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WORKPLACE HORROR STORIES

**REAL LIFE, BUSINESS-KILLING MISTAKES
AND HOW TO PREVENT THEM**

INTRODUCTION	2	Sandblasting Disaster	14
STICKY HANDED EMPLOYEES	3	Unrestrained Roofer	14
Death By Embezzlement	3	Hand vs. Machine	15
The Lottery is Watching	4	OSHA	16
Blank Check	4	Getting and staying Safety Compliant.....	16
A Mechanical Problem.....	5	WHAT IS A PROFESSIONAL EMPLOYER	
EMPLOYEES BEHAVING BADLY	6	ORGANIZATION OR PEO?	17
Blurred Lines	6	ABOUT THE CAPUTO GROUP	21
Still Liable Even After Hours	7		
Beware the Boss' Wife	7		
What You Can't Unsee	8		
Spilled Words.....	9		
Tis' The Season To Not Be Jolly	9		
HR NIGHTMARES	12		
What the Bleep	12		
Don't Mess With AARP	12		
Cavalier Cash Grab	13		
Brewing up Disaster	13		



INTRODUCTION

You think it won't happen to you.

Neither did they.

Consider this a cautionary tale of sorts. By using this guide you can avoid many all-too-common business-destroying snafus and protect what you've built.

While the names and many identifying details have been changed, the stories you are about to read are all too real.



STICKY HANDED EMPLOYEES

In these cases of theft, none of the employees were new. They were mostly longtime workers who'd been with the business putting in long hours, earning trust and gaining key responsibilities.

Looking back there were many things the owners could have done that would have protected them. If only they'd used them.

Because, as you'll see, prevention is far more effective than trying to collect after the fact.

The accounts manager at Bob's Auto Repair was on top of everything - he had the Quickbooks receipts to prove it! Now, vendors weren't delivering without cash payment, and the landlord was demanding the past due rent.

Digging further, Bob discovered the tidy books masked a far bigger problem. The paper trail of checks led him back to their employee who'd pocketed the payments. To the tune of over 70k.

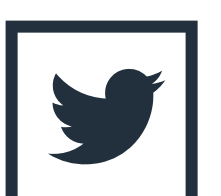
The employee took off when confronted and left them with the bills. With no new inventory and their landlord threatening them, they burned through their sparse savings. They scrambled to float things unsuccessfully and abruptly closed.

A stunning casualty of entrusting their welfare to a lone employee with no checks and balances. Read on to learn what Bob could have done to protect his business.

The Lottery is Watching

Steve would be the first to tell you, owning a lottery deli near the Seattle airport is shenanigans. With endless turnover, Steve was pleased when Kristen, a trusted employee, stayed on the job. Kristen eventually moved from front of the register to the back office, taking over lottery deposits and other administrative tasks.

Even if you have two employees overseeing your books, you run a risk they are plotting together. You need a 3rd party to oversee your books and catch discrepancies



Sure, Kristen's shiny new Vespa caught her eye. The sparkly blonde highlights. Then the fancy logo bag. Kristen with her threadbare shirts and holey shoes was suddenly looking next level with no second job, inheritance or stimulus check to explain it. "Hmm, well good for her," Steve shrugged in passing.

Until the Washington State Lottery Notice detonated on their doorstep. Due to the discrepancies in the numbers, "We're coming after your business."

Kristen's makeover suddenly took on a darker meaning.

Turns out, Kristen was treating the lottery machine money like her personal bank by fudging the numbers to appear less and pocketing the rest. For over a year.

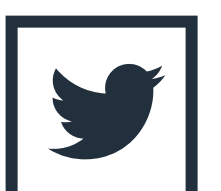
When confronted, she denied it and took off. She didn't show up for court dates. Two years later, the police finally caught her at a bar and grill in Nebraska where she had embezzled ten's-of-thousands of dollars. She was eventually convicted and ordered to pay restitution. Too bad she already spent the money.

Blank Check

Pam was one of those aggressively well mannered personalities. You know the type, always armed with containers of casseroles and frosted cookies, asking about co-workers' children by name. No stray hair out of place. It was easy to see why she'd climbed so quickly at the company to CFO 15 years ago.

The reason she got caught cooking the books was a random audit. Ironically, it was to ensure employees were receiving full benefits of a company retirement fund that had grown sizable. The auditors discovered the dozens of checks she'd written to herself then falsely voided to balance the books. Hundred of thousands of dollars gone and no one had been the wiser.

Since this was a longtime hustle, the company was only able to recoup a small amount of the money due to a statute of limitations. After the lawyer's fees, the theft totaled much more.



A Mechanical Problem

Glen was always bragging about his small time money scores. He would puff out his chest when describing his night spent tinkering with meters to save a few bucks or over-inflating sales prices to rich old ladies for a laugh.

His stories got old fast. But he sure knew his stuff. The man could practically replace an engine in his sleep. Glen had been his right hand man for so long, Daniel couldn't imagine how he'd replace him.

Daniel had extra machinery at the shop Glen auctioned off every few months on weekends. They'd been doing it for years. Glen got a cut of the proceeds for his efforts.

Sometimes the sales prices seemed suspiciously below market value. He was surprised it was the best ole cardshark Glen could do.

"Highway robbery, I know it!" Glen would say. Followed by some excuse about people being cheap or too much similar inventory. Although clearly documented,

the numbers weren't adding up. Daniel couldn't shake that feeling in the pit of his stomach when he thought much about it.

After tossing and turning too many nights, Daniel coordinated with the police. Turns out Daniel's instincts were right. They caught him lock, stock and barrel.

Glen was regularly auctioning off items then documenting a lesser sale price and pocketing the difference. The numbers weren't dramatic enough to call attention to them but over the years added up to six figures in stolen revenue.

It was a crushing blow to Daniel.

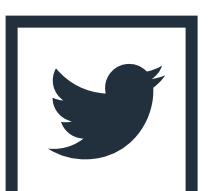
Putting the right systems in place can stop the Glens of the world from pocketing your cash and pummeling your morale.

Word to the Wise:

Don't rely on your employee's integrity and self-control. Sadly, when there's little oversight - as is often the case with smaller companies- the temptation can be too great. Don't give them the opportunity.

Auditing your financials is important. Since many companies only audit yearly, by the time the fraud is discovered, you could be out a lot of money.

By having monthly audits, done by a 3rd party, you create accountability and protect yourself.



EMPLOYEES BEHAVING BADLY

Did you know your business can be financially liable for what your employee does and says not only while on shift but even after shift, on or off premises? Unfortunately, many owners find out the hard way.

While you do your best to hire good people and supervise- you can't control your employees 24/7. Incidents can happen. Are you protecting yourself and your business?

Blurred Lines

Anyone else, she would have 86'ed in a heartbeat. Can you cut your boss off at their own bar?

Of the four friends who bought the growler fill station and bar together, Tom is the only one who makes his presence known. He lives across the street and hangs out there often supplying free pints for himself and his freeloading friends.

While seated front and center at the tiny bar he likes to mock the staff with his “constructive crit-

icism” of their performance. The staff has grown wary of his loose tongue. The other owners are rarely on-site and Tom being their friend doesn't help. So the staff rolls their eyes and shrugs. What can they do?

Until, one night, Tom's particularly sauced and swats at the bartender's butt as she passed by. She stops giving him refills, so after a string of obscenities, he hops behind the bar to serve himself.

Without a grievance policy in place, she leapfrogs the owners and reports Tom directly to the Liquor Control Commission. They nearly lost their business.

They hired a PEO to do damage control and were able to avoid punitive damage by buying Tom out. With protocol in place for employees and an open door policy that encouraged better communication between the staff and owners they could have avoided this situation.

When you have documentation showing you're doing your due diligence, your state's Liquor Control Commission will likely support your efforts instead of fining you.



Still Liable Even After Hours

Like most eventings after work, John, a graphic designer at a small ad agency, headed out front for his after shift beer. It was common for agency employees to have a beer together at the office before heading home for the day. He made small talk with the new copywriter, Mara, while waiting for his friend to arrive.

As the night wore on, the team guzzled their beers, their voices became louder and more charged. Mara overheard them commenting about her body in graphic detail as she passed to and from the kitchen. She asked them to stop which only seemed to rile them up. The night ended with them asking to see her boobs before they staggered out laughing.

Right after the shift, Mara wrote their manager an email detailing what happened. The manager had little experience with these matters and no HR to turn to. In response, he said they were probably just being drunk idiots and didn't mean anything by it. He'd make sure they apologized to her. When she wrote back his reaction was too casual, he asked, was it possible she was being too sensitive.

Screenshots of the conversation were shared on social media. Overnight it went viral with a flood of outraged messages over the manager's lack-luster response. It was a PR disaster. Many clients dropped the agency. Ultimately, John was fired and Mara left, but the bad publicity lived on in social media reviews.

Beware the Boss' Sister

It wasn't the first time this crew of contractors in rural Idaho had gone to a honkey-tonk bar after hours for whiskey and steaks to celebrate the completion of a big job on the companies' dime. It was the first time, Anne the boss' younger sister, had tried to imitate the mechanical bull. Most of the guys were amused by her swaying in front of them, tipping back a Jager shot, flipping her hair and thrusting her hips to the music.

When she started trying to rub their backs or sit on their laps, most of their table cleared. Theo, one of the newer hires, sat with his head down sipping his beer, avoiding eye contact with her. Horrified.

Theo was terrified of reporting the sister's bad behavior to his boss. What would he say?



Would his boss be pissed- at him? So, he woke up the next day and filed a sexual harassment claim with HR.

The owners were pointedly reminded many courts may view offsite, off the clock incident claims as an extension of your workplace and hold you responsible.

What You Can't Unsee

It was a Saturday night and manager Julie had announced to the team she was having a party.

Britt, Julie's assistant, brought over a bottle of Merlot and some funny anecdotes she'd googled expecting some light music and conversation from the older crowd.

She walked into blaring music, sticky red punch being ladled out of a trough and jumbled bodies grinding on a makeshift dance floor in Julie's living room.

She went outside to get fresh air just in time to witness her boss tossing her clothes on the grass and hopping in the hot tub with

three other skinny dippers hooting and bumping their cups in cheers.

Britt took off in a huff. Back on Monday, Julie was giving Britt her assignments but Britt couldn't get the party out of her head. She kept waiting for Julie to apologize for how out of control drunk she was. But instead, Julie said, "Great party, right?!" Then bragged about how it went until 5am.

How could she ever take her boss seriously after this? She went to the owner's office, and said she didn't feel comfortable reporting to Julie anymore.

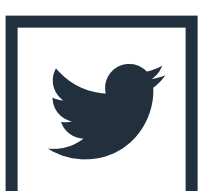
The owner figured it was not a work function so it wasn't her place to intervene. With such a small company, there were few options for switching departments. She apologized and said there wasn't much she could do.

Because the owner did not investigate or act on Britt's report, it is now being litigated in court. She learned the hard way, even off site and after hours, employers can still bear responsibility.

Spilled Words

She waved her red polished finger in the air, "Can I get some ice in my water?" When Leo set

AS AN OWNER: the culture of your business, how you conduct yourself and the expectations you place for your employees both in action and in writing can have huge consequences.



the glass of ice on the table, she looked up and said, “You forgot the lemons.”

Sighing loudly as he slapped the saucer of lemon slices on the table in front of her, she clinked her nail against her glass, her eyebrow arched, to indicate she needed a refill. Leo, waiter of impeccable aim, from a foot above her glass deftly poured from the pitcher. As the water reached the top he altered his aim just slightly. Water dribbled onto the tablecloth blooming front of her. Her hands fluttered toward her face. “Well, I never!”

Leo pivoted on his foot spitting angrily under his breath. The woman froze but the man she was seated with jumped up. “You don’t call her that. Come say that to my face!” The manager heard the commotion and hustled over to their table.

It was bad enough Leo lost his cool, but the racial slur was like detonating a bomb. He immediately removed Leo and comped their meal. After a flurry of apologies, the couple were given extra pints and chocolate cake on the house. They left reassured the waiter was fired. This time, the manager’s smooth response saved them from a potential lawsuit or news blitz.

Tis’ The Season To Not Be Jolly

Every year, many companies throw a holiday party for staff and longtime clients- and every year, it seems, at least a couple coworkers get drunk and act out of line with others. Take Mark, for instance.

Mark is an on-time, always on his toes kind of employee. One you wish you could replicate. But after hours, behind closed doors, he is known to let the bottle get the best of him.

During the annual party, Mark was on a roll with off color jokes and gestures. He and co-worker, Lynn, were laughing together until Mark grabbed her breast. She shrieked and slapped him in front of everyone.

The owner told Mark to leave and expect a discussion Monday morning. Even though the owner, among others, witnessed what happened, Lynn had to follow protocol and file an official complaint.

When Lynn found out Mark was merely suspended for three days, she up and quit and left the industry altogether, angered at the serious lack of support.



When word got around, as it does, many regulars weren't too happy about Lynn's departure and the owner's underwhelming response. Though it didn't erupt into a social media scandal, it wasn't a good look for the brewery.



HR NIGHTMARES

Hiring quality employees, proper ongoing training and handling sensitive employee and customer issues right protects your company.

When you're wearing multiple hats in your business, employee issues can easily fall by the wayside. As you'll learn from these owners' mistakes, losing your head over employee disputes can be a killer.

What the Bleep

Like a sucker punch to the gut, Jim's longtime employee, Darryl, was caught stealing from him red-handed.

Once Jim caught on to the duplicate checks and random payments to mystery vendors, it didn't take much time to piece it together. The police gave him tips to make it an open and shut case. They got him.

The shocked, hurt look on Darryl's face when Jim canned him replayed in his mind. It gave him a fleeting sense of satisfaction but the deception continued to haunt him.

After the late night beers, the extra paid leave and cash Jim had given him. The whole time that he'd pitied Darryl, tried to cheer him up, Jim was the real sucker.

Just the thought of Darryl slyly pocketing cash under his nose and he could feel his blood begin to boil.

After getting sloppy on a few too many vodka tonics one night, Jim texted Darryl. He went off on him, calling him nasty names, including a few he instantly regretted.

In a "truth is stranger than fiction" turn, Darryl got an attorney and, based on one text with a very choice word, Jim was fined half a million dollars for racial discrimination. On top of the money from his company Darryl embezzled.

Don't Mess With AARP

Elena and her husband are longtime owners of a popular neighborhood restaurant. While their food is beloved, Elena has a reputation for being, shall we say, difficult. A stickler for punctuality to the minute, she gripes about "lazy" employees and even changes their time cards if they dawdle



coming back from break. No surprise, there is a lot of turnover at her place.

One waiter, in particular, really got her ire. He was chronically late and sloppy with tasks. “He has to go!” She fumed for weeks. When Elena finally snapped and fired him, she was so angry she went off script. In a barrage of insults, two words stood out. She called him, “Too old.”

What was a fireable offense quickly turned into an age discrimination lawsuit. What a nightmare! With her ornery temper, had she let a 3rd party handle her HR issues she wouldn't be tanking her restaurant on attorney fees.

Not to mention, tampering with hours on time cards without getting employee sign offs could result in 3 years of back pay. Ouch!

The proof of hours requirement, as in most cases, falls square on the employer's shoulders.

Cavalier Cash Grab

While most of these stories required a bit more explaining, this heist harkens back to the old-fashioned grab and dash.

While for state regulations, this canna grower was required to place security cameras throughout the facility, the one place they didn't mount one was in the office: where the safe is stored and the money is counted. That's when 100k got up and walked away unaccounted for. In one fell swoop - as far as anyone knows.

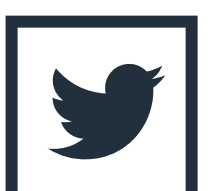
With added systems in place for money counting and security, this hot money grab could have been avoided.

While this is dramatic and painful, if you don't have proper protocol and security measures set up and monitored, someone could be walking off with undocumented cash that could spell disaster for your bottom line.

Do you have the proper systems in place where cash is concerned?

Brewing up Disaster

It was a huge blow when their head brewer left. He was a wunderkind of sorts. He'd made a name for himself and their Eastern Washington brewery into a top attraction in the industry.



Ian, the owner, didn't have the time or resources to start a new talent search. So when the head brewer's eager assistant, William, insisted he knew the ropes and could temporarily carry on until they found someone, Ian was all too happy to check that off his endless list.

Within weeks of William taking over, quality control went out the window. Due to some procedural missteps, one of their primary beer tanks was contaminated. The protocol to dump the beer, sanitize the tank and start over was ignored.

William reasoned his beer production would get behind and make him look bad. So, instead, he took contaminated beer and added it to the other tanks, infecting them, too.

By having the infrastructure and the right procedures in place, you can spend the time finding the right replacement person to carry your business forward.

If you don't have the HR personnel in place, The Caputo Group helps with talent searches, hiring and vetting new workers.

Regular check-ins and evaluations are conducted and any employee issues are handled quickly and documented appropriately.

In a matter of months, his rookie move completely ruined, first, the beer tanks, then the entire inventory of beer they based their business around and finally, their reputation.

Sadly, it only takes one crappy tasting beer in a competitive market for the customer to discount it- and they did in droves.

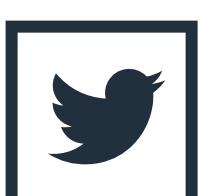
Their once popular chain of small breweries no longer exists. If only the owners had spent the time and resources finding the right talent or gotten assistance with this crucial process, who knows where they'd be?

Sandblasting Disaster

Anthony, a sandblaster, was shoveling and pouring sand, and monitoring for an adequate supply of abrasive in the hopper.

Finally, it was break time. Walking briskly, he yanked off his hat and respirator. Then peeled off his gloves before pulling his Camels from his pocket.

He stopped steps away from the job site outside a chain link fence, nowhere near the off-premises smoking area. Still clad in his chemical splattered



coveralls, he dropped his gear next to his feet and lit up a smoke. 3, 2, 1... catastrophe. How could this happen?

Formal safety training for all regular and contract workers, verifications of safety equipment and a present safety officer to supervise are just a few legal requirements meant to avoid devastating accidents on job sites.

Turns out, the company's safety officer, legally mandated to be present, had quit. The company meant to replace him but hadn't gotten around to it yet.

OSHA and their safety compliance specialist, got involved and the company was hit with a hefty fine. Worker's compensation claims through the roof. To add insult to injury, after the investigation, they were shut down for not complying. Permanently.

Unrestrained Roofer

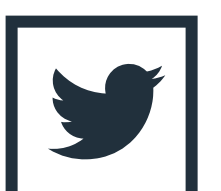
A busy construction company hires a Compliance Partner to handle the employee side of their business. Without telling HR, the company brings on a new worker, Edward, to do roofing knowing they haven't passed specific safety standards to hire for that position.

Tragically, Edward is killed instantly when he falls from a fourth story building. The company panics and, after the fact, fills out and submits his paperwork with fudged dates and details.

Since the company had not been approved for roofing, Edward did not have the proper training or gear in place.

Worse yet, the HR firm learns Edward had failed a background check that should have denied him employment, but they brought him on anyway. The sloppy attempt to clean the paper trail was blatantly illegal and even put the HR firm at risk with the state.

The company sued their Compliance Partner for workers' compensation but were denied. Due to Edward's unlawful death, and the trail of negligence surrounding his hire, their Compliance Partner won the lawsuit, and the construction company was responsible for paying benefits to the family. But unfortunately for Edward's family, their loved one's death was preventable.



Hand vs. Machine

When employees have worked many months or years with industrial machinery, they sometimes lose their healthy fear of danger. Not wanting to “waste time” following time-sucking safety protocols like turning off their machine to grab something stuck. Omar, here, is example A in our story.

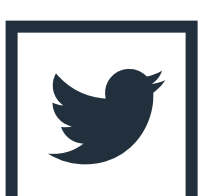
He'd done it many times before: reached his hand into the trimming machine to pull out some errant flower. This time, 'cause one time is all it takes, his co-workers jumped when his blood curdling shriek echoed through the room and down the hall.

There he was, unnaturally pale, bent over the machine, cussing and sweating, clutching at his wrist. “It's stuck,” he said to another trimmer in the room.

Stomach twisting details aside, Omar now needs ongoing medical help and will be out of work recuperating for the foreseeable future. One less experienced employee to keep things moving.

Now the authorities want to know if you, the employer, did everything by the book. Otherwise, his cocky dumb mistake is on you. Are you conducting regular safety trainings for your employees?

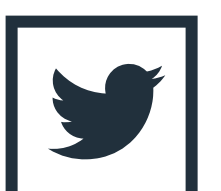
Part of proper compliance is to safeguard and protect you from huge payouts. By ensuring safety, gear, training - everything compliance related- is checked and signed off, you are protecting yourself.



OSHA

Getting and Staying Safety Compliant

- Costly workers' compensation claims, missed work, lost trust and low morale among your workers, not to mention, potential fines can all wreak havoc on your business. Creating a safe environment is critical to your bottom line.
- Don't leave your OSHA safety documentation collecting dust or decide a few safety signs have you covered. Get certified and perform regular trainings and inspections. By regularly researching any changes in OSHA rules, creating safety plans, and promptly recording any injuries you can stay compliant.
- While the many OSHA rules and regulations may seem overwhelming, knowing what rules apply directly to your business and performing regular inspections are critical for the health and safety of your business.
- You don't have to go it alone. If you're unable to hire a safety officer or appoint an employee to spend the adequate time protecting your company, a PEO can help. Read on to learn how PEOs can assist you with trainings, safety audits, paperwork and the latest updates to keep your company safe.

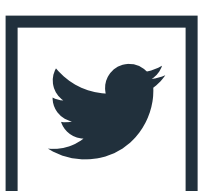


WHAT IS A PROFESSIONAL EMPLOYER ORGANIZATION OR PEO?

A Professional Employer Organization (PEO) is a company that partners with small to midsize businesses giving your employees better benefits while alleviating a variety of administrative responsibilities. In addition to increased benefits, a PEO can save you money and take HR and compliance issues off your hands.

What are the benefits of partnering with a PEO?

- Remove tiresome, repetitive employer responsibilities
- Give your employees higher quality, comprehensive benefits
- Get extensive HR services without hiring staff
- Safeguard your business from compliance issues and potential lawsuits
- Offload payroll, benefits, tax remittance and related government filings
- Get added protection from potential fraud and embezzlement
- Access to professional resources, knowledge, and expertise
- Help you find, attract, and retain qualified, high-performing employees
- Reduce risk and increase legal compliance with better safety, training, and workers' compensation management



Is partnering with a PEO right for me and my business?

Partnering with a PEO may not be the best option for all small businesses. Here are a few questions to help you determine if a PEO would benefit your business:

1. Do you spend more time working in your business than on growing it?
2. Are you overwhelmed with paperwork and employee-related issues?
3. Is managing payroll, paid time off, and sick leave a pain in the neck?
4. Do you struggle to attract and retain good employees?
5. Have you experienced conflict between employees and not known what to do?

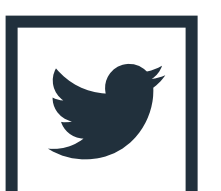
If you have experienced any of these issues at the expense of key revenue-generating opportunities, a PEO may be able to help.

What to look for when considering a Compliance and HR partner

The right compliance partner will provide complete support services, including HR, compliance, and time and labor management.

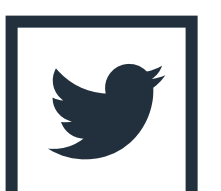
When choosing the right partner:

1. Make sure they have extensive experience and/or specialize in your industry
2. To prevent fraud and embezzlement, payroll services should be included
3. Compliance services should include keeping you up-to-date with relevant laws and regulations (i.e. payroll audits, workers compensation, unemployment claims, OSHA compliance and policies and procedures).
4. HR services should encompass employee handbooks and compliance training, safeguarding you from potential lawsuits.
5. The right partner will help you attract, hire and retain quality employees, and handle employee mediation and termination.



6. If your business is restricted to cash for payroll and state taxes, the right partner should be able to help you protect and disperse your cash.
7. To keep employees accountable, make sure you get 3rd party accounting audits with monthly reporting.
8. Ensure you have the appropriate level of insurance coverage and can provide recommendations as needed.
9. The right partner will pay your employer taxes through their Tax ID, sharing in the legal responsibility.

To learn more about how your business might benefit from one-stop PEO services like those offered by The Caputo Group, request a free personal consultation at [caputo-group.com](https://www.caputo-group.com).



ABOUT THE CAPUTO GROUP

We are local, family-owned, offering complete support services for small to mid-size business so you can focus on your craft.

We provide HR services, including employee handbooks, and compliance training, safeguarding you from potential lawsuits. We also help you attract, hire and retain quality employees, and handle employee mediation and termination.

Our payroll services allow you to off-load your time and labor management, including pay increases, benefits, cash cards, and general book-keeping.

You also get compliance services keeping you up-to-date with relevant laws and regulations. This includes payroll audits, workers compensation, unemployment claims, OSHA compliance and policies and procedures.

Over the last 25 years, we've saved our clients 100's of thousands of dollars in potential compliance issues and lawsuits. Because we remove so many business tasks, the majority of our clients have seen their businesses grow by an average of 15%.

Curious if The Caputo Group can help alleviate certain business responsibilities so you can focus on what you love?

Find out if your business is right for our services by requesting a **free personal consultation**.

