



## **Cemetery owner will go to trial in theft case**

### **Officials testify woman's false reports hindered audit of trust funds**

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**A Hutchinson cemetery owner is headed to trial on 16 criminal counts in connection with the alleged theft of more than \$800,000 from two cemetery trust funds.**

**Reno County District Judge Joe McCarville ordered Sharon McDonough, 70, owner of Fairlawn Burial Park and Heritage Funeral Home, bound over for trial after a preliminary hearing Thursday.**

**The theft from the cemetery's permanent maintenance and merchandise trust funds, alleged to have occurred between 1999 and 2008, involved more than 10,000 people who'd purchased plots and future services from the cemetery.**

**Three witnesses testified Thursday, including Hutchinson Police Sgt. Dean Harcrow, who said McDonough admitted to him in a taped interview she had taken about \$100,000 from the funds.**

**"I asked her if she knew it was against the law to withdraw principal from the permanent maintenance fund," Harcrow said. "She said she knew it was a 'no-no.'"**

**McDonough, who said she planned to replace the funds by selling the cemetery, denied taking \$800,000 tallied through audits by the Kansas Secretary of State's Office, Harcrow testified.**

**McDonough claimed she hadn't read letters from the Secretary of State's Office demanding she replace a \$314,000 deficiency in the cemetery's merchandise trust fund and the \$494,000 deficiency in the permanent maintenance fund, Harcrow testified.**

**Two officials with the Secretary of State's Office testified they discovered McDonough had taken hundreds of thousands of dollars from the cemetery trust funds and did not make accurate deposits to the funds as required by law.**

**They also described a timeline of events in which it took state officials more than three years to unravel the extent of the alleged theft from the trust funds.**

**The officials testified McDonough was at times uncooperative, and that she filed**

**inaccurate annual reports with the Secretary of State's Office, disrupting the ongoing audit and leading to multiple felony counts against her of providing false information.**

**Officials first realized something was amiss in 2005 while examining the 2004 annual reports filed by McDonough, testified Kathy Sachs, deputy assistant secretary of state. They noticed a large withdrawal of \$85,000 from the permanent maintenance fund, Sachs said, prompting the audit.**

**State officials pursued bank records from Manhattan Trust Co., and in October 2005, visited McDonough at Fairlawn Burial Park to review cemetery trust fund records, Sachs said.**

**"(McDonough) said her computer had been completely destroyed, that it didn't make the Y2K change, and she only had a handwritten ledger available," Sachs testified, adding McDonough said she'd have to calculate each transaction by hand.**

**Then, McDonough told the officials she "had a nail appointment at 3 p.m. and could not stay, and she would be gone the next day," Sachs said.**

**They returned to Topeka to work on the audit, Sachs said, but couldn't get McDonough to deliver the information they needed. The thousands of paper records "were not in the condition to audit without creating an enormous spreadsheet," she said.**

**Under questioning from both Assistant District Attorney Amanda Voth and Chris McHugh, the Wichita attorney representing McDonough, Sachs acknowledged state officials didn't visit Fairlawn Burial Park again until December 2008.**

**In that time lapse, the auditor who first visited Fairlawn in 2005 died, then the new auditor, not hired until September 2006, had to be "brought up to speed" on the complex case, Sachs testified.**

**When officials returned in December 2008 to get copies of McDonough's records, Sachs testified, McDonough acknowledged taking money from the funds.**

**"She said, 'Is this because I took that money?'" Sachs said. "And I said, 'Yes, it is.' She told me, 'Good luck, it will take forever for you to make that record.' "**

**Mindi Kohake, who took over as the state's leading auditor in 2006, testified it took a team of six full-time and temporary workers in the Secretary of State's Office to complete the audit.**

**Under the law, Kohake explained, McDonough was required to deposit 15 percent of the costs of plots, with a minimum deposit of \$25, into the permanent**

**maintenance fund. The law also required 110 percent of the wholesale cost of merchandise, such as headstones, to be deposited into the merchandise trust fund, marked by consumers' individual names.**

**Complicating matters, Kohake testified, was the fact McDonough destroyed records.**

**For example, if a headstone was pre-paid for, when the headstone was delivered years later, McDonough would rip the record from her ledger and throw it away, Kohake said.**

**There were more than 8,000 individual contracts in the permanent maintenance fund, Kohake noted, and some contracts included multiple plots.**

**Comparing bank records with McDonough's records, state officials created a spreadsheet comparing what was actually deposited in the fund and what McDonough reported had been deposited, she said.**

**"(McDonough) only made one deposit from 1999 to 2008 of \$1,000 for the merchandise trust fund," Kohake said, adding that McDonough failed to file annual reports for 2001, 2002, 2007 and 2008.**

**The defense did not present any evidence Thursday and waived its closing argument.**

**Following Thursday's hearing, Voth amended the dates of the complaint. The 16 counts against McDonough include multiple counts of felony theft, misuse of a permanent maintenance fund, providing false information, and misdemeanor counts of refusing to comply with the Cemetery Merchandise Act.**

**Arraignment for McDonough was scheduled for 9 a.m. Monday.**