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Trio arrested for embezzlement of parish funds

Monica Clark | May. 3, 2011

OAKLAND, CALIF. ? After months of police investigation, three persons affiliated with St. Isidore Catholic Church in Danville, Calif., were arrested yesterday (May 2) and charged with embezzling nearly $600,000 from the parish.

Kathleen Dake, 58, former office manager at the parish, and Virgilio Lukban, 46, former facilities manager, face five counts of embezzlement. Evelyn Peinado, 64, a parish volunteer, was arraigned on three counts.

Police say the three are accused of stealing about $360,000 using credit cards and that Dake stole an additional $220,000 using parish checks for personal expenses.

Officials in the Oakland Diocese said the investigation began in May 2010 when the pastor, Father Gerry Moran, noticed some financial irregularities and asked the parish finance committee to look into the situation and determine the extent of the problem.

Their preliminary study determined that Dake was likely involved in embezzlement along with others affiliated with the parish. An outside audit firm was hired to conduct a fraud examination and in August the diocesan finance office joined the examination. The local police department was notified.

Dake was terminated in September and Lukban in March.

Mike Brown, diocesan spokesperson, said the ongoing diocesan investigation also revealed that the parish lacked sufficient internal controls ?to detect and prevent such a high-level, sophisticated crime as the one now being prosecuted by the Contra Costa District Attorney.? The situation has been rectified, he said.

Brown said that the diocese will seek restitution of the stolen funds from the perpetrators and, if necessary, see financial recovery through the courts.

The parish, one of the largest in the Oakland Diocese, is located in an affluent suburb, east of Oakland.

[Monica Clark is a West Coast contributor to NCR.]

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