

## Spokane COPS embezzlement investigated

### Ex-chapter president called 'prime suspect'

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The former president of a neighborhood police support group, COPS West, is under police investigation.

Terrie A. Schmidt, 42, also known as Therese Anne Fontaine, is suspected of stealing the identity of one of the group's two treasurers to embezzle money from the nonprofit organization's bank account.

COPS, or Community Oriented Policing Services, operates a dozen substations to help Spokane police fight neighborhood crime. A single board screens the volunteers and oversees the substations, but each substation has its own officers.

Most of the substations' money comes from neighborhood fundraisers, but some also comes from federal community development block grants.

Both Schmidt and the woman whose identity she is suspected of stealing have theft-related criminal records.

The women's convictions – in 1982 and 1997 – were revealed by "extensive" background checks that all COPS volunteers undergo, according to Officer Teresa Fuller, a police spokeswoman.

However, Fuller said, "a decision was made to go ahead and give them a second chance, based on what the (COPS) board saw."

Search warrant documents in the current investigation say Schmidt admitted withdrawing \$300 from the bank account for the COPS West substation at 1901 W. Boone Ave. on Sept. 26. Schmidt, the substation president at the time, reportedly said she had "borrowed" the money when the unauthorized withdrawal was detected.

She repaid the money on Oct. 11, but another unauthorized withdrawal was discovered on Nov. 11 and police were notified.

The second discovery involved a \$2,300 withdrawal through the PayPal Inc. Internet banking service.

PayPal serves as a secure intermediary between online buyers and sellers. Buyers can have PayPal draw money from their checking accounts and pass it to sellers' accounts.

Court documents say PayPal records indicated – incorrectly, detectives now believe – that one of COPS West's two treasurers, 59-year-old Kennita "Kim" Louise Bailey, opened two PayPal accounts attached to the COPS West bank account.

One of the PayPal accounts was associated with an e-mail address that included the phrase "copshoprogue."

PayPal records also say someone set up a third PayPal account that received \$2,300 through one of the COPS West PayPal accounts on Oct. 26.

Fuller said detectives are still trying to determine who owns the Spokane bank account that received the \$2,300, "but all indications are that Bailey was an innocent victim of identity theft."

Schmidt, who has not been charged, is the "prime suspect," according to Fuller.

Both of the unauthorized withdrawals were caught by COPS West's other treasurer, Carol Ellsworth. Fuller said the organization uses two treasurers as a safeguard.

Court records show Schmidt was charged with forgery after she was caught trying to pass a stolen \$150 check at a Spokane

Valley check-cashing business in April 1996.

A suspicious clerk called sheriff's deputies, who didn't believe Schmidt's claim that a downtown law firm mailed her the check to pay for health care work she did for some elderly people.

Then her husband, who also was charged, claimed Schmidt yielded to temptation after finding a box containing some checks and cash on a bus bench in front of the Old City Hall office building at 221 N. Wall St.

Sheriff's detectives eventually learned that Schmidt had been working as a substitute janitor in the building, which housed the law firm whose cash box was stolen.

Schmidt pleaded guilty to two counts of third-degree possession of stolen property.

Bailey pleaded guilty to first-degree theft in 1982 for collecting six months' worth of welfare payments for a child who no longer lived in her home. After serving five weekends in jail and repaying \$2,077, she was allowed to withdraw her guilty plea and have the conviction removed from her record in 1992.

Efforts to reach Schmidt and Bailey for comment Wednesday night were unsuccessful.