Former Drilling Controller Pleads Guilty to $5.4M Theft

JOE MANDAK,Associated Press

PITTSBURGH (AP) — The former controller of a natural gas drilling company pleaded guilty Wednesday to helping the company's former chief operating officer steal more than $5.4 million from the western Pennsylvania business — including $557,000 she kept for herself.

Cheryl Diane Brooks, 43, of Clymer, pleaded guilty to conspiracy to commit mail fraud, and three counts each of mail fraud and tax fraud and will return for sentencing May 31 before a federal judge in Pittsburgh.

Assistant U.S. Attorney Gregory Melucci told the judge the thefts began when Brooks wrote a check for Falcon Drilling LLC's former chief operating officer to help him cover a gambling debt in 2004. Those thefts escalated and, Melucci said, eventually Brooks began stealing from the company, too, by having the executive endorse forged or otherwise unauthorized company checks to her totaling $557,000 from April 2007 until November 2011.

Brooks' attorney, Patrick Nightingale, said she is "full of remorse and grief" and working to repay the money by selling real and personal property she owned before the thefts — that is, not property she bought with the stolen money — and surrendering a vested pension.

Nightingale said Brooks joined the firm as a secretary/executive assistant in 2001 and despite not having an accounting background was such a hard, dedicated worker became the company's controller by 2004.

That's when, Melucci told the judge, 52-year-old Larry Winkler, then the COO, came to her begging for money to help pay off a gambling debt.

Winckler's attorney, Martin Dietz, has confirmed the ongoing federal investigation, but did not immediately return a call for additional comment after Brooks' plea on Wednesday. Melucci said in court he expected Winckler to be indicted soon.

State troopers from the Indiana, Pa., barracks last year charged Winckler with stealing nearly $1 million from Falcon Drilling, but said then they enlisted the FBI and Internal Revenue Service to help their investigation because they expected the losses would exceed $5 million.

Federal prosecutors calculated the total loss to Falcon at $5.4 million when Brooks was charged in December, but on Wednesday Melucci said nearly $10 million has now been discovered missing from the company.

Brooks allegedly concealed the thefts by Winckler by creating bogus invoices for drilling bits and other materials from various vendors, manipulating accounting records to hide the lost money and mailing false financial statements to fool auditors, the charges said.

Brooks also allegedly filed false tax returns for the years 2008, 2009 and 2010, never declaring more than $64,000 in annual income, even though she earned at least $202,000 for each of those years because of the money she allegedly stole.

Nightingale said Brooks faces a prison term, though he could not immediately say how much prison time will be recommended by federal sentencing guidelines.

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