

CONTROLLER STEVE WESTLY

STATE OF CALIFORNIA

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.controller.ca.gov

PR 006:033

**FOR IMMEDIATE RELEASE:
APRIL 28, 2006**

**CONTACT: LINDA CHOU
916-445-2636**

Westly Announces Major Arrest in Identity Theft and Fake Check Scheme

EDS: Photos of seized items, fake i.d. cards and counterfeit checks available.

SACRAMENTO – Investigators in State Controller Steve Westly’s Office arrested a Stanislaus County woman who used stolen identities and sophisticated check forging equipment for a scheme that involved the State of California bank accounts.

“This was a smart scheme, but not smart enough,” said Westly. “My office will make sure people who try to steal money from the State go to jail.”

The State Controller’s office arrested suspect Megan Frederick at her home in Waterford. Investigators seized fake driver’s licenses, counterfeit checks and items purchased with the fake checks, such as stereos, televisions, tools, computers, printers and surveillance equipment.

Investigators also seized check forging software and equipment used to manufacture the fake checks. The suspect produced more than 750 counterfeit checks using the victims’ names, addresses and other personal information. The suspect used the State of California’s bank routing number on the check to clear merchant verification.

When merchants’ banks attempted to draw money from the account, however, the checks were denied and the identity theft victims would face collections agencies. The suspect also used the fake driver’s licenses – which she gleaned from stolen mail, wallets and purses – to pass on the fake checks.

At the end of the day, the suspect walked away with free merchandise, and stuck merchants with the bill. The investigators said that the suspect’s scheme netted her more than \$110,000 in merchandise.

The State Controller’s Office Special Investigations Bureau Chief Lynn Roloff and Senior Investigator Donny Fong cracked the case after a two-month long investigation. Ms. Roloff was recently appointed by Westly as Chief of the Bureau. The Stanislaus County Sheriff and Probation Department provided the assistance in apprehending the suspect and searching her home.

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Target Stores' investigators also played an instrumental role in the investigation. The suspect was positively identified using surveillance video from a Target Store.

The Controller's Special Investigations Bureau is responsible for safeguarding state tax dollars against criminal activity. Last year, the Special Investigations Bureau conducted joint investigations with several local, state and federal law enforcement agencies including the FBI, United States Postal Inspection Service, the U.S. Department of Homeland Security and the Los Angeles Identity Theft Task Force.

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