On December 5th 2014, the STS General Membership meeting was held at the offices of the Somerset County Educational Services Commission.

After briefly reviewing some organization business, Ray Kuehner, STS President, devoted the rest of the meeting to describing the events surrounding the financial situation STS is in due to the actions of our former Treasurer.

The purpose of this narrative is to share this information with STS members who were not in attendance at the meeting and to provide a record of the events .

 In late July or early August, the Golden Nugget notified Ray Kuehner, President of STS, that the organization had an outstanding bill of $41,700 for the 2014 STS Conference. Over the next several months, on several separate occasions, Ray instructed the STS Treasurer, Rick Costanzo, to pay the Golden Nugget the money STS owed the Casino.

* First Rick told Ray he had already sent the Golden Nugget a check for the full amount. Ray asked Rick to put a stop payment on the check he had reportedly issued.
* After that, Ray asked Rick to send a check to a specific address provided by the Golden Nugget. Rick claimed to have sent the check as requested, but two weeks later the Golden Nugget reported they had not received a check. Ray again asked Rick to put a stop payment on the second check.
* On September 29th, Ray asked Rick to get a bank check and to deliver the check by hand to the Golden Nugget. STS only had until the following day to make good on our debt. Late in the day, after Ray had received several calls from the Golden Nugget because Rick had not appeared as expected, Rick did show up and handed over an envelope. Eight minutes after Rick left the casino offices, Ray received another phone call from the Golden Nugget. The amount of the check in the envelope was only $4,100. When contacted, Rick insisted he had requested a certified check from the bank for the full amount STS owed the casino.
* Ray asked Rick to pull into the next Wells Fargo Bank (the bank that held our accounts at that time) to get a bank check for the balance of the bill.
* For hours after making that request, Ray was unable to reach Rick. Rick finally called Ray at 9:30 P.M. and informed Ray that as of 4:30 that afternoon, he had resigned from STS. He had withdrawn all STS funds ($3100) from Wells Fargo and sent them to the STS Office.

Ray and Past President Glenn Barry met with the Gloucester County Prosecutor to discuss the situation. Before the meeting the Prosecutor had already gathered information on Rick. The Prosecutor discovered there had been several hundred transactions transferring money into two accounts, one in Rick’s name and one not in Rick’s name. He also found that Rick had bought a house and a car.

With some difficulty, Glenn was able to access some additional details from our Wells Fargo accounts because his name still appeared as a co-signer on the accounts. Despite several requests from Ray, Rick had never changed the name of the co-signer on the accounts from Glenn to Ray after Ray became STS President.

On October 28th, Detectives from the Prosecutor’s Office picked Rick up at work at Kingsway Regional Schools, and took him to their offices for an interview. At first Rick admitted to knowing nothing, but faced with the evidence against him, he eventually admitted to taking STS funds in the amount of $226,840, leaving STS with no money.

He was taken before the Judge in Salem County who set bail at one million dollars. He was unable to make bail ($3,500) until the following day, and spent the night in jail.

His case will be going to the Grand Jury sometime after the New Year. He is facing the second degree charge of theft which can carry a sentence of five to ten years. The Prosecuter’s Office has told Ray they will work with him to resolve the organization’s issues.

The Prosecutor’s Office recommended we work with Helmer, Conley, Kasselman of Haddon Heights, N.J., a firm that works closely with their office. Because STS is a nonprofit organization, the Lead Counsel of the firm is willing to work with us for the reduced fees of $3500 for the civil case and $6,000 for the criminal investigation. A civil lawsuit is being considered, but whether to go forward with that will depend on Rick’s assets.

Wells Fargo may be responsible for some of the money the organization lost. Rick was able to cash a check on which he had forged Glenn’s signature. On several occasions Wells Fargo charged STS for excessive transfers which hadn’t been properly requested. They allowed one individual to open an account in the name of STS of NJ. Nonprofit accounts require two signatures. Unfortunately, proceedings against Wells Fargo could be a long, drawn out process.

The Kingsway Regional Board met the week following the arrest and terminated Rick’s employment. They are doing their own audit to see if Rick misdirected any of the district’s funds. The Kingsway Regional Schools Superintendent approached the STS booth at the ASBO Conference and offered the District’s assistance.

After meeting with the Prosecutor, Ray set up a conference call with members of the STS Board of Directors to inform them of events that had taken place and to start plans for rebuilding the organization’s finances. There have been numerous Board meetings since that phone call. The Board is committed to doing everything in its power to fulfill the organization’s mission. Ingrid Reitano is so committed to STS that she paid a large bill with her personal credit card. The organization literally had no money to pay the bill. Plans to rebuild the financial structure of the organization have been developed by the Board members.

All our annual events will go forward as planned, starting with the December General Membership Meeting and going on to the Driver Seminars, Regional Meetings, the Conference, the Safety Poster Contest and the Roadeo. Our vendors and contractors have stepped up and offered to work with us to make these events happen. Many thanks to Bruce Wombaugh of Wolfington Bus Company for stepping in to host the General Meeting and providing all the wonderful refreshments. We really appreciate the generosity shown to us.

The speaker for the Driver Seminars has offered to accept a discounted fee for all three Driver Seminars. Even the Golden Nugget, to whom we still owe a large debt, has offered to work with us so the Conference can happen.

Our ability to work well with these individuals in the past has fostered the good feelings that make them willing to assist us at this time.

In the next six months, with the help of an attorney, we will go through our Bylaws, looking for ways to tighten them up. A pro bono forensic attorney will be looking through all our financial records.

TD Bank has become our new banker. Each member of the Board will now be able to view STS accounts online, but only the President will be able to make changes to the accounts.

In the wake of Rick’s resignation, Ray temporarily appointed Past President Ingrid Reitano as Treasurer. In accordance with our Bylaws, elections can only take place at the June General Membership meeting. In the interim, it is up to the President to make any necessary appointments. Ray made the following appointments at the meeting:

Barbara Sargeant - Vice President
Al Olkowitz – Treasurer
Ingrid Reitano – Central Region Director

Ray responded openly and honestly during the question and answer period.

The question was asked: How could this happen? To begin with, we were given false and misleading statements by our Treasurer who had also failed to attend Board meetings or even provide financial statements as required. Requests for information key to preparing a new budget were not responded to; likewise, information needed for an audit of the organization was not forthcoming.

In hindsight, we can identify possible signs that something was amiss. Maybe those signs were missed because of the nature of our organization and the relationships among the members. In Ray’s words, we are a family and we trust each other to do the right thing. Before Rick was suspected of any wrongdoing, Ray offered to work with him to resolve any possible problems. Despite Rick’s breach of our trust, Ray emphasized that we will continue to be a family, and the level of trust among us will remain as high as ever - but there will be changes on the financial end to avoid this ever happening again.

Two members summed up the kind of positive attitude we need as we move ahead. They thanked the Board members for all the hard work they have been doing and they encouraged everyone to look ahead instead of backwards, and to work together to improve STS of NJ.

You may contact a Board member if you have any remaining questions.