Embezzling Church Funds
The Christian and Missionary Alliance

One day, in the midst of leading a busy congregation, you discover that the church financial records don't add up. It dawns on you that someone you deeply trust and have worked with for many years may be responsible.

Embezzling is to take money for one's own use in violation of a trust. This is especially painful in a church, where people give sacrificially toward Kingdom purposes. Most often the person suspected is a church treasurer, but it could be anyone with access to church funds. What should you do when you know or suspect that someone you trust has taken money from your congregation?

This paper provides important information for Alliance church leaders when faced with potential embezzlement in the church.

What do I need to understand?

Embezzlement is an act of betrayal. It not only involves someone you trust, but someone you know and work with. Because of this it is easy to want to believe that it can't be true. When this happens, we often want to believe anything this person says that gives us hope that we're wrong.

Embezzlement is an act of deceit. Typically, funds have been taken over a period of time, perhaps years, and the person who took the money has manipulated the financial records to conceal the loss. The embezzler has also continued to worship and remain a friend to those from whom he or she stole. In all likelihood the theft was even concealed from the embezzler's spouse.

Embezzlement is typically a symptom, not the primary problem. People steal money entrusted to them because they feel financial or personal pressure from other areas in their life. The embezzler may be facing severe financial pressure from a failing business, having significant marital or family issues, trapped in addictive behavior, or suffering from deep depression.

What do I do first?

1. Take time to pray for wisdom and grace. Pray that no matter what happens God will bring glory to himself, that the people involved will grow to be more like Christ, and that God will preserve the reputation of his church.

2. Define what you actually know. Did someone make a passing comment that made you suspicious? Are you aware of any inconsistent financial records? Is there a
simple way to double-check the inconsistencies? Is there any other relevant information that you can review without involving others inappropriately?

3. If you learned through a confession, these insights will be helpful during that conversation:

   a. Focus on listening and understanding all that is being said in the confession. Remember that embezzlement is a crime of deceit; in almost every case, more will be revealed over time. It’s not unusual for the embezzler to be convinced that far less has been taken than the actual amount. Communicate the hope and promise of the gospel during the time of confession! There will be another time to get all the detail you need.

   b. Ask the confessor who else is aware of his actions. You especially want to know if the confessor’s spouse knows. I’ve learned that it is important to pay special attention to this relationship. The stress on the spouse and on their relationship can be overwhelming.

   c. Ask what motivated him to confession. Sometimes it is godly repentance and sometimes a looming audit.

   d. Be careful to make no promises, other than that you will seek to act with godly integrity.

   e. Let the confessor know that you will share the information with your elders and that you will respond by a certain date. (Be careful to check on the person afterward—it is not unheard of for embezzlers to take drastic steps, even threatening suicide, under the weight of shame, guilt, and fear of what the future may hold.)

   f. Finally, assure the confessor that as a brother/sister in Christ you will be there to help walk down the difficult path of repentance, confession, and godly accountability.

4. Report the suspected embezzlement to your district superintendent. His counsel will be invaluable, and he will ensure that you comply with any Alliance guidelines.

5. When you learn of the embezzlement from any source other than a confession, it is important to confront the accused embezzler (see Matt. 18:15)—and do it gently, according to Galatians 6:1. This conversation must be in person. It is also wise to have at least one other trusted leader present at the meeting. I recommend that this leader be someone of the same gender as the confronted person and, if possible, someone who is part of the church financial team. Peacemaker Ministries’ “PAUSE Principle”\(^1\) provides an excellent format for this meeting. Your preparation and the level of formality of this meeting will be based on the clarity

---

\(^1\) The “PAUSE Principle” consists of these steps: Prepare, Affirm relationships, Understand interests, Search for creative solutions, Explore options. For more information refer to The Peacemaker: A Biblical Guide to Resolving Personal Conflict, Third Edition by Ken Sande, Baker Books.
of the evidence and the gravity of your suspicion. Be prepared for a full range of reactions, from angry denial to tearful confession. (Before the meeting it will be helpful to review the advice about confession given in number 3 above.)

6. When a person confesses or when you have reasonable suspicion that embezzlement has taken place, remove the person from any position in which he or she would have access to church funds.

What other steps do I need to take?

1. **Conduct a full financial review.** This kind of review includes an audit in most cases. Proceeding in a wise and prudent way requires getting a clear picture of the scope of the problem. Any admissions or financial data supplied by the suspected embezzler is only the beginning. In order to objectively understand the full extent of the problem, your church will need to conduct a full financial review. Go back for as many years as that person had access to church funds; however, in most cases it isn’t practical to go back beyond 4-5 years.

   Review at least four types of financial activities:

   a. Checks written to the suspected person’s name. This is often done when a treasurer has little structural accountability.
   b. Checks written to third parties, but deposited into the embezzler’s personal bank account.
   c. Checks written for non-church related expenses. Typical items in this category include travel expenses, credit cards, home repairs, and the like.
   d. Cash taken from weekly offerings, which is the most difficult to track. In fact, it’s almost impossible to discover, except by tracking discrepancies in cash received over a period of time.

2. **Review your church’s financial accountability practices.** Take practical steps to protect the church and the reputations of any others involved with the church’s finances. You will want to review the Finance Manual for Alliance Church Treasurers (and Pastors).

3. **Consider whether to involve government authorities.** Church leaders are tempted to err in two directions when it comes to reporting this criminal activity. Both of the following errors stem from the unique nature of relationships within a church.

   a. The first temptation is to keep the matter private. This is only a wise choice when the financial loss is small, when there is demonstrated full repentance, and when the embezzler has committed to appropriate ongoing accountability.
b. The second temptation is to entirely turn the matter over to government authorities and "wash your hands" of the messy situation. This response is understandable and most often comes from a deep sense of betrayal. There are times to engage the police, but for a church body this should never be the only response.

So how can a church decide when to engage government authorities? The key is understanding the relationship between the church’s ecclesiastical authority (sometimes called jurisdiction) and the government’s authority. Each has its proper place.

The church can never stop being the church. God has given the local church unique authority and responsibility over the moral/ethical life and spiritual development of its members (see Matt. 18:12-14, 18-20; 1 Cor. 5:12-6:3; 1 Thess. 5:12-14; Heb. 13:17). The church is called to honestly and lovingly guide the person who embezzled toward repentance, redemption, and reconciliation.

The government is also given authority and responsibility over criminal activity (see Romans 13:1-7). The local district attorney’s office or police can play a helpful role in several ways. First, they can be a good source of information as the church weighs its course of action. What sort of crime, if any, is involved? How is embezzlement typically handled in the courts? Second, if the embezzler fully cooperates, law enforcement can help you consider possible creative options like deferred prosecution that would provide ongoing accountability. Often you can initially discuss these options without disclosing the embezzler’s identity. In addition, the authorities also play a critical role when an embezzler continues to deny or minimize his responsibility.

4. Communicate with your congregation. One painful reality in church embezzlement is that the embezzler didn’t just steal from the church as an organization; he stole from and deceived each individual member. (Of course, he also attempted to deceive God; see Acts 5:1-4.) Embezzlement is a sin against the entire church body; therefore, except in rare circumstances, the congregation should be informed. Here are a few guidelines for such a communication:

a. Any communication should be to members only, at a specially called meeting (not in a letter).

b. If at all possible, nothing should be communicated until there is some clarity on the extent of the loss, and a plan for restoration and accountability is in place.

c. The embezzler’s spouse must be informed and engaged in the process. The spouse will need shepherding care, and hopefully will play a key role in the restoration process.
d. Keep the statement to the congregation simple, clear, and brief. Briefly describe the circumstance, the process so far, and the biblical goal of restoration; give encouragement regarding how to pray for the person and for the church; provide loving guidance on how people can deal with the news. You should name a spokesperson from the elder board whom people can contact if they have questions or concerns. Your district superintendent will be a helpful resource in this communication.

When is it appropriate for the embezzler to make a public confession? Generally, a public confession is appropriate when there is genuine repentance, when the embezzler’s spouse is fully engaged, and when there is an agreed-upon discipleship plan. (Ideally, this plan is formal and signed.) You will want to guard against a premature public confession, which can do more damage than good. When leaders agree that a public confession is appropriate, it should be read from a written statement that was approved in advance by the elders. A helpful guideline for the written confession is Peacemaker Ministries’ “7 As of Confession.”

5. **Develop a plan to restore the offender.** The church’s goal in engaging with the embezzler is loving restoration (see Matt. 18:12-14; 2 Cor. 2:5-8; 1 Tim. 1:5; 2 Tim. 2:24-25). To encourage godly repentance (see 2 Cor. 7:10-11) and establish mutual accountability, it is important to have a written restoration plan. This may be done as part of a formal church discipline process. The restoration plan should include a statement of purpose, an outline of the personal discipleship process, a repayment schedule, and the consequence for not following the plan. From time to time during the process, the elders should review the plan to adjust for any change in circumstances.

In putting together a restoration plan, remember that embezzlement is usually the symptom, not the root issue in the person’s life. Be sure to structure the plan in a way that addresses the core issues he is struggling with, whether personal, relational, spiritual, or financial.

I can’t emphasize too strongly that the goal in working with an embezzler is full restoration through a biblical process that is full of grace. I have seen God work wonderfully in the church and in the life of the embezzler. Remember the Apostle Paul’s words to Timothy, *The goal . . . is love, which comes from a pure heart and a good conscience and a sincere faith* (1 Tim. 1:5).

---

**Very few churches are prepared to respond expertly to a church embezzlement—a situation that is deeply personal, has serious legal implications, and can be overwhelming.** Your district superintendent is available to assist your church leaders to respond in a manner that brings glory to our Lord Jesus Christ.

*In addition, you will benefit by seeking legal counsel from an experienced local attorney.*