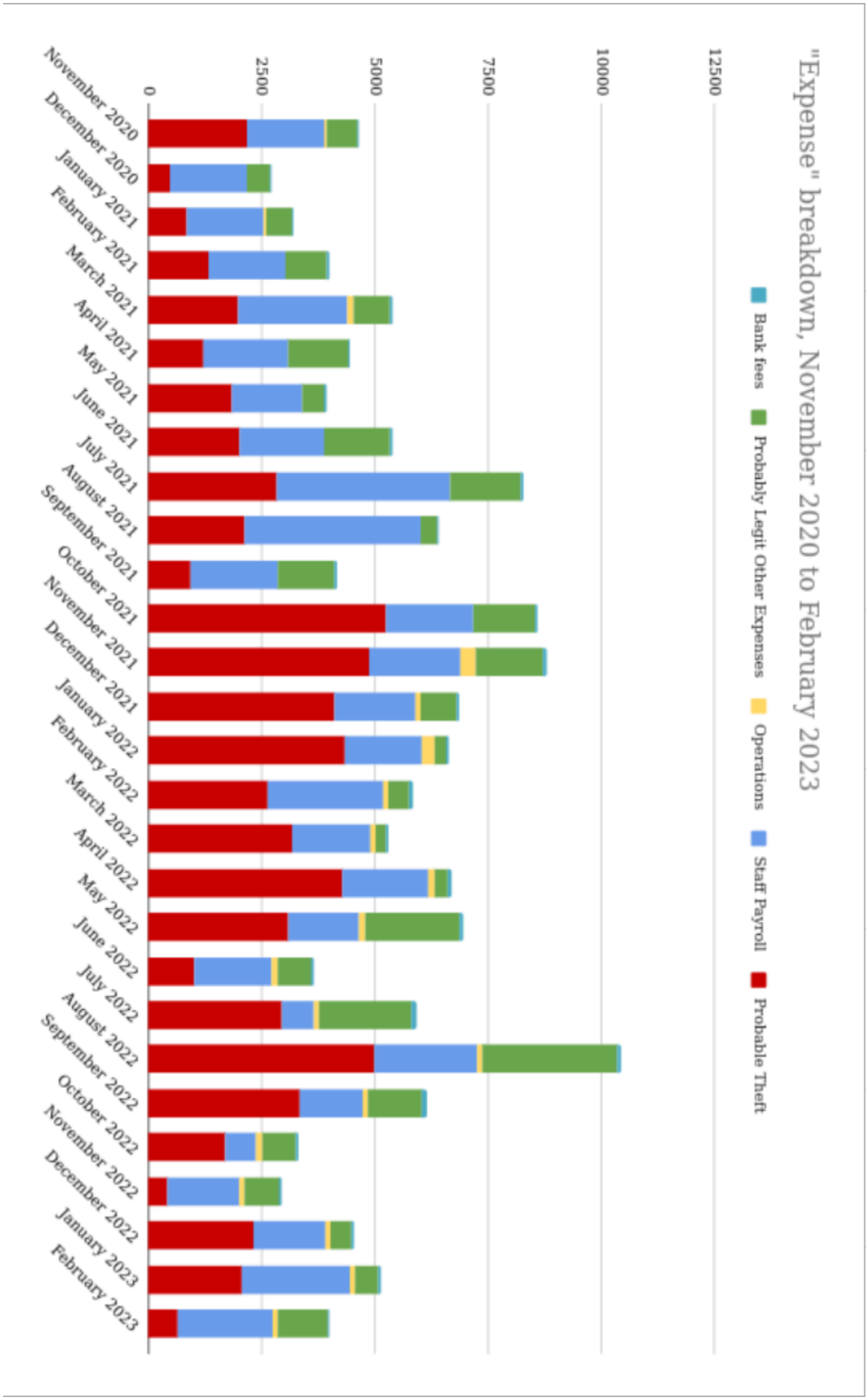
The “Probable Theft” item requires a bit more explanation:

- Over the course of Nov 2020 - Feb 2023, the treasurer sent 458 electronic transfers to themselves, totalling **$68,925.88**
- We have records of authorization for 2 of those 458 electronic transfers. The total of these two is **$153.46**
- Subtracting the authorized from the overall total gives us **$68,772.42**
- **$68,772.42 is the amount that was stolen**, i.e. transferred by the treasurer to themselves without authorization.
- Over this time period, there were also 13 transactions totalling **$1,458.25** transferred from the treasurer back to the SJCNL bank account. We do not have record of the purpose of these transactions, but these funds are no longer owed to the SJCNL
- So the upper limit of the funds owed by the individual is **$67,314.17**. The actual amount owed may be lower. The treasurer was active in many projects, actions and events outside of their role as treasurer, and past board members confirmed that they did incur some expenses that deserved to be reimbursed. However, until the treasurer is able to provide receipts or other records, we have to assume the **$67,314.17** number.

Some other facts of note:

- As can be calculated from the above table, there were $84,237.47 in expenses that were legitimate and necessary for SJCNL’s operations and activities. So the stolen money accounted for approximately 44% of “expenses” from Nov ‘20 - Feb ‘23.
- The minimum amount stolen in any given month was $420.00. The maximum stolen in a month was $5,229.97

A visualization of the month by month breakdown of “expenses” (including thefts) is shown in the chart on the following page.


"Expense" breakdown, November 2020 to February 2023
Bank fees
Probably Legit Other Expenses
Operations
Staff Payroll
Probable Theft
0
2500
5000
7500
10000
12500
November 2020
December 2020
January 2021
February 2021
March 2021
April 2021
May 2021
June 2021
July 2021
August 2021
September 2021
October 2021
November 2021
December 2021
January 2022
February 2022
March 2022
April 2022
May 2022
June 2022
July 2022
August 2022
September 2022
October 2022
November 2022
December 2022
January 2023
February 2023

What actions and events directly caused the theft?

Here we want to bring light to not just the actions taken by the former treasurer to commit the theft, but also the actions taken to deceive the board and avoid the theft being detected by others. There are three topics that will be covered in this section:

- Electronic banking and transfers
- Falsified financial reports
- The avoidance of an annual financial audit

Electronic banking and transfers

As is noted in the previous section, the direct mechanism by which the treasurer committed the theft was via electronic transfer through the SJCNL online bank account. As mentioned, there were a total of 456 illegitimate transfers - ranging from $5.00 to $1,000.00 - from the SJCNL's accounts to the treasurer's personal account. During this time, the treasurer was the only board member with access to online banking, and so was able to conduct each online transfer without anyone else knowing. How and why this was possible will be covered in the "How was the theft able to happen; why was the board unable to prevent it?" section.

Falsified financial reports

The general expectation that the board had of the SJCNL treasurer was that there would be a treasurer's report at each meeting of the SJCNL board, and at the annual AGM. This expectation was true of past treasurers who held the role prior to the theft, and was true during the time of the theft. However, it was not a strongly held expectation and there was no substantial action to hold treasurers accountable to it. That will be explored more in the ""How was the theft able to happen?" section. For now, it provides basic explanatory context for the following facts about the occurrence of treasurers reports during the time of the theft:

- The treasurer who stole the funds was in the role for 28 months.
- There were board meetings in 27 of those months.
- There was some form of treasurer's report given in only 17 different months. There were 10 months without a treasurer's report.
- In 4 of those 17 months, there was only a verbal report provided. In only 13 months was some form of written report provided
- In 4 of those 13 months, the written report was incomplete. In a couple of cases, missing either balance statements or income/expense statements, and in a couple cases containing only an update on changes in monthly donor amounts.
- So there were only 9 months where a full report was given to the board.

- There were also treasurer's reports and financial statements presented at the June 2021 AGM and the June 2022 AGM

Significantly, the numbers in every single written report, whether complete or incomplete, were incorrect. That is, the numbers in those reports were not accurate of the actual state of the finances. When expenses were reported, the theft amounts were not included. Accordingly, income and balance numbers were different from the actual as to hide the fact that there were unauthorized expenses. Given the consistent occurrence of these inaccuracies, and how they were consistently inaccurate in a way that did misrepresent the total debits/expenses, we can only conclude that they were intentionally falsified to hide the theft.

Below we share screenshots of examples of falsified reports. The red text was added by the Fraud Investigation Committee for the purpose of this report, and not present at the time these were presented. The red text indicates the actual numbers at the time of the report, as determined by the previously discussed bookkeeping review and ledger reconstruction. The black/white crossed out text are the falsified numbers that were in these documents at the time they were presented.

Case #1: December 2020

This was the first "report" presented by the treasurer to the board. It is very limited and incomplete. What information is present is inaccurate. Revenue was overreported by ~$175, but more notably, $467 of authorized expenses were not reported, and ~$1900 in stolen funds was not reported.

Case #2: February 2021

Social Justice Co-op					
Monthly Financial Report					
Month ending: February 28, 2021					
Income		**Actual**			
Monthly Donations		$	1,335		
One Time Donations		$	-		
Paypal		$	30		
GND		$	-		
Trivia		$	-		
Other:		$	-		
	Total Income	**$**	**~~1,365~~**	**$ 1,462**	
Expenses		**Actual**			
Staff Salary		$	1,600		
Staff Medical/Dental		$	200		
Payroll Expenses		$	54		
Website		$	-		
Honoraria		$	150		
Misc		$	-		
	Total Expense	**$**	**~~2,004~~**	**$ 3,991**	**($1325 probable theft) ($2665.93 not theft)**
	Deficit	**-$**	**639**		

Again we see expenses being significantly underreported and the theft amounts not reported.

Case #3: April 2021 - October 2021

For a period of time in 2021, there was consistent reporting in a format, and containing information, that could be regarded as satisfactory. Updates were provided in the same spreadsheet over this period. However, both income and expense numbers were significantly underreported in almost every month. The spreadsheet as of October 2021 is provided on the next page, along with the markups to communicate which numbers were inaccurate.

Social Justice Co-operative of NL

Date Range: 2021-04-01 to 2021-10-31

	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sept 2021	Oct 2021		YTD
Income									
Bank Interest	$4.24	$4.28	$4.15	$4.24	$4.26	$4.11	$0.47		$25.75
Donations	$1,826.13	$2,467.38	$2,787.43	$2,746.94	$2,587.22	$2,261.43	$19,720.09		$34,396.62
Donations from Corps						$460.00			$460.00
Events			$32.00	$ -					$32.00
Total Income	**$1,830.37**	**$2,471.66**	**$2,823.58**	**$2,751.18**	**$2,591.48**	**$2,725.54**	**$19,720.56**		**$34,914.37**
	1830.76	8606.12	2796.59	7122.19	4745.47	2483.27	20697.64		
Expenses									
Bank Charges	$30.50	$46.50	$49.50	$52.00	$37.00	$44.51	$49.01		$309.02
Payroll Expense	$2,069.97	$1,907.92	$1,907.92	$2,761.88	$2,107.92	$1,907.92	$1,907.92		$14,571.45
Payroll Expenses - Kassie				$268.10	$536.20	$28.89			$833.19
Stripe Processin	$101.21	$142.32	$153.62	$141.88	$163.28	$144.41	$186.08		$1,032.80
Website	$28.28	$28.28	$28.28	$28.28	$28.28	$28.28	$56.75		$226.43
Corporation Fees			$60.00						$60.00
Office Supplies			$77.02	$105.80	$59.80	$50.85			$293.47
Events: Misc					$12.63	$29.14			$41.77
Events: Food						$200.00			$200.00
Events: ASL						$287.50			$287.50
Events: Rent			$172.50			$172.50			$345.00
Events: Honorariums			$300.00			$300.00			$600.00
Total Expe	**$2,229.96**	**$2,125.02**	**$2,748.84**	**$3,357.94**	**$2,945.11**	**$3,194.00**	**$2,199.76**	**$ -**	**$18,800.63**
	4,460.47	3,937.37	5,387.86	8,284.76	6,245.86	4,028.92	8,430.71		
Probable Theft	1210	1845	1999.52	2824.5	2105	865.85	5229.97		
Not theft	3,250.47	2,092.37	3,388.34	5,460.26	4,140.86	3,163.07	3,200.74		

Case #4: 2022 AGM - Annual Income Statement and Balance Sheet

Income Statement
Social Justice Co-operative of NL
2022-03-31

Income		
Bank Interest	$25.75	
Donations	$45,874.81	*****
Event Income	$471.00	
Total Income	~~**$46,371.56**~~	**$62848.51**
Expenses		
Bank Charges	$619.45	
Co-op Fee	$175.00	
Corporation Fees	$120.00	
Events Expense	$831.26	
Honorariums - Speakers	$900.00	
Zoom	$230.00	
Misc Expenses	$94.00	
Post Office Box & Postage	$249.67	
Office Supplies	$425.14	
Payroll - Volunteer Co-ordinator	$25,265.62	
Payroll - Summer Student	$976.94	
Stripe Processing Fees	$2,035.85	
Website	$367.79	
Total Operating Expenses	~~**$32,290.72**~~	**$74021.47**
		($35022.09 Theft)
Net Profit	**$14,080.84**	**($38999.38 Not theft)**

Balance Sheet
Social Justice Co-operative of NL
As of 2022-03-31

Assets	
Total Cash and Bank	~~**$40,717.17**~~ **$3714.87**
Less:	
Small Trust Accounts	($327.50)
Donations to cover event expenses	($1,437.50)
IAC Trust	($3,952.83)
Mutual Aid Fund	($146.33)
Prepaid Payroll Expenses	($440.00)
Zero Waste Brand Audit Grant	($1,000.00)
Zero Waste composting grant	($1,441.58)
Member Shares	($5,400.00)
Insurance Payable	($1,500.00)
Website Payable	($400.00)
Accounts Payable	$517.50
	$24,153.93

The avoidance of an annual financial audit

One way the theft may have been detected would have been an annual financial audit. As the treasurer who committed the theft took on the role in November 2020, they would have been responsible for ensuring an audit was done for the 2020-2021 fiscal year, and the 2021-2022 fiscal year. However, it was other board members who were raising the need for it in board meetings in the early months of 2021, which ultimately prompted the treasurer to take some sort of action.

In May 2021, the treasurer proposed that their roommate do that year's audit. The motion was carried by the board. Why this happened will be considered in the "How was the theft able to happen; why was the board unable to prevent it?" section.

This audit was never completed. As recalled by one board member, the treasurer gave a vague excuse, related to personal circumstances and time availability, for why the report was not completed in time for the 2021 AGM. However, they said the audit would come later. Then, the board member advocating most consistently for the audit stepped down at the 2021 AGM. After that, it was not prioritized by the board.

Note: It is not known whether the treasurer actually did request their roommate to do the audit or not. No board member reported having been contacted by the roommate, and there are no records of them having contacted the SJCNL through official communication channels.

How was the theft able to happen; why was the board unable to prevent it?

This section considers the three direct causes of the theft described in the previous section, but from the perspective of the board. It attempts to provide insight into the actions, inaction and events of the SJCNL's board that made it possible for the theft to occur over almost 2.5 years without being detected.

Electronic banking and transfers

A significant question is: why was there only one person with access to online banking and why was no second approver needed for online bank transfer? How did the board allow that situation to emerge in the first place? Below, the series of events and actions that led to this are presented, along with some analysis of the causes of these events and actions.

Before October 2019, the SJCNL board always required 3 signatories to the bank account: two co-chairs and one treasurer. Being a signatory does not require having an online bank account. And until October 2019, all SJCNL banking was done offline, with cheques and in-person bank visits. (Keep in mind that the treasurer that committed the theft did not join the board until October 2020).

In April 2019, board members exchanged emails about the possibility of doing payments to our staff person via online banking. Here are some of the key emails[1]:

1. "[Treasurer], Will it be possible to do [Staff]'s payments with monthly deposits via online banking? This is [Staff]'s preference. If we are with the NL credit union, I know how to set this up. It was how we paid [another staff] when I was on the board of [Another Organization]. -[Board Member]"
2. "Hi [Board Member], I reckon it is possible to set this up. We do require 2 signatures on a check though so there may be additional hoops to go through with the CU so 1 person cannot send funds by themselves. I'll give them a call tomorrow to inquire."
3. "Hello All, I spoke with [Bank Staff] at the NLCU and we can set up an EFT [online] account. Where it requires 2 signatures, I for example, would send the request to pay Staff then Co-chair and Co-chair would receive an email and the first to approve the transfer would release the funds. To set up the account the 3 of us should be there. -[Treasurer]"

[1] Names are removed to keep this report focused on events, actions and organizational dynamics, and not on specific individuals.

Note that in that email, the then treasurer (who filled the role prior to the treasurer who committed the theft) was aware that online banking could be set up with two signatures, and spoke about it as if it was obvious that it should and would happen.

The board did agree with a move to online banking, in the interest of making it easy to consistently pay the staff person on time. The meeting to make that change did not happen until October 2019. There were further emails in October 2019 that show the board was feeling pressure to ensure that contractors would be paid on time (at this point, the board had two contractors and not just one paid staff), and that they wished to minimize friction towards these goals. So the meeting occurred to set up online banking.

We have no notes from that bank meeting, and those who attended the meeting do not recall why the account was not immediately set up with two signatories, but they did provide two relevant reflections. The first was that the treasurer of that time was well trusted and had served the SJCNL for many years, and was known to be a stickler for due diligence and best practice.

The second was that there may have been some consideration to keep access to the online banking limited to minimize risk of the account being compromised in some way. Possibly related to that point is that October 2019 was following an AGM, and it was known that there would be new co-chairs for the first time in years. It is possible that there was thinking that the new co-chairs should spend some time in the role before they were added to the online banking.

Furthermore, at least two former board members remember discussing, in early 2020, the need to add a second person to the online banking. Likewise, as per emails in March 2020, the treasurer was still trying to conduct as much banking activity as possible offline through cheques, and was trying to only do online banking when necessary.

Taken altogether, a possible explanation for why the online banking was set up with only one person having access:

- Board members were feeling pressured and rushed to complete the transition to online banking so that staff and contractors could be efficiently and consistently paid on time. This pressure and rushedness was likely amplified by the need to make the change in time for the turnover of Co-chairs following the 2020 AGM.
- If not all individuals were able to attend the October bank meeting, it may have seemed logistically difficult to add multiple new signatories.
- There was quite possibly hesitancy on adding multiple new people to have bank access, and some consideration that there are some risks that can be minimized if the number of people that access accounts is minimized.
- Given that the treasurer at the time was well trusted, the need to add a second person to the online account was not felt to be extremely urgent.
- The board members who were aware of this need likely saw it as something that could be addressed later, as they were talking about it in early 2020.

As for why it was not then addressed in early 2020, multiple board members pointed out that the Covid-19 pandemic considerably hampered operations during this time, and made things like multi-board member, in-person bank meetings much more difficult. While this was happening, the treasurer at the time did document all e-transfers, and did necessary and sufficient financial reports containing all important info (although they were less frequent than monthly). They also tried to do cheques instead of e-transfers when possible. So, as a couple of past board members acknowledged, they did not feel it critical to make the change immediately, and perhaps not enough to work around the difficulties of Covid-19.

The last part of this saga is in November 2020, when there was another AGM and again turnover of one of two co-chairs and the treasurer. There again had to be a meeting at the bank to update who could sign cheques and who had access to online banking. One of the co-chairs recalls raising a question among other board members about having two-approvals for online banking, but it ended up being overshadowed by:

- The need to make the transfer of signing powers happen quickly, so that the current board could take control and move forward.
- The concern to ensure that people were paid on time.
- The bank itself being a bit rushed at the time (again, possibly due to Covid related requirements).

Furthermore, there was likely minimal discussion of online banking at the Nov 2020 bank meeting. To give the incoming treasurer access to the bank account, the outgoing treasurer, to their memory, handed over the login credentials over the phone. (This is not inconsistent with the memory of one of the co-chairs).

Also, it should be noted that the attendees at this meeting cannot recall what, if anything, the person they met with said about online banking, except that an SJCNL attendee may have raised a question about it.

So the policy and practice of a single online bank account (with no second approval needed for e-transfers) was followed from Nov 2019 to Oct 2020, and then was continued from Nov 2020 onwards.

One other board member recalls raising questions about our use and approach of online banking in early 2021. Trust in the treasurer, and the treasurer not being able to constantly go to the bank or elsewhere, were raised as reasons to leave things as they were. Again, Covid-19 was a factor raised as to why banking practices that required in person interaction could not be pursued.

The topic of electronic banking was not discussed further. Some of the organizational and cultural causes as to why such discussions may not have occurred again are considered in the “what behaviours, practices, cultures, or organizational issues made the theft more likely to occur or harder to prevent?” section.

Falsified financial reports

Another important question is: how was the treasurer who committed the theft able to avoid and/or falsify treasurer reports for the entirety of their time as treasurer? Related questions could include “why did no one cross check the information?” and “why was no one looking at bank statements?”

There are no definitive answers on this, although interviewed board members did share various thoughts:

- Multiple board members who served from Nov 2020 - Feb 2023 lacked training in board governance.
- Many board members just followed the practices and norms of prior SJC boards. Some pointed out how treasurer’s reports prior to Nov 2020 were accurate and properly documented, but infrequent. This may have led newer board members not to question skipped or incomplete reports on a meeting by meeting basis.
- Board turnover was high during this period, and there were multiple people who started on the board to fill an open slot between AGMs. This could be related to how some board members mentioned a feeling of being new and not wanting to question the way things were done.
- A couple board members who did have past experience noted how review of banking statements was not a common thing in their experience. Boards tend to review treasurer prepared documentation, and not the bank statements themselves. This was also the SJCNL’s experience for the entire time prior to Nov 2020.
- Multiple board members were hesitant to be critical. In reflection, they thought there was a culture of conflict aversion, and that they may have hesitated to question the treasurer out of a concern of hurting overall group health.
- Multiple past board members noted that they did significantly trust the treasurer who committed the theft. That treasurer did many things of great value to the organization beyond just their treasurer role, and they were also perceived to be diligent and responsible with key aspects of the role. As such, multiple board members reported sincerely believing that the finances were “in good hands”.
- Some board members pointed out that they were overwhelmed with work. It is possible that the workload on the board made some members more likely to just let the treasurer handle the finances, as they focused their time and energy elsewhere.

Some of these dynamics will be expanded on in the “what behaviours, practices, cultures, or organizational issues made the theft more likely to occur or harder to prevent?” section.

The avoidance of an annual financial audit

A number of the group and organizational dynamics in the above bulleted list could also explain why there was not a more significant push for an annual financial audit in 2021 and 2022, and also why the treasurer's initial proposal to have their roommate conduct an audit was not more seriously questioned. In addition to such dynamics, two board members pointed out two other specific considerations at the time.

First, in the discussion at the time it was raised that the cost of having a financial audit done could be significant. This was given as a counterpoint to concerns about the treasurer's roommate conducting the audit (who might do it for free).

Secondly, a primary factor that was motivating the call for the audit was a desire to get the SJC into compliance with the Registry of Co-operatives. So it was important to have someone perform an audit quickly, which was also a point raised in support of the argument to have the treasurer's roommate perform the audit.

On that second point, it is worth noting that a couple of the board members who were most significantly advocating for the audit to be completed were motivated firstly by the desire to get into compliance with the NL FoC. While they knew it was needed, they were not primarily concerned about a rigorous review of our finances, as again, there was trust in the treasurer.

Finally on this point, it should be noted that prior to Nov 2020, there was an audit completed in spring/summer 2020. This was the first audit completed in at least 5 years. So newer board members may have perceived the audit as not that important or urgent, given that it was not treated with immense importance or urgency by past boards.

What behaviours, practices, cultures, or organizational issues made the theft more likely to occur or harder to prevent?

This section aims to bring more depth and detail to the underlying conditions that may have contributed to some of the actions, inaction and events that have been discussed so far. Some of these were touched on in the previous section, but will be expanded on here.

The insights shared here are based on interviews with 9 former board members, and on some analysis of past board e-mails and minutes.

The treasurer's cultivation of trust

Every board member interviewed brought up the theme of trust. They most identified their trust in the treasurer as a key contributor to why they didn't apply more scrutiny to finances.

One board member from the time of the theft gave multiple examples of how the treasurer actively cultivated and increased trust, while secretly stealing money. The treasurer would speak to the importance of various best practices, audits and improving governance practices, and multiple board members mentioned that this increased their trust. This activity started well before they joined the board and continued after they joined the board. A couple of others mentioned how the treasurer also did a significant amount of important work for the organization beyond their treasurer's role, which also bolstered trust.

The depth of the trust was illustrated by one past board member who recounted how, even when the greatest suspicions were raised (right before the definitive discovery of the theft), they still denied that it would be possible for the treasurer to do anything against the organization. Another emphasized the extent of the trust that was built and then broken by stating "I found remarkable the treasurer's ability to work me. I was recruited into the grift."

Probable contributing factors: cultural, behavioural and organizational

Interviews with past board members also make it clear that there were internal issues, beyond the actions of the treasurer, that possibly made it less likely for the board of directors to create policy and processes that might have enabled the board to prevent the theft. Seven themes from the interviews are described below.

There are two caveats to keep in mind when reading and reflecting on this section. First, the "themes" described below are all about challenges, problems and concerns of past board members. However, multiple interviewed board members did also share positive reflections, gratitude and celebrations about their time on the board. These people made a point of raising these positive notes even though they were not asked, and even while also sharing many concerns and challenges. One shared that despite everything, they were still proud of much of the work on the board. Another acknowledged the immense amount of work the board did for

the SJCNL community. Another shared their appreciation for care and commitment of fellow board members.

Second, the themes described below are topics that were raised in multiple interviews, but not all, and opinions and perspectives on these topics varied between interviewees. So they don't represent a consensus position of past board members about what happened. When some were directly asked about some of these themes, they clearly agreed with some and not with others. It was beyond the scope of the committee preparing this report to bring these individuals into dialogue about these differences. Such would be needed to more precisely understand the actions and events that underlie these themes and their true impact in relation to the board's ability to prevent the theft.

1. Lack Of Board Training

A few past board members expressed concerns about a lack of training. A couple expressed frustration or uncertainty in their own knowledge of board governance, and that they may have been more effective if they had training. Others questioned whether there was sufficient knowledge across the board about finances, governance and accountability, or whether a lack of confidence in such knowledge prevented some from raising important questions.

2. Board Turnover

From Nov 2019 to Feb 2023, 24 different people served as board members. Interviewed board members identified this degree of turnover as a contributor to: the dropping of certain efforts to improve board governance practices, a decrease in likelihood of people questioning the way things were done, and a lack of knowledge of past practices.

3. Inherited Practices And Inadequate Responsibility Handoff

One theme in board member interviews was about the influence, or lack thereof, of past board practices. There were certain past practices that were felt to be non-optimal. Examples include a limited number of annual audits and irregularities in the timing of treasurers reports. In addition, members from before the time of the theft agree that they also relied on trust of the treasurer who filled the role prior to the theft. Meanwhile, there was limited documentation of the many good practices that past boards followed. This, along with some rushed and limited handovers of responsibilities and knowledge between outgoing and incoming board members, contributed to limited knowledge of best practices, and continuation of non-optimal habits.

4. Board Capacity

As explained by one interviewed board member, the rapid growth of the SJCNLs activities over the 2020-2022 timeframe, and the high frequency of different campaigns and actions, placed strain on board members' time. In turn this likely limited attention and time spent reviewing the treasurer's reports. Other board members pointed out that the board was made up entirely of volunteers who have busy lives beyond the SJCNL, and this led to capacity challenges. Relatedly, another board member felt that the sheer number of issues to address within the board placed strain on time and attention needed to properly oversee finances.

5. Activism Vs Governance

Multiple board members made comments that highlighted a tension between board members spending time on activism and community works and board members spending time on governance. It was observed that the interests, past experiences and competencies of some board members skewed heavily towards these areas, and not in areas of board governance and financial oversight. Someone felt that some people's politics may have made them see "bureaucratic" issues as less important. One board member felt that activism and outreach was a focus of the majority of other board members, and that this imbalance contributed to those who were interested in policy and governance leaving the board.

6. Resistance To Governance Changes

Related to the previous point, there was likely resistance to changes related to governance and policy. Four different board members spoke about proposals or concerns they raised, and how other board members either dismissed their concerns, argued that they were unnecessary or against the way things were already working or argued that it was not the priority. These board members found it difficult to advance changes related to governance, policy and administration because they ran into resistance with other board members. Most of these board members also felt there were power imbalances on the board that negatively affected discussions and decision making. They felt that certain board members or small groups of members wielded more power and influence, and that power and influence often ended up shaping decisions or fueling the resistance to governance changes.

7. Conflict Aversion

Multiple board members expressed that they felt it hard to be critical. For example, of the treasurer's practices and lack of practices. There was a feeling that raising criticisms would hurt trust within the group. One suggested that some board members, if they had suspicions about finances and the treasurer's action, felt it was not their place to comment or raise concerns. A member mentioned feeling a collective pressure to conform, another mentioned a feeling that there was pressure to "go along and get along". This made it less likely for the board to improve practices or constructively critique anything they felt was not right.

Unanswered questions

There are a number of questions that we are not yet able to answer as they require conversation with the treasurer who committed the theft and are dependent on the work of the Transformative Justice Committee.

These questions include:

- Why was the theft committed?
- Was the roommate of the treasurer ever requested to do an audit?
- If so, did they attempt to? If yes, what did they find? If not, why did they not take action despite being requested?
- Where did the stolen money go? How was it spent?

It is hoped that satisfactory clarity on such questions will be able to be brought to the SJCNL membership as part of the Transformative Justice process.

Update on the Transformative Justice Committee's work

At the October 2025 AGM, the Transformative Justice Committee shared an update to confirm that they are continuing to meet regularly. This includes ongoing meetings with the treasurer who committed the theft. However, they are still not at the point where that individual has been able to apologize face to face with a member. Likewise, conversations are not yet covering what actions may be taken after the treasurer who committed the theft is brought into dialogue with those affected by it. At the same time, the Transformative Justice Committee has acknowledged that the Transformative Justice work to be done goes beyond just one or two individuals. As such, their scope has expanded to consider and support other related issues affecting current and past members.

Recommendations to current and future SJCNL boards

- ➔ Continue to follow all recommendations of the Financial Oversight Committee. See Appendix A. Note that the board adopted these recommendations after they were first presented at the AGM in September 2023, and has followed them since.

- ➔ Commit to continuous improvement with respect to financial management practices. The board should regularly report to the membership on such improvements.

- ➔ New boards need to be given solid board training. Especially on topics of fiduciary duty and how that plays out in practice and what is expected of board members.

- ➔ The board needs to establish, and regularly reflect and improve on, norms of behaviour and process. They need to take time to discuss and agree how they want to operate, interact, make decisions and treat each other.

- ➔ Ensure a healthy balance between time spent on community and activist work and time spent on administration and governance. The board should develop long term plans for the governance and policy side of their work and put in place the commitment and accountability mechanisms to help ensure there is follow through and completion.

- ➔ The board should regularly, at least once a year, review security practices and protections. As part of this, they should consider worst case scenarios for how a board member with special account access could hurt the organization, and then figure out how to prevent it.

- ➔ The board needs to continue to approve its documentation practices. Included in this should be adoption of retrospective learning meetings in response to events, actions, and projects. The board could strive to continuously document lessons learned while using those lessons learned to improve their approach and practices in the future.

- ➔ The board should develop plans, expectations and guidelines to support the handoff of responsibilities and knowledge between outgoing and incoming board members. Each officer of the board should have a position description outlining their duties and responsibilities, and each officer should develop a succession plan that will assist the next person to hold their position.

- ➔ It might be necessary to further investigate the high rate of board turnover from November 2019 to February 2023. This turnover may be caused by dynamics and conditions not covered in this report, which may require further action to resolve.

- ➔ Relatedly, it is recommended that the current board talk to the Transformative Justice committee about possible approaches to bringing past board members into dialogue so that we can more fully understand any cultural, behavioural and organizational issues that affected the board - including the resistance to governance changes and feelings of not having voices heard - and address any conflicts that may have existed in relation to them.

➔ Finally, it would be good to develop support systems for board members that go beyond the board. As a co-operative with a wide reaching community, there are many people who can advise and support board members. If a board member finds themselves in a situation where they need help addressing issues within the board, it would be great if they could connect with others in the SJC community. We may consider:

- hosting more events to connect the board to members,
- intentionally introducing current to past board members
- asking if any past board members wish to form mentor or advisor relationships,
- bringing more transparency to board activities and decisions
- creating more avenues for members to discuss important issues and decisions with board members before they are finalized.

Appendix A: Current Financial Management Practices of the SJCNL Board

Since the Fraud Investigation Committee began our work, the SJCNL Board has made multiple improvements to financial management practices. Much of this has been formalized by the Financial Oversight Committee in the "Financial Oversight Policy". The committee has been responsible for ensuring the board follows the policy, which it has done for the past two years. The text of the current Financial Oversight Policy is below:

The membership shall, by resolution at the AGM, appoint an internal Financial Review Team (hereafter "FRT") consisting of at least three members who are not directors, in accordance with Section 91 of the *Co-operatives Act*, who shall, in accordance with Section 94 of the *Co-operatives Act*, provide:

a. a report on the financial statements of the SJC for the preceding year; and

b. a management letter with respect to that year that includes their observations on the adequacy of measures for internal control detailed in the Bylaws and Financial Oversight Policy, as well as corrective measures undertaken by the Board in response to concerns brought forward by the FRT.

2. The Board shall prepare and approve an annual budget to be presented to the membership at every AGM.

3. The Treasurer shall prepare annual financial statements no later than April 30th of each year for submission to the FRT, along with all supporting documentation, with the goal of presenting reviewed annual financial statements to the membership at the AGM.

4. The financial statements and, if available, the FRT's report shall be made available to SJC members who request a copy, not less than ten (10) days prior to the AGM in accordance with Section 90 of the *Co-operatives Act*.

5. The FRT shall be invited to attend the AGM in accordance with Section 93 of the *Co-operatives Act*, and advised of the date, time, and location of the AGM in the same manner that notice is provided to the membership.

6. In the event reviewed annual financial statements are not available in time for the AGM, an unreviewed annual financial statement will be presented by the Treasurer with the caveat that reviewed annual financial statements will be made available to the membership as soon as they are available.

7. A physical copy of reviewed annual financial statements and approved annual budgets shall be held on file at the registered office of the SJC in accordance with Section 31 of the *Co-operatives Act*, and a digital copy posted on the SJC website in a manner that is easily accessible to the membership.

8. Reviewed annual financial statements shall be submitted to the Registry of Co-operatives within thirty (30) days of the AGM in accordance with Section 26 of the *Co-operatives Act*.

9. A corporation income tax return shall be filed with Canada Revenue Agency no later than September 30th of each year by the Treasurer.

10. Regular financial reports shall be presented to the Board and to the membership in a manner that will permit it to be compared with the approved annual budget.

11. The Treasurer shall ensure that all expenditures are within the amounts approved in the annual budget or approved by the Board as follows:

    a. budgeted expenditures fixed to an actual amount such as payroll, mandatory employment related costs, and employee benefits, along with the volunteer coordinator's expense fund, require no further approval from the Board;

    b. budgeted expenditures required by law and services provided by non-competitive suppliers such as taxes, utilities, and insurance, require no further approval from the Board;

    c. other than the volunteer coordinator's expense fund, expenditures for which only a maximum amount has been budgeted must be approved by a specific motion of the Board and recorded in the minutes; and

    d. any expenditures that exceed the budgeted amount or that have not been budgeted for, such as supplies, venue rentals, and honoraria, require a specific motion of the Board and recorded in the minutes.

12. Funds directed to specific action teams must be identified as "directed funds" in financial reports and are subject to the provisions of this policy.

13. Funds held on behalf of external allied organizations may be held in the same credit union account but must be accounted for separately and be identified as "designated funds" in financial reports. If the "designated funds" for an external organization exceed $1000, or the cumulative deposits during the fiscal year (April 1-March 31) exceed $1000, they are subject to the provisions of this policy. Regardless of balance, the Treasurer shall only release designated funds when requested by two (2) authorized persons from the external allied organization.

14. The Treasurer shall create and maintain a spreadsheet of donations to, and expenditures from, designated funds for external allied organizations. A copy of these spreadsheets shall be submitted to the FRT for review on a monthly basis prior to being forwarded to the applicable organization. The Auditor/FRT shall require the organizations signature on a statement that the information of the spreadsheets for the year accurately reflect inflows and expenditures.

15. A petty cash float of $50 shall be maintained, with any excess funds submitted to the Treasurer for deposit. Cash submitted to the Treasurer for deposit shall be counted by two members other than the Treasurer and recorded on a Deposit Form (Annex A).

16. Whenever possible, expenditures shall be paid by cheque. Cheques shall be signed by two authorized signatories which, in accordance with section 13.3(a) of the SJC Bylaws (2022), includes the Co-Chairs of the Board and the Treasurer. The Treasurer cannot sign a cheque or payment in which the Treasurer is the payee.

17. Online payments such as EFTs shall be approved by two authorized signatories, one of whom may be the Treasurer. No online payment shall be made to the Treasurer.

18. Expense reimbursements shall be paid by cheque or Electronic Funds Transfer ("EFT") and the cheque/EFT details annotated on the submitted Expense Reimbursement Claim.

19. Expenses incurred by the Treasurer shall be claimed using the Expense Reimbursement Claim and reimbursed by cheque.

20. Debit cards shall not be issued to the Treasurer or other members.

21. Regular financial reports submitted to the FRT and to the Board shall include:

    a. a financial report detailing inflows and expenditures alongside the budgeted allotments for such amounts, as well as an account of directed funds, designated funds, and funds associated with member shares;

    b. copies of reconciled credit union account statement(s) for that month;

    c. details of Deposit Forms for that month;

    d. details of Expense Reimbursement Forms for that month; and

    e. while not required to be submitted as part of the regular financial report, at least two (2) members of the Board other than the Treasurer must have access to the Donorbox™ account for oversight purposes.

22. Regular financial reports shall be submitted to the FRT for review at the same time they are submitted to the Board. The FRT shall advise the Board if they have any concerns regarding the monthly financial statements.

23. The FRT may request any additional supporting documentation from the Treasurer deemed necessary to complete their review of the regular financial reports.

24. Financial reports are to be considered draft reports until reviewed by the FRT and approved by the Board.

25. Once approved by the Board, regular financial reports along with the corresponding credit union account statement(s) shall be made available to the membership.

26. This Policy shall be reviewed by the FRT at least annually and any required revisions presented to the membership at the AGM or a SMM for approval.

In addition to the requirements of that policy, the board also maintains (and has been following) their own best practices and requirements for financial operations, including the requirements of:

- review of each month's bank statements by the board
- Verification that each month's treasurer's report is consistent with that month's bank statement
- making bank statements available to membership,
- maintenance of an auditable ledger of all income and expense items,
- Comprehensive monthly treasurer reports that categorize all income and expenses, compare current year to date finances against the budget, and break down income, expenses, balances and debts by organization (both the SJC and designated funds)
- Detailed record keeping on all events, actions and decisions related to finances

Finally it should be noted that in 2025 the board did investigate alternative banking options. No satisfactory alternatives were identified at the time.

Who wrote this report, and on what timeline was it completed

This report was written by the Fraud Investigation Committee, who began their work together in May 2023. Initially the committee included Vanessa Warren, Daniel Miller, Michele Grant and Sobia Shaikh. At this time Vanessa was a member of the SJC Board of Directors, and the others were just general SJC members.

This initial group established the goals and plans of the committee, the goals and intended focus of the report, and plans for the research. These plans were presented at the September 2023 AGM.

After the September 2023 AGM, Vanessa left the SJC Board of Directors and Daniel Miller joined the board as a Director at Large.

The vast majority of the research for the report was conducted by Daniel Miller between October 2023 and September 2024. By early 2024, the other members of the committee had to step back from involvement.

During this time, Daniel took on the role of interim Treasurer of the Board in December 2023 and then Co-chair in February 2025.

A first draft of the report, including all research, was presented by Daniel at the October 2024 AGM. At this time, it was just a slideshow presentation.

The first written draft of the report was completed by Daniel in August 2025 and shared with some members of the SJC for peer review. These were individuals who had either never been on the board, or who had not been on the board after 2018. It included individuals who had been SJC members since the founding of the organization in 2013, others who joined in 2020 and 2021, and others who only joined after the theft in 2023. Altogether, 8 people provided their review and feedback on the report. This included comments on: clarity and readability, possible inaccuracies or missing information, comprehensiveness, whether the report achieved its objectives, and general feedback.

Daniel made revisions to the report in response to this feedback from peer reviews, and shared a written version of the report at the October 2025 AGM. Since then, some other minor changes were made, resulting in this current, and final, revision of the report.

Apart from providing updates on the timeline to complete the report, Daniel did not discuss the report with other SJC board members until after the written report was presented to all attendees at the October 2025 AGM.