



Office of the Washington State Auditor  
Pat McCarthy

## Fraud Investigation Report

# Department of Natural Resources

For the investigation period January 1, 2020 through July 31, 2024

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**Office of the Washington State Auditor  
Pat McCarthy**

December 26, 2025

Commissioner Upthegrove  
Department of Natural Resources  
Olympia, Washington

**Report on Fraud Investigation**

Attached is the official report on a misappropriation at the Department of Natural Resources. On July 26, 2024, the Department notified the Office of the Washington State Auditor of a potential loss of public funds. This notification was submitted to us under the provisions of state law (RCW 43.09.185).

This report contains the results of our investigation and review of the Department's Investigation of the former Forest Check Cruiser's unallowable activities at the Department from January 27, 2020 through June 3, 2024. The purpose of our investigation was to determine if a misappropriation had occurred.

Our investigation was performed under the authority of state law (RCW 43.09.290) and included procedures we considered necessary under the circumstances.

If you are a member of the media and have questions about this report, please contact Assistant Director of Communications Adam Wilson at (564) 999-0799. Otherwise, please contact Special Investigations Program Manager Stephanie Sullivan at (360) 688-0858.

Pat McCarthy, State Auditor  
Olympia, WA

cc: Wayne Whiton, DNR Risk, Internal Controls & Privacy Manager

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# FRAUD INVESTIGATION REPORT

## Investigation Summary

On July 26, 2024, the Department notified our Office regarding a potential loss of public funds, as required by state law (RCW 43.09.185). After discussion with the Department, they decided to engage a third party to conduct an investigation and submit their findings to our Office.

On July 24, 2024, a supervisor passed by the home of a Forest Check Cruiser, an employee responsible for inspecting on-site timber sales and inventory. The supervisor saw the Forest Check Cruiser's state-issued car parked there when he should have been out of town working. As a result, the supervisor reviewed the Forest Check Cruiser's past travel reimbursements and became concerned with hotel receipts from multiple reimbursements that appeared nearly identical. The Supervisor reported his observations to the human resources department, which initiated an investigation and hired a third party to determine whether the Forest Check Cruiser submitted false travel expense reimbursements.

At the conclusion of the Department's investigation, they filed a police report on February 17, 2025, with the Clallam County Sheriff's Office, which then performed its own investigation. We reviewed both investigations and agree with their conclusions that the Forest Check Cruiser submitted hotel receipts and claimed per diem amounts for travel that did not occur, resulting in a travel reimbursement misappropriation totaling \$28,791 between January 27, 2020, and June 3, 2024.

We further summarized questionable fuel charges of \$222 between October 2022 and July 2023. We will refer this case to the Clallam County Prosecuting Attorney's Office.

## Background and Investigation Results

The Department, located in Thurston County with regional offices around the state, operates on an annual budget of about \$557 million, including \$23 million in travel-related expenditures during state fiscal year 2024. The Department employed 11 Forest Check Cruisers during 2024 who are responsible for inspecting on-site timber sales and inventory. Employees who hold these positions are required to travel and incur travel-related expenses related to their job responsibilities.

On July 24, 2024, a supervisor passed by the home of a Forest Check Cruiser and saw his state-issued car parked there when he should have been out of town working. As a result, the supervisor reviewed the Forest Check Cruiser's past travel reimbursements. He discovered multiple different reimbursements containing hotel receipts with the same hotel reservation numbers, check-in and check-out times, room numbers and rates. Based on this review, the supervisor believed it was likely that the Forest Check Cruiser inappropriately submitted altered hotel receipts to receive reimbursements and reported his concerns to human resources.

In August 2024, the Department placed the Forest Check Cruiser on home assignment work and hired a third party to determine whether the Forest Check Cruiser submitted false travel expense reimbursements. The investigation focused on reviewing hotel receipts, vehicle assignment forms, state pool fuel card reports, and approved travel expense vouchers containing per diem claims, lodging expense claims, receipts, and copies of reimbursements prepared and submitted by the Forest Check Cruiser between January 2020 and July 2024. The investigation found the Forest Check Cruiser altered hotel receipts and submitted them for reimbursement even though he had not stayed at the hotel or paid for the expense. Additionally, for the same travel days, he inappropriately listed and claimed per diem amounts.

On November 13, 2024, the Department spoke with the Forest Check Cruiser and confirmed he would be available for an in-person interview on November 26 to discuss the investigation's results. On November 22, the Forest Check Cruiser left a voicemail asking to move the interview because he was leaving early for his Thanksgiving holiday. The Department reviewed vacation request records and found the Forest Check Cruiser did not have preapproved vacation for November 26 and was expected to be available during his normal working hours.

In December 2024, the Department and its third-party investigator attempted twice to interview the Forest Check Cruiser; however, the Forest Check Cruiser declined to answer questions without consulting legal representation.

In January 2025, the Department scheduled a notice of intent meeting regarding the Forest Check Cruiser's employment and requested he attend. He responded in writing, declining to attend and saying he had no response to the allegations from the investigation. The Department terminated his employment on February 11, 2025.

On February 14, 2025 the Department contacted the Executive Ethics Board regarding this matter. On February 17, 2025, the Department filed a police report with the Clallam County Sheriff's Office who performed its own investigation. The Sheriff's Office reviewed the Department's investigation files and contacted hotels directly to confirm whether the Forest Check Cruiser had stayed at their locations based on hotel receipt records.

The Sheriff's Office attempted to interview the former Forest Check Cruiser on June 7, 2025, but he declined. The Office's investigation concluded hotel receipts submitted were not legitimate hotel receipts and provided its conclusions to the Clallam County Prosecutor's Office on July 24, 2025.

We reviewed both investigations and agree with their conclusions that the Forest Check Cruiser submitted hotel receipts and claimed per diem amounts for travel that did not occur, resulting in a travel reimbursement misappropriation totaling \$28,791 between January 27, 2020, and June 3, 2024. We further summarized questionable fuel charges of \$222 between October 2022 and July 2023.

In August and September 2025, we made attempts to contact the former Forest Check Cruiser and he did not respond to our requests.

## Control Weaknesses

While the agency had internal controls in place, the Forest Check Cruiser circumvented the existing internal controls to conceal the misappropriation. While the supervisory review eventually identified and confirmed the suspected misappropriation, the Forest Check Cruiser manipulated travel receipts used as support for reimbursement without the supervisor's knowledge.

## Recommendations

We recommend the Department consider strengthening its internal controls related to travel reimbursements to help mitigate the risk of employees manipulating supporting documents.

We also recommend the Department seek recovery of the misappropriated \$28,791, questionable amounts as appropriate, and related investigation costs of \$18,165 from the former Forest Check Cruiser and/or its insurance bonding company, as appropriate. Any compromise or settlement of this claim by the Department must be approved in writing by the Attorney General and State Auditor as directed by state law (RCW 43.09.330). Assistant Attorney General Matt Kernutt is the contact person for the Attorney General's Office and can be reached at (360) 586-0740 or [Matthew.Kernutt@atg.wa.gov](mailto:Matthew.Kernutt@atg.wa.gov). The contact for the Office of the Washington State Auditor is Brandi Pritchard, Assistant Director of Special Investigations, who can be reached at (509) 726-1886 or [Brandi.Pritchard@sao.wa.gov](mailto:Brandi.Pritchard@sao.wa.gov).

## Department's Response

*The Department of Natural Resources (DNR) thanks the State Auditor's Office (SAO) for their work and commitment towards compliance with state, federal and local laws. DNR takes all fraud, including internal fraud, very seriously and we appreciate the SAO affirming DNR has strong internal controls in place.*

*Upon discovery of the possible fraud, DNR promptly reported to the SAO and initiated an internal investigation with a forensic accounting firm. At the completion of our internal investigation, DNR filed a police report with local law enforcement and made a report to the state Executive Ethics Board.*

*In addition to the travel reimbursement misappropriation and questionable fuel charges identified, DNR also incurred costs totaling \$24,069.47 for its internal investigation. DNR costs incurred including the forensic accounting investigation, the SAO's review of the forensic investigation report and the fraudulent charges totals \$71,427.41. DNR is reviewing our options for pursuing recovery in this matter.*

## Auditor's Remarks

We thank Department officials and personnel for their assistance and cooperation during the investigation. We will follow up on the Department's internal controls during the next audit.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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