

## THE MYSTERY

### CHAPTER 2

# THE CASE OF THE VANISHING GREENBACKS

The phone rang just as I stepped out of the shower. It was Allen.

“Freddy, are you available for an embezzlement case?”

My biggest success had been in an embezzlement case involving a Wall Street firm specializing in bond trading. Allen had given me a whopping bonus for that one, which was one of the reasons I could afford to take it easy in L.A. I had done well in a couple of other similar cases and had gotten the reputation of being the go-to guy in embezzlement cases. It never hurts to have a reputation for being good at something. Besides, you don’t see many guys in my line of work who can read balance sheets.

I’ve always felt it’s important to keep the cash flow positive, and the truth was that I was available for a jaywalking case if it would help the aforementioned cash flow. But it never hurts to play a little hard to get.

“I can probably clear my calendar if it looks interesting.”

Allen paused for a moment, either to collect his thoughts or to take a bite of one of those big greasy pastrami sandwiches he loves. “I’m pretty sure you’ll find it interesting. It’s stumped some people

in L.A., and I told them I had a good man out there. I think it's right down your alley."

It's nice to be well thought of—especially by someone in a position to send you business. I knew that Allen's firm, though headquartered in New York, had arrangements with other firms in other cities. I didn't really care about the details as long as the check cleared—which it always had.

"I'm certainly willing to listen. What's the arrangement?"

"Consulting and contingency fee. Fifty-fifty split."

That was our usual arrangement. Burkitt Investigations got a guaranteed fee, plus a bonus for solving the case. Allen and I split it down the middle.

"Okay, Allen, fill me in."

"Ever heard of Linda Vista, Freddy?"

Temporary blank. Movie star? Socialite? Then I had it. Linda Vista was a town somewhere in Orange County with a big art community.

For those of you not up on California politics, Orange County is a bastion of conservatism. You have Orange County to thank, or blame, for Richard Nixon and Ronald Reagan. But Linda Vista, which my fragmentary Spanish translates as "pretty view," was different from your basic Orange County bastion.

The vista in Linda Vista was sufficiently linda that it had attracted a thriving artistic community. There were plenty of artists in Linda Vista, and most of them were liberals.

As a result, Linda Vista was highly polarized. The moderates were few and far between. On the left, you had the artists, with their funky bungalows and workshops. On the right, you had the stockbrokers and real estate moguls, living in gated communities so they wouldn't have to have any contact with the riffraff, except for the tradesmen delivering or repairing stuff. However, there were enough artists and hangers-on to acquire political clout—after all, it's still "one man, one vote" in a democracy, rather than "one dollar, one vote." Pitched battles had raged over practically every issue from A (abortion) to Z (zoning), and many of these battles had made state and even national news.

That's all I knew about Linda Vista, other than not to try to drive down there at rush hour, which turned one hour on the 405

to more than twice that. The obvious question was this: What kind of a contingency case had they got? So I asked it.

Allen filled me in. “The city is out a bunch of bucks, and each side is accusing the other of fraud and embezzlement. Because of the split in the political situation, the city manager gave half the budget to the conservatives and the other half to the liberals, letting each determine how to spend its half. Both sides claim to have been shortchanged.”

Allen paused to catch his breath. “I’ve got a friend who works in the city manager’s office. I told him I had a good man out there who’d done a lot of first-class work in embezzlement cases. Want to take a look at it?”

“Sure. How much time should I put in before I throw in the towel?” In other words, how much is the consulting fee?

“As much as you like.” In other words, since Allen’s meter wasn’t running, feel free to burn some midnight oil. “The consulting fee is \$3,000, upped to ten if you figure it out and get proof.” You don’t have to be an expert at division to realize that I was guaranteed a minimum of \$1,500 for the time I put in, and \$5,000 if I doped it out. You also don’t have to be an expert at division to realize that Allen was getting the same amount for making a phone call. I decided to be reincarnated as an employer rather than an employee.

Allen gave me a brief description of the protagonists, and I spent a good portion of the evening with a pot of coffee and my computer, getting some background information on them. I’ll say one thing for the Information Age; it’s a lot easier to run a background check on people than it used to be. What with search engines and social networks, you save a lot on gas money and shoe leather.

The next morning I waited until after rush hour and then made the trek to Linda Vista. City Hall was located in a section of town where the vista was a long way from Linda, unless strip malls filled with 7-11s and fast-food restaurants constitute your idea of attractive scenery. I found a place to park, straightened my coat and tie, and prepared for the interviews.

I was scheduled to have three of them. I had been hoping to arrange for longer interviews, but everyone’s in a rush nowadays, and I was getting a quarter-hour with each, tops. They’d all been interviewed previously—Allen had mentioned that this case had

stumped others—and people are generally less than enthusiastic about being asked the same questions again. And again. The first interview was with Everett Blaisdell, conservative city councilman, who would explain why the conservatives happened to be short. The next was with Melanie Stevens, liberal city councilwoman, ditto. The last interview would be with Garrett Ryan, city manager.

I have a bad habit. My opinion of members of groups tends to be formed by the members of those groups I have seen before. Consequently, I was expecting the conservative Everett Blaisdell to look like a typical paunchy southern senator with big jowls. So I was a little surprised to discover that Everett Blaisdell was a forty-ish African-American who looked like he had spent years twenty through thirty as an NBA point guard.

He got right down to business. “I want you to know,” he barked, “that everything that we have done with our budget allocation has been strictly by the book. Our expenses have been completely documented.” He handed me a folder full of ledger sheets and photos of checks, which I glanced at and stashed in my briefcase.

Blaisdell was clearly angry. “The business community is the heart of Linda Vista, and it is ridiculous to suggest that it would act in a manner detrimental to its citizens. We are \$198,000 short in our budget.”

You don’t expect NBA point guards to get out of breath too easily, considering the time they have to go up and down the court, but maybe Blaisdell wasn’t in shape. He paused, giving me a chance to get a question in edgewise. “Just what do you think has happened, Mr. Blaisdell?” I inquired mildly.

“I know what has happened. Melanie Stevens and her radical crowd have managed to get hold of that money. They want \$200,000 to fund a work of so-called art, which I, and every right-thinking citizen of Linda Vista, find totally offensive. It’s mighty suspicious that the missing funds, \$198,000, almost precisely cover the projected cost of the statue.”

I was curious. “If you don’t mind my asking, exactly what is this statue?”

Blaisdell’s blood pressure was going up. “They are going to build a scale model of the Statue of Liberty and submerge it in Coca-Cola. You may know that Coca-Cola is acidic, and it will

eventually dissolve metal. They say that this so-called dynamic representational art represents the destruction of our civil liberties by overcommercialization. Well, let me tell you, we'll fight it."

He looked at his watch. "Sorry, I've got another appointment. When you find out what those scum have done with the money, let me know." He walked me to his door.

It took a few minutes to locate Melanie Stevens's office, as it was in a different wing of the building, possibly to minimize confrontations between her and Blaisdell. It was a bad day for stereotypes. My mental picture of Melanie Stevens, ultraliberal, was that of a long-haired hippie refugee from the '60s. The real Melanie Stevens was a pert, gray-haired grandmother who looked like she had been interrupted while baking cookies for her grandchildren. She, too, was evidently on a tight schedule, for she said, "Sorry, I can only give you about ten minutes, but I've made copies of all our expenses." More ledger sheets and photos of checks went into my briefcase.

"Let me tell you, Mr. Carmichael, that we could have used that \$198,000. We planned to use it for a free clinic. I know exactly what has happened. Blaisdell has doctored the books. I'm sure glad that Ryan had the guts to ask you to look into it."

"Blaisdell seems to think that your people are responsible for the missing funds," I observed.

She snorted. "That's just typical of what they do. Whenever they're in the wrong, they lie and accuse the other side of lying. They rip off the community and channel money into political action committees. Or worse. Blaisdell knows he faces a stiff battle for reelection, and I wouldn't be the least bit surprised to find that money turning up in his campaign fund."

"He seems to think that you are going to use the funds for an art project, rather than a free clinic," I remarked.

"He's just blowing smoke. He knows quite well that the statue will be funded through private subscription." She looked at her watch. "Let me know when you pin the loss on them."

I left Stevens's office for the last interview, with Garrett Ryan, whose anxious expression made it clear that he was not a happy camper. "Have you got any ideas yet?" he asked.

I shook my head. "I've just talked to Blaisdell and Stevens. They've each handed me files containing what they consider to be

complete documentation. They've each given me a story asserting their own innocence and blaming the other. I take it that the missing amount is \$198,000?"

Now it was Ryan's turn to shake his head. "No, *each* side says that it is missing \$198,000. Quite a coincidence. And I'll tell you, Mr. Carmichael, despite the animosity between them, I think that they are both honorable individuals. I find it difficult to believe that either would rip the city off."

I focused on Ryan's coincidence. "It's funny that they are both short exactly the same amount. Perhaps you could tell me a little more about the budgetary process."

"It's really quite simple. Each resident of Linda Vista is taxed a fixed amount. Any complicated tax scheme would just result in a full employment act for accountants. The previous census resulted in a \$100 assessment per individual. The population of Linda Vista increased by 20% since the last census. We didn't need any increase in operating expenditures; under my guidance we've done a fiscally conservative and frugal job of running the city. As a result, the council voted to reduce everybody's taxes by 20%. Needless to say, this was a very popular move."

"I'll bet it was. Did everyone pay their taxes, Mr. Ryan?"

"Everybody. We're very proud of that—a 100% collection rate. Despite what you may have heard, the citizens of Linda Vista are very civic-minded. Liberals and conservatives alike."

I've spent enough time with balance sheets to know that accuracy is extremely important. "Was this population increase exactly 20%, or is that merely an approximate figure?"

Ryan consulted a sheet of paper. "Exactly 20%. I have a print-out that gives information to four decimal places, so I can be quite sure of that."

Just then a phone rang. Ryan picked it up and engaged in some political double-talk. After a few minutes he replaced the receiver. "Sorry, Mr. Carmichael. I'm behind schedule. Let me know if you make any progress." We shook hands, and I left.

A couple of hours later, I got home, having stopped for a bite but still avoiding rush hour traffic. Pete noticed my presence and asked, "So how'd things go in Linda Vista, Freddy?"

"I had a pretty interesting day. Want to hear about it?"

He nodded. I took about fifteen minutes to describe the problem and the cast of characters. “It looks like I’ll have to spend a day or so looking over the books.”

Pete shook his head. “It seems pretty clear to me.”

I’d seen it before—everybody’s a detective. Amateurs always think they know who the guilty party is because it fits in with their preconceptions. I didn’t know whether Pete had cast Blaisdell in the role of a political fat cat out to line his campaign war chest or whether Pete was a conservative who saw Melanie Stevens as a radical troublemaker. Anyway, you’ve got to learn not to jump to conclusions in my line of work.

“You can’t do it like that, Pete. You’ve got to trace down the paper trails. I’ve done this lots of times.”

Pete grabbed a piece of paper, scribbled something on it, and sealed it in an envelope. “Five dollars will get you twenty that the name of the guilty party is inside this envelope.”

Pete needed taking down a peg. Maybe two pegs. Besides, I liked getting four-to-one odds on what was obviously an even-money proposition. “You’ve got a bet,” I said. We wrote our names on the envelope, and Pete put it on the table next to the TV.

“Whenever you’re ready, we’ll unseal the envelope.” I headed back to the guesthouse for a session with the books.

All the clues are there. Can you name the party responsible for the missing greenbacks? There are two ways you can find the answer. You can purchase the book at <http://www.press.princeton.edu/titles/10559.html> or you can think about it for a while and find the solution here - <http://www.press.princeton.edu/chapters/s3-10559.pdf>