



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 1, 2025

Thomas Kegler, Chairperson
Village of Herman
PO Box 196
Herman, NE 68029

Dear Chairperson Kegler:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Herman (Village) for the fiscal year ending 2024. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Reissue 2024), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within the Village.

The following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Potential Scam and Possibly Fraudulent Credit Card Charges

The APA obtained the bank statements for the Village's accounts from its fiscal year 2024 audit waiver request. From these statements, the APA noted that the Village made regular, monthly credit card payments, which were approved by the Village Board. The APA obtained copies of the Village's credit card statements for fiscal year 2024.

During review of the Village's credit card statements, the APA noted two credit card transactions, totaling \$197.45, that appeared to be questionable in nature. After inquiring with the Village Clerk (Clerk) regarding these charges, the APA was informed that, in addition to these possibly fraudulent credit card charges, the Village was the victim of a potential scam scheme that resulted in the Clerk almost wiring \$55,000 to an individual possibly located in California.

Further details regarding the potential scam scheme and possibly fraudulent credit card charges are provided below.

Unauthorized Transfer and Wire Transfer Request

On February 6, 2024, a \$55,000 online bank transfer was made to a bank account for the Herman Cemetery District (District), which is also under the control of the Clerk as she is the District's clerk/treasurer. Originally, the APA was informed by the audit waiver preparer that this transfer was an error made by the Clerk. However, after further inquiry with the Clerk, the APA was informed that the Village was "hacked" in February 2024, and an unauthorized transfer of \$55,000 was made from the Village's checking account to the District's bank account. Per the Clerk, this transfer was not made by her, but rather someone else who had access to the Village's bank account information. At that time, the Clerk provided only limited information to the APA about her discussions with the bank, transferring the funds, closing the bank accounts, and opening new accounts.

As a result, the APA contacted the Washington County Bank (Bank) branch location in Blair, NE, on February 18, 2025, and spoke to the Vice President. The Vice President stated that the Bank believes the Village and Clerk were victims of a scam scheme, but she could not provide specifics of the scheme. Further, she confirmed the online bank transfer was completed February 6, 2024, for \$55,000, and stated it was made using the Village's online account at 2:27 p.m. The Vice President also explained that the Village's accounts – as well as the District's accounts – were not set up for ACH payments or bill pays; therefore, only online bank transfers between bank accounts could be made via the online account. She stated that the key piece that helped the Village from losing any funds to this fraud scheme was a suspicious wire transfer request. Prior to this discussion with the Vice President, the Clerk had not mentioned anything about a wire transfer or wire transfer request to the APA.


That same day, the APA called the Clerk back after talking to the Bank and inquired further about the transfer. Per the Clerk, an unknown individual called the Village and claimed to be with "BestBuy," a consumer electronics company, and demanded to be paid. She did not question this call from "BestBuy" or the request for payment, as the Village had purchased a new laptop from BestBuy a few months earlier.

The Clerk stated that the unknown individual requested remote access to the Village's laptop during the call and then accessed the Village's bank accounts via the Bank's online website portal, which the Clerk had already been logged in to at the time the call was received. The unknown individual used the Bank's online website portal to make a \$55,000 transfer from the Village's bank account to the District's bank account. The Clerk stated that the unknown individual explained this transfer was an accidental deposit into the District's bank account and requested the money be wired to a Bank of America branch in California to return the funds. The Clerk saw the \$55,000 deposit into the District's bank account, and then went to the Bank with a signed wire transfer form requesting \$55,000 be wired to the requested bank. At that time, the Clerk did not realize that the \$55,000 deposit was, in fact, a transfer of Village money and not an accidental deposit of funds by "BestBuy," as claimed by the individual. The signed wire transfer form is shown below:

DOMESTIC OUTGOING WIRE TRANSFER FORM		wcb WASHINGTON COUNTY BANK Member FDIC	
DATE 02/06/2024	TIME REQUEST RECEIVED 3:19	<input type="checkbox"/> AM <input checked="" type="checkbox"/> PM \$ 15.00	AMOUNT \$ 55,000.00
REQUEST INFORMATION			
CUSTOMER'S NAME VILLAGE OF HERMAN		DEBIT ACCOUNT NUMBER [REDACTED]	
NAME OF AUTHORIZED SIGNER (if applicable) VICKY KELLOGG			
CUSTOMER'S ADDRESS (STREET/ CITY/ STATE/ ZIP CODE) 504 MAIN ST, PO BOX 196 HERMAN NE 68029			
WIRE INSTRUCTIONS RECEIVED BY: <input type="checkbox"/> Phone <input type="checkbox"/> Mail <input checked="" type="checkbox"/> In Person <input type="checkbox"/> Fax <input type="checkbox"/> Other (specify)			
BENEFICIARY'S NAME BANK OF AMERICA		BENEFICIARY'S ACCOUNT NUMBER [REDACTED]	
BENEFICIARY'S ADDRESS (STREET/ CITY/ STATE/ ZIP CODE) 15126 GERMAIN ST MISSION HILLS CA 91345			
RECEIVING BANK (1ST BANK) BANK OF AMERICA		ABA ROUTING NUMBER 026009593	
RECEIVING BANK ADDRESS (CITY/ STATE) 866 N WILCOX AVE MONTEBELLO CA 90640			
SPECIAL INSTRUCTIONS CHENGWEILIU PAYMENT FOR GOODS			
CORRESPONDENT BANK INFORMATION			
BENEFICIARY'S BANK (2ND BANK)		ABA ROUTING NUMBER/ACCOUNT NUMBER	
BENEFICIARY'S BANK ADDRESS (CITY/ STATE)			

SPECIAL INSTRUCTIONS

The undersigned (the "Customer") hereby requests that First National Bank of Omaha (the "bank") transfer funds by means of a wire transfer:

X 
 CUSTOMER SIGNATURE

The Bank received the form and questioned the wire transfer request. The Bank then helped the Clerk close the compromised bank accounts and set up new ones. On April 24, 2024, the \$55,000 was finally transferred back from the District’s bank account to the Village’s account.

While no funds were stolen from the Village as part of this fraud scheme, the Village is fortunate the Bank questioned the wire transfer request, and the bank accounts were not set up for ACH payments or bill pay. The Village lacked adequate controls to ensure Village assets are protected from theft or loss. Based on the above information, the following events appear questionable and should have alerted the Clerk to a potential scam prior to going to the bank:

- *A call from someone claiming to be from a vendor (“BestBuy”) and requesting payment on bills supposedly owed by the Village* – The Village should be fully aware of any outstanding obligations and bills.
- *The claim that “BestBuy” accidentally deposited too much money into the bank account, and those excess funds need to be returned* – Common and simple fraud schemes incorporate these types of claims or other versions of them.
- *A request for a wire transfer that needs to be initiated by the Village* – Most accidental deposits or payments can be reversed by the initiating party as long as such action is taken right away, and no separate transaction is required by the other party.

In addition to the red flags noted above, the wire transfer form itself contained multiple red flags, as described below. Although the Clerk signed the wire transfer form, it is unclear if all or parts of the form were filled out by the Clerk or the scammer.

- The Beneficiary’s Name is “Bank of America” rather than “BestBuy.”
- The Beneficiary’s Address is not an address associated with BestBuy; rather, it is a personal residence located in California. The following is a copy of the image from Google Maps for the address of 15126 Germain Street, Mission Hills, CA 91345.



The APA was unable to determine if this property was the scammer’s property or a random address.

- The Special Instructions state “CHENGWEILIU PAYMENT FOR GOODS.” The APA has identified at least two issues with these Special Instructions. First, “CHENGWEILIU” appears to be a name, and a legitimate wire transfer to BestBuy would not be to a specific individual. Second, “PAYMENT FOR GOODS” indicates the Village received goods that they need to pay for, and it does not describe the fraudulent reasoning of returning the accidental deposit of \$55,000.
- The Receiving Bank Address is for a Bank of America location in California; however, the routing number used on the form is associated with a Bank of America located in New York.

Possibly Fraudulent Credit Card Charges

In addition to the transfer and scam scheme described above, the Village’s credit card also contained two purchases that appeared to be fraudulent. These two charges are summarized in the table below:

Transaction Date	Payee/Credit Card Charge Description	Amount
11/2/2023	TDS LLC TEKIESDATASOL WA	\$ 149.99
12/29/2023	Microsoft*Xbox 425-6816830 WA	47.46
Total		\$ 197.45

The APA inquired with the Clerk regarding these charges and what they were for. The Clerk was unable to provide any supporting documentation for the charges, however, and believed them to be fraudulent. When asked by the APA if the Village had disputed these charges, the Clerk responded that an attempt was made to contact the vendors shortly after the purchases were made, but there had been no progress in getting the charges reversed. Per letters that were provided with the credit card support as part of the Village’s audit waiver request, the Village had only contacted the bank that issued the credit card in early February 2025, well over a year after these charges were made, to dispute the charges. These letters are shown below:

<p><i>Village of Herman</i></p> <hr/> <p>February 4, 2025</p> <p>Attached is the credit card statement and attached invoices for check # 11417 to First Bankcard.</p> <p>The first charge listed on the credit card is Microsoft Xbox for \$47.46. At the time of the charge I tried to dispute this charge thru Microsoft.com. I called the Microsoft phone number listed on Microsoft.com, tried talking to someone, which is not possible. The only option is to start a chat, I was transferred from person to person until I was disconnected and was never able to resolve this.</p> <p>Today I contacted WCB to dispute this charge. So told they were short-handed and will have someone call me back. The call has not been returned yet.</p> <p>Vicky Kellogg</p>	<p><i>Village of Herman</i></p> <hr/> <p>February 8, 2025</p> <p>Regarding charge from TDS LLC TEKIESDATASOL OF \$149.99, 11-2-2023. I called the 1-855-236-0365 found on the internet. Spoke with Vincent re: this charge he said he would look into it and get back to me. He never got back to me and I forgot to follow-up.</p> <p>Tom Kegler, new chairman eff 12-2024 instructed me yesterday to call and cancel the card as he feels this charge and the Microsoft Xbox is fraudulent charges.</p> <p>As of today, the card has been cancelled.</p> <p>Vicky Kellogg</p>
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The municipal credit card with these apparently fraudulent charges has since been closed by the Village. However, the Village lacked procedures for ensuring that fraudulent charges are not made against Village credit cards or to ensure timely resolution of such problematic charges.

The APA was unable to determine what was purchased from Microsoft besides something possibly relating to Microsoft’s video game division, Xbox. However, the APA questions whether the possibly fraudulent Microsoft Xbox charge was made due to the credit card being potentially compromised after the “TDS LLC TEKIESDATASOL WA” charge. Upon further review, the APA discovered some questionable information related to “TDS LLC TEKIESDATASOL WA,” as described below:

- Per the Washington Secretary of State’s Corporation Search, this charge appears to be related to Tekies Data Solutions, LLC (Tekies Data Solutions), a registered Washington Limited Liability Company, as shown below:

ccfs.sos.wa.gov/7_gl=1*ymnns8*_ga*MTY0MDc0OTk2Ny4xNzM5Mjg0NDI2*_ga_7B08VE04WV*MTc...

Corporations and Charities Filing System

Business Information

BUSINESS INFORMATION

Business Name:	TEKIES DATA SOLUTIONS LLC	UBI Number:	603 472 407
Business Type:	WA LIMITED LIABILITY COMPANY	Business Status:	DELINQUENT
Principal Office Street Address:	100 N HOWARD ST STE W, SPOKANE, WA, 99201-0508, UNITED STATES	Principal Office Mailing Address:	22722 29TH DR SE STE 100, BOTHELL, WA, 98021-4420, UNITED STATES
Expiration Date:	01/31/2025	Jurisdiction:	UNITED STATES, WASHINGTON
Formation/ Registration Date:	01/27/2015	Period of Duration:	PERPETUAL
Inactive Date:		Nature of Business:	ANY LAWFUL PURPOSE

REGISTERED AGENT INFORMATION

Registered Agent Name:	WASHINGTON REGISTERED AGENT, LLC.		
Street Address:	100 N HOWARD ST STE W, SPOKANE, WA, 99201, UNITED STATES	Mailing Address:	100 N HOWARD ST STE W, SPOKANE, WA, 99201, UNITED STATES

GOVERNORS

Title	Governors Type	Entity Name	First Name	Last Name
GOVERNOR	INDIVIDUAL		SONIA	ARORA

Per the information shown above, the company’s Principal Office Street Address is 100 North Howard Street, Suite W, in Spokane, Washington, which appears to be an office building. Further, the Registered Agent Name has the same address and is Washington Registered Agency, LLC. Searching “Washington Registered Agent, LLC” returns eight records with similar names, and six of these have the same street address of 100 North Howard Street. Limited information was noted for these entities.

The Principal Office Mailing Address of 22722 29th DR SE STE 100, Bothell, WA 98021-4420 is an office building in Bothell, WA. Per a Google search of this address, Tekies Data Solutions does not appear on the first page of results. However, the APA noted Suite 100 at 22722 29th Drive SE was available for lease as of December 3, 2024, as shown below:

22722 29th Drive SE Suite 100

crexi.com/lease/properties/123012/washington-canyon-park-west

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For Lease

For Lease: Regus Canyon Park West **\$1.86 - \$13.28 SF / MO (10 spaces)**

22722 29th Drive SE Suite 100 Bothell, WA 98021
Discover many ways to work your way in Regus Canyon Park West

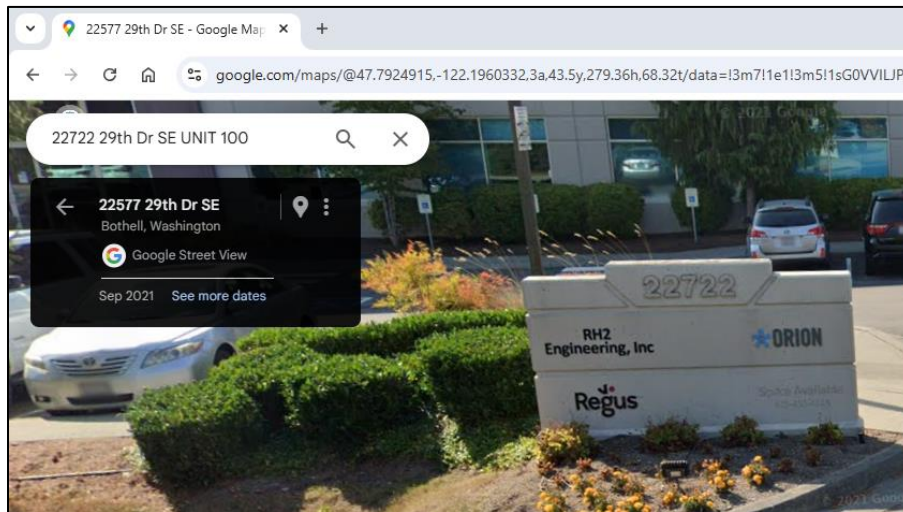
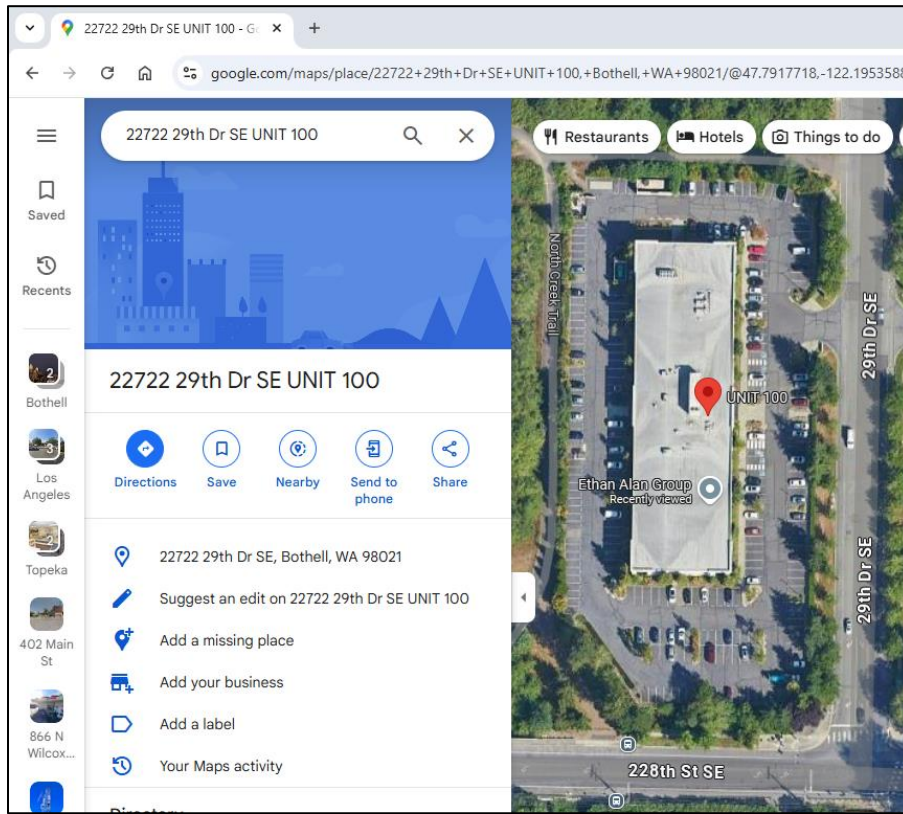
[View Brochure](#)

Overview

TIMELINE

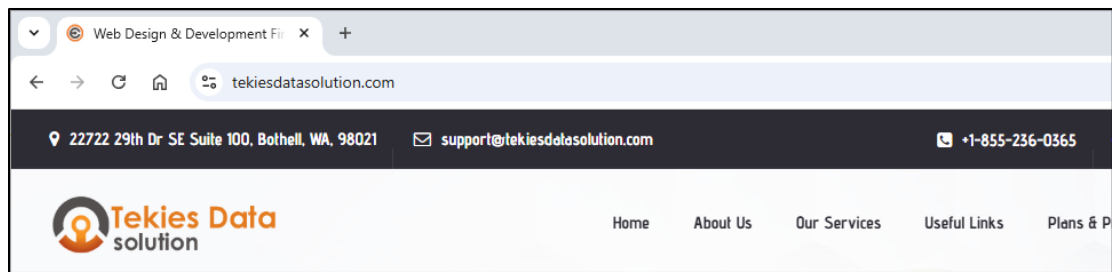
Date Listed: Aug 16, 2024 Last Updated: Dec 3, 2024

Additionally, Google Maps does not show “Tekies Data Solutions” as located at this building, nor does the street view of the building’s entrance sign show the business, as shown in the two print screens below:



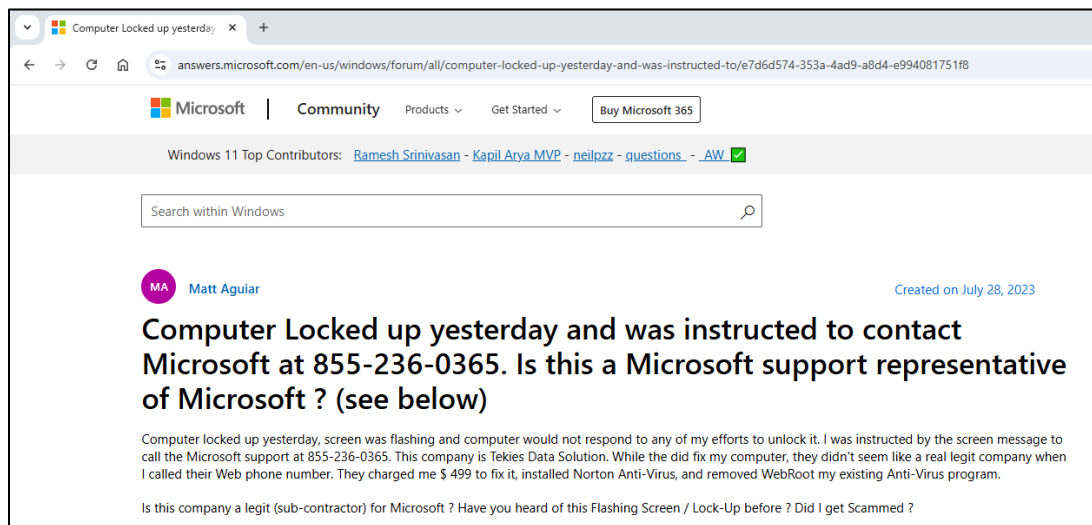
Older images of the street view in Google Maps were observed as far back as October 2015 (the same year the business was filed with the Washington Secretary of State); however, none of them showed Tekies Data Solutions on the entrance sign.

- After doing a Google search for “Tekies Data Solutions,” the APA found a website that appears to be for Tekies Data Solutions (<https://tekiesdatasolution.com/>).



Based on a review of this website, the APA noted the following:

- The home page of the website shows the same address as that on the entity’s filing with the Washington Secretary of State.
- The name used on the website does not include a “s” on the end of the word “solution.” While the website uses “Tekies Data Solution,” the Washington Secretary of State’s website shows “Tekies Data Solutions.”
- The phone number of 1-855-236-0365 shows up in a Microsoft forum regarding a potential scam relating to unlocking a “locked up” computer, as shown below:



In the forum post thread, there was one reply from a forum moderator stating the individual who made the original post was scammed.

The APA attempted to call the number twice on February 11, 2025. The first attempt rang multiple times before going to a generic voicemail. The second attempt rang only twice before going to the generic voicemail.

- Per ScamAdviser (<https://www.scamadviser.com/>), the “Tekies Data Solutions” website has a limited number of website visitors. ScamAdviser is a free online site that scans websites for information about “the IP address of the webserver, the availability of contact details on the website, the age of the URL, ratings on review sites,” and more.
- Per the Plans & Pricing page of the “Tekies Data Solutions” website, the “Basic Plan” is \$149.99, which agrees to the amount paid by the Village. However, the Clerk does not recall ever contacting the company to purchase the “Basic Plan.” Further, this plan appears to be for the creation and maintenance of a webpage.

On December 20, 2023, the Village purchased the domain “villageofherman.com” for three years from GoDaddy, an online website domain seller. As of February 28, 2025, the website “villageofherman.com” has not been developed. Per the Clerk, the purchase of this website domain was not a result of the Village paying for the “Basic Plan,” and the Village was going to have someone else work on developing the website. During that conversation, she reiterated that she believes the \$149.99 charge was fraudulent and not a valid Village expense.

- Further, the Google search revealed that the company was not accredited by the Better Business Bureau (BBB).

Based on the above information, Tekies Data Solutions might be a fictitious company, meaning that the Village may have incurred a \$149.99 fraudulent credit card charge. Subsequent to the Tekies Data Solution charge in November 2023, the Village’s apparently compromised credit card was charged \$47.46 related to Xbox.

Good internal control and sound accounting practices require procedures to ensure the following: 1) the Village pays only for legitimate services or products and verifies the identity of the vendor prior to payment; 2) bank and credit card statements are reviewed timely to ensure all transactions are reasonable and appropriate; and 3) any transactions suspected of being fraudulent should be disputed and resolved in a timely manner.

Without such procedures, there is an increased risk of theft, loss, and/or misuse of Village funds.

We recommend the Village implement procedures to ensure the following: 1) the Village pays only for legitimate services or products and verifies the identity of the vendor prior to payment; 2) bank and credit card statements are reviewed timely to ensure all transactions are reasonable and appropriate; and 3) any transactions suspected of being fraudulent should be disputed and resolved in a timely manner.

2. Tax Overpayment and Transfer Issues

The APA obtained the statements for the Village’s bank accounts from its fiscal year 2024 audit waiver request. From these statements, the APA noted an overpayment and improper bank transfers, as detailed below.

Overpayment to Department of Revenue

The APA noted that, on October 18, 2023, the Village made a payment of \$18,480 to the Nebraska Department of Revenue for taxes; however, the actual amount that the Village owed at the time of this payment was only \$99.30, resulting in an overpayment of \$18,380.70 by the Village. The overpayment was subsequently returned on January 4, 2024; however, the funds were deposited into the Tekamah Airport Authority’s bank account rather than the Village’s account. As noted in **Comment and Recommendation Number 1** (“Potential Scam and Possibly Fraudulent Credit Card Charges”) above, the Clerk was also the clerk/treasurer for the Tekamah Airport Authority.

The \$18,380.70 then stayed in the Tekamah Airport Authority’s bank accounts until April 24, 2024, when the funds were returned to the Village, over six months after the initial overpayment was made, and over three months from the date of the refund. It should be noted that the \$18,370.70 was transferred to a new bank account for the Tekamah Airport Authority as a result of the compromised online account as noted in **Comment and Recommendation Number 1** (“Potential Scam and Possibly Fraudulent Credit Card Charges”).

Transfer Error

The APA observed that, on September 19, 2023, the Village transferred \$22,666.60 from the Village’s account into the Herman Cemetery District’s account. As noted in **Comment and Recommendation Number 1** (“Potential Scam and Possibly Fraudulent Credit Card Charges”) above, the Clerk was also the clerk/treasurer for the Herman Cemetery District. The funds were then returned nearly a month later to the Village on October 17, 2023. The APA confirmed with the Clerk and the Village’s audit waiver preparer that the Clerk made this transfer in error.

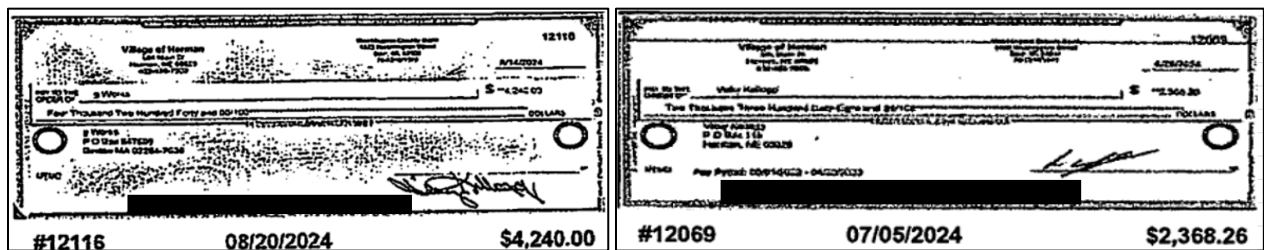
Good internal control and sound accounting practices require procedures to ensure the following: 1) all payments are for the amounts approved by the Village Board of Trustees (Board); 2) bank statements and claims are reviewed to ensure the transactions cleared the bank for the correct amounts, and any discrepancies or overpayments are resolved in a timely manner; and 3) all transfers are made to the proper accounts, and any errors are corrected in a timely manner.

Without such procedures, there is an increased risk for theft, loss, and/or misuse of Village funds.

We recommend the Village implement procedures to ensure the following: 1) all payments are for the correct amount approved by the Village Board; 2) bank statements and claims are reviewed to ensure the transactions cleared the bank for the correct amount and any discrepancies or overpayments are resolved in a timely manner; and 3) all transfers are made to the proper accounts and any errors are corrected in a timely manner.

3. Lack of Dual Signatures

The APA obtained the bank statements for the Village’s accounts from its fiscal year 2024 audit waiver request. From these statements, the APA noted that several of the Village checks written during the examination period contained only one signature. Examples of such checks are shown below:



State statute requires Village checks to be signed by both the Chairperson of the Board and the Clerk. Specifically, Neb. Rev. Stat. § 17-711 (Reissue 2022) provides the following:

All warrants drawn upon the city treasurer of a city of the second class or village treasurer must be signed by the mayor or chairperson of the village board of trustees and countersigned by the city clerk or village clerk, stating the particular fund to which the same is chargeable, the person to whom payable, and for what particular object. No money shall be otherwise paid than upon such warrants so drawn. Each warrant shall specify the amount included in the adopted budget statement for such fund upon which it is drawn and the amount already expended of such fund.

(Emphasis added.) Good internal control and sound accounting practices require procedures to ensure that Village checks contain the statutorily required endorsements. Without such procedures, there is an increased risk for not only failure to comply with State statute but also loss and/or misuse of Village funds.

We recommend the Board implement procedures to require dual signatures, from the Board Chairperson and the Clerk, on all Village checks, as required by law.

4. Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified the following payments, totaling \$6,127.17, which were paid but not included on the claims listing to be approved by the Board. Details of the unapproved payments are provided in the table below:

Name/Vendor	Cleared Date	Amount	Check #
People Services	4/15/2024	\$ 1,385.00	12017
United State Post Office	4/16/2024	174.00	12027
Logan East Rural 16th	4/16/2024	3,918.05	EFT
NE Department of Revenue	4/25/2024	48.25	EFT
NE Department of Revenue	4/25/2024	601.87	EFT
Total		\$ 6,127.17	

Neb. Rev. Stat. § 17-614(1)(a) (Cum. Supp. 2024) sets out the proper method for the appropriation or payment of money by the Village, as follows:

All ordinances and resolutions or orders for the appropriation or payment of money shall require for their passage or adoption the concurrence of a majority of all members elected of the city council in a city of the second class or village board of trustees.

(Emphasis added.) Good internal control requires procedures to ensure that all claims are authorized by the Board prior to payment and are adequately documented in the minutes of the meeting during which they are approved.

Without such procedures, there is an increased risk for the loss or misuse of Village funds.

We recommend the Board implement procedures to ensure all claims are authorized by the Board prior to payment and are adequately documented in the minutes of the meeting during which they are approved.

5. Job and Wage Publication

The APA noted that the Village failed to publish its annual job and wage publication between July 15, 2024, and August 15, 2024, as required by State statute. No publication was made by the Village.

Neb. Rev. Stat. § 19-1102 (Reissue 2022) states, in relevant part, the following:

Between July 15 and August 15 of each year, the employee job titles and the current annual, monthly, or hourly salaries corresponding to such job titles shall be published. Each job title published shall be descriptive and indicative of the duties and functions of the position.

Good internal control requires procedures to ensure that the Village’s annual job and wage publication is published between July 15 and August 15 annually, as required by law. Without such procedures, there is an increased risk of not only statutory noncompliance but also lack of transparency and loss or misuse of funds.

We recommend the Board implement procedures to ensure the Village’s annual job and wage publication is published between July 15 and August 15 annually, as required by law.

* * * * *

The preliminary planning work that resulted in this letter was designed primarily on a test basis and, therefore, may not bring to light all existing weaknesses in the Village’s policies or procedures. Nevertheless, our objective is to use the knowledge gained during the performance of that preliminary planning work to make comments and suggestions that we hope will prove useful to the Village.

This communication is intended solely for the information and use of the Village and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this letter is a matter of public record, and its distribution is not limited. If you have any questions, please contact **Dakota Christensen at 402-499-8702 or dakota.christensen@nebraska.gov**.

Sincerely,



Mark Avery, CPA
Assistant Deputy Auditor