

BEFORE THE WASHINGTON STATE  
EXECUTIVE ETHICS BOARD

In the Matter of:

Meg Cayanan

Respondent.

No. 2021-034

STIPULATED FACTS,  
CONCLUSIONS OF LAW AND  
AGREED ORDER

THIS STIPULATION is entered into by Respondent, Meg Cayanan and Board Staff of the WASHINGTON STATE EXECUTIVE ETHICS BOARD (Board) through KATE REYNOLDS, Executive Director, pursuant to chapter 42.52 RCW, chapter 34.05 RCW, and WAC 292-100-090(1). The following stipulated facts, conclusions of law, and agreed order will be binding upon the parties if fully executed, and if accepted by the Board without modification(s), and will not be binding if rejected by the Board, or if the Respondent does not accept the Board's proposed modification(s), if any, to the stipulation. This stipulation is based on the following:

**A. STIPULATED FACTS**

1. On August 5, 2021, the Executive Ethics Board (Board) initiated a complaint after receiving a State Auditor's Office (SAO) Fraud Report alleging that Meg Cayanan (Ms. Cayanan), a Cashier 2 (C2) at Seattle Central College (SCC) with Seattle Colleges (SC), may have violated the Ethics in Public Service Act by using state resources for private benefit or gain.

2. According to SCC, Ms. Cayanan was originally hired on March 31, 2006 as a C2, which is the position she held at the time of the investigation by SCC.

3. According to the SAO, on November 15, 2019, SC notified their office about the potential loss of public funds at SCC. According to the SAO, SCC conducted an investigation and

determined that a misappropriation of cash deposits occurred at SCC, totaling \$43,822 between September 19, 2019 and October 24, 2019.

4. According to the SAO, during the daily cash and monthly bank reconciliation process, the Seattle Colleges District Cashiering Office (SCDC) identified a series of unusual actions at the SCC Cashier's Office related to Ms. Cayan. Ms. Cayan had a high volume of voids, which SCDC identified as unusual and followed an unusual pattern sequence, missing batch records, and late and missing deposits.

5. According to the SAO, SCC conducted two interviews with Ms. Cayan during which she acknowledged that she had taken the deposits. The SAO states that during the second interview, Ms. Cayan gave the interviewers a canvas tote bag containing the missing deposits. The SAO states that SCD Accounting recovered \$43,816.76, five dollars less than what was missing.

6. According to the SAO, internal controls at SC were not adequate to safeguard public resources. The SAO said they found that the following weaknesses allowed the misappropriation to occur:

- SC did not have adequate controls in place to ensure all funds receipted at its Cashiers Office are actually deposited and in a timely manner.
- SC did not have adequate procedures for tracking and monitoring multiple cashier register sessions and cashier batch submittals to ensure each session is properly accounted for and that all cashier batches were submitted in a timely manner.
- SC did not have adequate controls to ensure that all voids are supported, reviewed, and approved by a supervisor to ensure they are for valid reasons.

7. According to the SAO, Ms. Cayan's employment with SCC was terminated at the conclusion of the SCC investigation, effective February 10, 2020. The SAO states that they reviewed the investigation by SCC and SCD and agree with their conclusions.

8. According to the SCCI, from mid-September through early November 2019, a series of unusual cashiering actions arising from the SCD Cashier necessitated an internal investigation. Those unusual actions included missing batch records, late deposits, unusual multiple cashiering sessions, a high volume of cashiering voids, and ultimately, missing deposits. The investigation was conducted jointly by SCD Accounting, SCD Human Resources, and the SCC Business Office.

9. According to the SCCI, in mid-September 2019, SCD Accounting informed the SCC Cashier's Office of missing batches attributable to the cashiering station LDEV 728.<sup>1</sup> The Cashier Manager at SCC Cashier's Office conducted a search and eventually received assurances from the cashier who was primarily assigned to that station, Ms. Cayanan, that the batches were in process. However, according to the SCCI, the matter remained unresolved.

10. The SCCI states that November 7, 2019, the cashier manager found two undated cash deposits, totaling \$6,252.23, submitted by Ms. Cayanan in the cashiering drop safe. The SCCI states that this is a highly unusual divergence from standard practice.

11. According to the SCCI, when questioned by the cashier manager, Ms. Cayanan provided dates (which later proved erroneous), but was unresponsive to the question of why the deposits had not been submitted timely. The SCCI states that the cashier-manager promptly informed her supervisor, the Director of Business Operations, Dennis Yasukochi (Mr. Yasukochi). The SCCI states that uncertain as to the correct course of action, Mr. Yasukochi instructed the cashier manager to ask no further questions of Ms. Cayanan. The SCCI states that at that point, Mr. Yasukochi called the Interim Vice Chancellor for Finance and Operations, Jennifer Strother (Ms. Strother).

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<sup>1</sup> According to the SCC, LDEV stands for Logical Device. It refers to a unique instance of a cashiering session accessed via an individual login on the Legacy HP system.

12. Also according to the SCCI, Mr. Yasukochi and Ms. Strother determined that Human Resources (HR) should be consulted for guidance in how to proceed under the existing CBA. Mr. Yasukochi and the cashier manager met with the Director of Human Resources, Scott Rixon (Mr. Rixon), the following afternoon. The SCCI states that after a review of all the unusual activity involving Ms. Cayanan, Mr. Rixon decided that Ms. Cayanan should be placed on administrative leave immediately and that both system access (FMS, Citrix, etc.) and building access (Prox-Card) for Ms. Cayanan should be turned off. The SCCI states that these actions were completed by the end of business on November 8, 2019.

13. According to the SCCI, from this point forward, the SCC Business Office, working in concert with SC District Accounting and in frequent consultation with Mr. Rixon, conducted a lengthy and very detailed research and analysis of unusual activity on LDEV 728.

14. According to the SCCI, the initial research revealed unexplained multiple cashiering sessions and a very high number of cashiering voids on that LDEV. The SC Business Office efforts became focused primarily on activity tied to fall 2019, specifically August 26, 2019 through November 7, 2019. The investigation included a transaction-by-transaction review and data capture of cashiering voids, multiple sessions and time stamp detail, physical searches, student statements, and interviews.

15. Also according to the SCCI, the investigation revealed a pattern of multiple cashiering sessions (up to four in one day) and multiple voids on individual student accounts (over periods up to three weeks). These void sequences further followed a pattern of payments by a check being voided multiple times followed eventually by a final entry of payment by cash.

16. The SC Business Office work focused on a specific set of 133 voids affecting 39 individual student accounts over the period of August 26, 2019 through November 7, 2019.

Concurrently, SC District Accounting conducted a complex reconciliation of the SCC Cashiering Office deposit record, which revealed nine missing deposits attributable to batches under LDEV 728, totaling \$43,821.76.<sup>2</sup> According to the SCCI, this missing deposits result was referred to the SAO on or about November 15, 2019.

17. According to the SCCI, in mid-November 2019, Mr. Yasakochi, with supporting guidance from Mr. Rixon, began preparing questions and supporting documentation for an interview with Ms. Cayanán with input from the Ms. Strother, and the Washington State Attorney General's Office (AGO).

18. The SCCI states that there were two interviews conducted with Ms. Cayanán. The first interview occurred on Monday, January 27, 2020. Present at the interview was Ms. Strother, Mr. Rixon, Mr. Yasakochi and the Chief Shop Steward with the Washington Federations of State Employees (WSFE). Copies of the questions were provided to Ms. Cayanán and the Shop Steward as the session progressed. Questions were asked primarily by Mr. Yasakochi and supporting documentation provided on-screen via a ceiling mounted projector. Follow up questions and answers were manually recorded on laptops by Mr. Rixon and Ms. Strother. Both Ms. Cayanán and WFSE representative were provided time and opportunity to take notes, and ask questions and to request clarification throughout the proceeding. The interview lasted approximately two hours.

19. According to the SCCI, the second interview with Ms. Cayanán occurred on February 6, 2020 and lasted approximately one hour. Present at that interview were Ms. Cayanán's WFSE representative, Mr. Rixon and Mr. Yasacochi. The SCCI stated that procedures were

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<sup>2</sup> SCC advised Board staff that the dates of the missing nine deposits were September 19, 2019, September 20, 2019, October 3, 2019, October 4, 2019, October 8, 2019, October 16, 2019, October 24, 2019 and October 31, 2019.

identical to the first interview except that only Mr. Rixon manually recorded Ms. Cayanan's answers.

20. The SCCI states that at the conclusion of the second interview, in response to a question about the \$43,821.76 in missing deposits, Ms. Cayanan delivered a canvas tote bag stating that it contained the missing deposits. The SCCI states that Ms. Cayanan said that she had taken the funds home after leaving the SCC Cashier's Office on November 7, 2019. When asked if it was the exact amount missing, Ms. Cayanan replied 'No'. When asked what was the exact amount being surrendered, Ms. Cayanan said 'I don't know.'

21. Board staff were provided a copy of the two interviews conducted with Ms. Cayanan. The following excerpt was taken from the February 6, 2020 interview. Ms. Cayanan's answers are in italics.

Of the activity discussed so far, SCD Accounting with assistance from the Business Office has been able to match up your Deposits with your Cashiering Sessions for mid-September 2019 through November 7<sup>th</sup> 2019, the date you were placed on Administrative Leave. Here are the results). As shown, the missing deposits total \$43,821.76; in other words, this amount is missing and unaccounted for.

Meg presented us with a canvas bag and claimed that the bag contained funds that were missing...

*...Why did you take the proceeds with you? I took it because when Deanne emailed at 11am on Nov. 7, I noticed that she was talking to Thuy and I didn't know what they were talking about and I saw the things that were printed. If I left the funds and you guys didn't know where to put them but I know where to put them. I panicked and took the funds with me when I left.*

These are the same funds that the students paid? *Yes*

Do you understand how serious of a violation of protocol this is? *Yes*

Does this match that total exactly? *No*

How much do you think is in there? *I don't know*

Have you ever taken proceeds out of the cashiers office to use them for personal means? *No*

No one assisted you to remove the funds? *No [sic]*

22. According to the SCCI, the contents of the tote bag were emptied onto a conference table at the interview site. It contained two zippered (non-college) deposit bags with the missing deposits, a second empty tote bag, a ring of small keys, and an envelope containing more keys. The SCCI states that the contents were photographed in place and placed back in the tote bag in the presence of all in attendance.

23. According to the SCCI, after the conclusion of the interview, the bag, with all contents, were transported to the SCC Cashier's Office by Mr. Rixon and the Mr. Yasakochi. The contents were opened there and photographed.

24. The SCCI states that the deposit bags contained nine individual envelopes containing cash and coins. The envelopes were emptied and counted individually. The cashier manager and SCC's second (of two) full-time cashiers, in the presence of Mr. Yasakochi, conducted the counts. The recovered proceeds totaled \$43,816.76, five dollars short of the missing deposits total. The SCCI states that this procedure constituted the 'first count' (of a double count). The proceeds were again photographed, placed in a sealed bank deposit bag and placed in the main cashiering vault.

25. The SCCI states that Mr. Yasakochi contacted Ms. Strother by phone, informed her of the surrendered cash, and agreed that the proceeds would be transported to SCDA the following

morning, recounted (the ‘second count’), then transported back to SCC Cashier’s Office for Brinks later that same morning. The SCCI states the agreed procedure was followed the next morning and a bank confirmation of the deposit was secured by SC District Accounting on February 12, 2020.<sup>3</sup>

26. According to SCC, most if not all of the staff involved in the SCCI are no longer employed at SCC. Board staff contacted Mr. Rixon who is still employed as the Director of HR. Mr. Rixon provided the following written responses to Board staff’s follow-up questions:<sup>4</sup>

- The missing funds were in cash. Was that how they were given to Ms. Cayanan? *As far as I am aware, yes, the amounts missing were collected in cash and returned in cash by Ms. Cayanan.*
- Did Ms. Cayanan ever explain why she took the deposits home and didn’t return them until the February 6, 2020 interview? *Yes, in our final investigation meeting once she returned the deposits to us the explanation that she provided to us was that, because she couldn’t get the receipts to balance, she was afraid that she would get in trouble so she took the cash home to try to recalculate the balances, then she was put on leave due to the investigation and never had the opportunity to let us know that she had the cash until we invited her in for the investigation interviews.<sup>5</sup>*

27. In a written response to Board staff, Ms. Cayanan stated that what occurred at Seattle Colleges was caused by gross mismanagement by a supervisor who had no idea how the processing of all types of transactions and information was supposed to be done by the staff that she supervised.

28. Ms. Cayanan said there was a complete lack of internal controls in the SC transaction-processing environment. Ms. Cayanan said that at least three times total both before

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<sup>3</sup> The SCCI noted that during the course of the investigation, insufficiencies in internal control practices and procedures were revealed and the college has revised its practices and policies. Those changes included Tracking/Monitoring of multiple sessions and deposits, Tracking/Monitoring/Documentation of voids and Tracking/Monitoring of batch submittals to SCD accounting.

<sup>4</sup> Mr. Rixon’s responses’ are in italics.

<sup>5</sup> Mr. Rixon provided Board staff with copies of the two interviews, adding that he recorded Ms. Cayanan’s responses during the interview.



and after she was suspended, she requested meetings to bring all these internal control weaknesses and errors, to their attention and how she had finally reconciled them.

29. Ms. Cayanan said that the SC Administration failed to reply or even meet with one of the department cashiers who wrote a very long email to the SC Administration detailing the lack of internal controls and the under-staffing of this critical area of the business office and warning them that an event like what happened to Ms. Cayanan would occur if no actions were taken. According to Ms. Cayanan, to her knowledge, SC Administration did not reply to the cashier's email or meet with her to discuss her concerns.

30. According to Ms. Cayanan, contrary to what the SCCI stated, she did not admit in the second interview that she had "taken the nine deposits" as if she had stolen them. She said she voluntarily presented the nine deposits, the supporting documents and all the cash. Ms. Cayanan said she explained to them what deposits were missing and how much was missing. She said the interviewers never asked about the nine deposits.

31. According to Ms. Cayanan, before she was suspended on November 11, 2019, she asked for a meeting with her supervisor to go over these documents and to explain how she was trying to reconcile all these transactions with the cash and other documentation. Ms. Cayanan said she texted her supervisor on November 8, 2019 advising her that she was trying to fix these cumulative errors and that she wanted to meet with her to about the deposits and a proposed solution. Ms. Cayanan said her supervisor never replied to her text. She said three days later she was placed on administrative leave without having the opportunity to speak with her supervisor about the errors.

32. According to Ms. Cayanan, while on suspension she contacted her union representative about presenting all the errors along with all documents to Seattle Colleges. She

said her union representative said "No, don't tell them anything, don't send them anything, wait for the meeting before you discuss any of this with HR". She said as a result, despite making three attempts to try to present all these internal control weaknesses errors to SC administration, she was not given the opportunity to do so.

33. Ms. Cayanan said that she was shocked in her first interview that she never received an opportunity to present these errors and how she finally reconciled all of them and had the supporting documents and cash that tied everything to the dollar. She said that before they began the meeting she attempted to bring all these documents, errors, and deposits to everyone's attention. She said that the Director of HR for SCC told her that they need to finish these questions and answers first before she could present anything. As a result, Ms. Cayanan said she was unable to present the errors and documentation at the first interview.

34. In an effort to clarify some of Ms. Cayanan's responses in her interview with the College investigators, Board staff emailed Ms. Cayanan and asked her several follow-up questions. Ms. Cayanan's responses are in italics:

- According to the College, you said you took the funds home with you on November 7, 2019. During the February 6, 2020 interview, you returned the funds in cash. Were the deposits originally made in cash? *"I do not recall the exact details of everything that was in the deposits. I believe that most of the deposits were cash? On a typical day at Seattle Central College, most of the time the deposits were mostly cash."* [sic]
- Why did you take the deposits home? *"I do not view that I "took the deposits", what I did was secure the deposits with their supporting documents that balanced each other out. I was afraid if I did not do this the documents and deposits would get separated and never reconciled with each other as I was attempting to do with my manager. I am the one who is responsible for these deposits, and I wanted to protect the funds from being wrongly & mistakenly misapplied to other transactions."* [sic]
- Where did you store the deposits when you took them home? *"I stored the deposits in a cabinet inside my home."*

35. According to Ms. Cayanan, SCC challenged her initial unemployment claim and reported to the Employment Security Department (ESD) that she was fired for breaking company rules or policies. She said that after reviewing the information ESD ruled in her favor and granted her unemployment benefits.

## **B. CONCLUSIONS OF LAW**

1. The Ethics in Public Service Act, Chapter 42.52 RCW, prohibits state employees from the use of persons, money or property for private gain. RCW 42.52.160 states:

No state officer or state employee may employ or use any person, money, or property under the officers or employees official control or direction, or in his or her official custody, for the private benefit or gain of the officer, employee or another.

WAC 292-110-010 Use of state resources, states, in part:

.....  
**(3) Permitted personal use of state resources.** This subsection applies to any use of state resources not included in subsection (2) of this section.

(a) A state officer or employee's use of state resources is de minimis only if each of the following conditions are met:

- (i) There is little or no cost to the state;
- (ii) Any use is brief;
- (iii) Any use occurs infrequently;
- (iv) The use does not interfere with the performance of any state officer's or employee's official duties;
- (v) The use does not compromise the security or integrity of state property, information systems, or software;
- (vi) The use is not for the purpose of conducting an outside business, in furtherance of private employment, or to realize a private financial gain; and
- (vii) The use is not for supporting, promoting the interests of, or soliciting for an outside organization or group.

2. The Board is authorized to impose sanctions for violations to the Ethics Act pursuant to RCW 42.52.360. The Board has set forth criteria in WAC 292-120-030 for imposing sanctions and consideration of any mitigating or aggravating factors.

### **C. AGGRAVATING AND MITIGATING FACTORS**

In determining the appropriateness of the civil penalty, the Board reviewed the criteria in WAC 292-120-030. In the matter at hand, it is an aggravating factor these types of violations significantly reduce the public respect and confidence in state government employees and they were continuous in nature. In the matter at hand, it is a mitigating factor that all but five dollars (\$5.00) of the missing funds were returned to Seattle Central College by Ms. Cayanan and that Ms. Cayanan's employment with Seattle Central College was terminated.

### **D. STIPULATION AND AGREED ORDER**

1. Pursuant to chapter 42.52 RCW, the Executive Ethics Board has jurisdiction over Meg Cayanan and over the subject matter of this complaint.
2. Under RCW 34.05.060, the Board can establish procedures for attempting and executing informal settlement of matters in lieu of more formal proceedings under the Administrative Procedures Act, including adjudicative hearings. The Board has established such procedures under WAC 292-100-090.
3. Pursuant to WAC 292-100-090(1), the parties have the authority to resolve this matter under the terms contained herein, subject to Board approval.
4. Meg Cayanan agrees that if any or all of the alleged violations were proven at a hearing, the Board may impose sanctions, including a civil penalty under RCW 42.52.480(1)(b) of up to \$5,000, or the greater of three times the economic value of anything received or sought in violation of chapter 42.52 RCW, for each violation found. The Board may also order the payment of costs, including reasonable investigative costs, under RCW 42.52.480(1)(c).
5. Meg Cayanan further agrees that the evidence available to the Board is such that the Board may conclude they violated the Ethics in Public Service Act. Therefore, in the interest

of seeking an informal and expeditious resolution of this matter, the parties agree to entry of the stipulated findings of fact, conclusions of law and agreed order.

6. Meg Cayanan waives the opportunity for a hearing, contingent upon acceptance of this stipulation by the Board, or their acceptance of any modification(s) proposed by the Board, pursuant to the provisions of WAC 292-100-090(2).

7. If the Board accepts this stipulation, the Board agrees to release and discharge from all further ethics proceedings under chapter 42.52 RCW for any allegations arising out of the facts in this matter, subject to payment of the full amount of the civil penalty due and owing, any other costs imposed, and compliance with all other terms and conditions of the stipulation. Meg Cayanan in turn agrees to release and discharge the Board, its officers, agents and employees from all claims, damages, and causes of action arising out of this complaint and this stipulation.

8. If the Board accepts this stipulation, it does not purport to settle any other claims between Meg Cayanan and the Washington State Executive Ethics Board, the State of Washington, or other third party, which may be filed in the future. No other claims of alleged violations are pending against Meg Cayanan at this time.

9. If the Board accepts this stipulation, it is enforceable under RCW 34.05.578 and any other applicable statutes or rules.

10. If the Board rejects this stipulation, or if Meg Cayanan does not accept the Board's proposed modification(s), if any, this matter will be scheduled for an administrative hearing before the Board. If an administrative hearing is scheduled before the Board, waives any objection to participation by any Board member at the hearing to whom this stipulation was presented for approval under WAC 292-100-090(2). Further, Meg Cayanan understands and agrees that this stipulation as well as information obtained during any settlement discussions between the parties

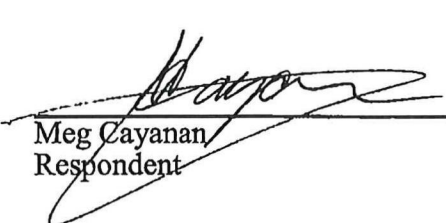
shall not be admitted into evidence during the administrative hearing, unless otherwise agreed by the parties.

11. Meg Cayanan agrees to pay a civil penalty in the amount of three-thousand-five-hundred dollars (\$3,500) associated with violations of RCW 42.52.

12. The civil penalty in the amount of three-thousand-five-hundred dollars (\$3,500) is payable in full to the Washington State Executive Ethics Board within forty-five (45) days after this stipulation is signed and accepted by the Board, or as otherwise agreed to by the parties.

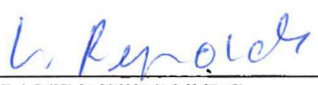
### I. CERTIFICATION

I, Meg Cayanan, hereby certify that I have read this stipulation in its entirety, that my counsel of record, if any, has fully explained the legal significance and consequence of it. I further certify that I fully understand and agree to all of it, and that it may be presented to the Board without my appearance. I knowingly and voluntarily waive my right to a hearing in this matter and if the Board accepts the stipulation, I understand that I will receive a signed copy.

  
Meg Cayanan  
Respondent

2/25/2022  
Date

Presented by:

  
KATE REYNOLDS  
Executive Director

3/11/2022  
Date

## II. ORDER

Having reviewed the proposed stipulation, WE, THE STATE OF WASHINGTON EXECUTIVE ETHICS BOARD, pursuant to WAC 292-100-090, HEREBY ORDER that the Stipulation is

✓

ACCEPTED in its entirety;

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REJECTED in its entirety;

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MODIFIED. This stipulation will become the order of the Board if the Respondent approves\* the following modification(s):

\_\_\_\_\_  
\_\_\_\_\_

DATED this 11th day of March 2022.

Approved Vebally  
Shirley Battan, Chair

Approved Vebally  
Gerri Davis, Vice Chair

Approved Vebally  
Jan Jutte, Member

Approved Vebally  
Earl Key, Member

\* I, Meg Cayan, accept/do not accept (circle one) the proposed modification(s).

\_\_\_\_\_  
Meg Cayan, Respondent                      Date