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**Department of Justice**

U.S. Attorney's Office

District of Idaho

FOR IMMEDIATE RELEASE

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## **Woman Who Embezzled \$852,041 From St. Luke's Pleads Guilty**

BOISE -- Sara Curnow, 45, of Portland, Oregon, pleaded guilty today to wire fraud in connection with her scheme to embezzle \$852,041 from St. Luke's Health System employees' Flexible Spending Accounts, U.S. Attorney Wendy J. Olson announced. Curnow waived her right to indictment and pleaded guilty before Chief U.S. Magistrate Judge Ronald E. Bush to a single count felony information filed by the U.S. Attorney.

According to the plea agreement, from approximately 2008 through 2015, Curnow was an employee of Pinnacle Pension Services ("Pinnacle"), headquartered in Boise, Idaho. As part of its business, Pinnacle administered health care and dependent care Flexible Spending Accounts ("FSAs") for employees of client firms. Employees of client firms who elected to participate in an FSA program had pre-tax funds withheld from their paycheck and deposited into a bank account from which they can make claims for disbursement for health care and dependent care expenses throughout the year. At the end of the year, if the employee had not exhausted his or her FSA deposits, they were forfeited to the employer. In approximately 2009, Curnow assumed the job of FSA Administrator at Pinnacle. In that role, she had responsibility for reviewing and approving payment of FSA disbursement claims.

St. Luke's Health System ("St. Luke's") was a client of Pinnacle. St. Luke's maintained bank accounts at Wells Fargo Bank into which withholdings of pre-tax FSA funds from participating employees were deposited and from which disbursements were made to these employees after they were approved by Pinnacle.

The plea agreement provided that, beginning in April of 2009 and continuing until October of 2015, Curnow embezzled \$852,041 from St. Luke's FSA accounts at Wells Fargo Bank. On the internal Pinnacle computer system, she saw which St. Luke's employees left forfeitures at plan year end and in what amounts. These amounts were supposed to be forfeited to St. Luke's at plan year end. Instead, Curnow manipulated the Pinnacle claims system to create dummy elections and claims payments for St. Luke's employees. Rather than directing the claims payments to the bank accounts of the St. Luke's employees, Curnow directed these claims payments to be sent by interstate ACH wire transfer from St. Luke's FSA account at Wells Fargo Bank to Pinnacle's trust account at Wells Fargo Bank, and then, to Curnow's bank accounts at Ally Bank, Mountain America Federal Credit Union, and Navy Federal Credit Union. She did so on approximately 294 separate occasions in denominations ranging from approximately \$600 to \$9,100. Because St. Luke's had between 5,000 and 11,000 employees from 2009 through 2015, St. Luke's did not discover the fraudulent transfers of forfeited funds that belonged to it.

The charge of wire fraud is punishable by up to 20 years in prison, a maximum fine of \$250,000, and up to 3 years of supervised release.

Sentencing for Curnow is set for August 30, 2016, before Chief U.S. District Judge B. Lynn Winmill at the federal courthouse in Boise.

The case was investigated by the U.S. Department of Labor, Employee Benefits Security Administration and the Boise Police Department.

Today's announcement is part of efforts underway by President Obama's Financial Fraud Enforcement Task Force (FFETF), which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed more than 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,700 mortgage fraud defendants. For more information on the task force, visit [www.stopfraud.gov](http://www.stopfraud.gov).

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**Topic(s):**

Financial Fraud

StopFraud

**Component(s):**USAO - Idaho

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