



Report of Eric L. Hansen, CFE, CFCI, CFI
Report Date: March 25, 2024

STATE OF MONTANA

V.

JORDAN DANIEL HALL,

CASE NO. DC-42-2023-0000088-IN





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I. INTRODUCTION

I, Eric L. Hansen, CFE, CFCI, CFI, of Eide Bailly LLP was retained by Shandor S. Badaruddin, PC (“you”) to provide forensic accounting assistance in your representation of Jordan Daniel Hall (“Hall”) in the State of Montana v. Jordan Daniel Hall.

The work I performed, my observations, and conclusions are set forth in this report. My report is based on information that has been gathered and reviewed to date and is subject to change, modification and/or addition, if and when additional facts and information become available.

II. PROFESSIONAL QUALIFICATIONS

I am a Senior Manager in the Fraud & Forensic Advisory department of Eide Bailly LLP. I have been employed by Eide Bailly LLP since April of 2015. I hold a Bachelor’s degree in Business Administration with Criminal Justice and Fraud Investigation minors from North Dakota State University. I am a Certified Fraud Examiner (CFE), Certified Financial Crimes Investigator (CFCI), Certified Forensic Interviewer (CFI), and former South Dakota Certified Law Enforcement Officer.

I manage Eide Bailly LLP’s forensic accounting practice in Sioux Falls, South Dakota. I have over 17 years of experience conducting financial investigations and providing testimony in civil and criminal courts. I have completed training from multiple agencies and organizations on forensic accounting and investigative methods. I have conducted numerous forensic accounting investigations including assets/funds tracing, disbursement and expense reviews, and religious entity engagements. My curriculum vitae is attached as **Appendix A** to this report. Eide Bailly LLP is compensated at the rate of \$400 per hour for my time in this matter.

III. BACKGROUND INFORMATION

On June 23, 2022, the Sidney Police Department received a complaint from the Fellowship Baptist Church (“FBC”) located at 2181 W Holly St, Sidney, Montana 59270 that “. . . Hall had embezzled over \$90,000 in the last year . . .”.¹ This allegation was made by Deedra Erickson (“Erickson”), newly appointed FBC Treasurer, with Erickson stating “. . . she had no direct knowledge of the incident. . .”.² Joyce Nesper (“Nesper”), was FBC’s former Treasurer.

On July 10, 2022, the Sidney Police Department met with Pete Clark (“Clark”), FBC head of deacons, Erickson, and Cheyenne Shope (“Shope”), Hall’s personal assistant. Sidney Police Department gathered information regarding Hall’s employment history, job duties, the Treasurer’s job duties, financial reports, budget process, and other FBC activity. According to the information obtained, Hall had been a pastor at FBC for 15 years and lived at a church owned residence with his family as allowed by FBC.

Erickson went through FBC’s Stockman Bank account ending in no. [REDACTED] and analyzed the monthly statements. “Deedra was able to determine that Hall had used church money for personal benefit. Deedra collected monthly bank statements from 2018 to 2022 and highlighted the items that were not church approved or authorized expenses that Hall had used church money for.”³

On August 2, 2022 the Sidney Police Department contacted the Rocky Mountain Information Network, Inc. (“RMIN”) “. . . to assist with a certified forensic accountant to go through the bank statements.”⁴ According to RMIN’s Accounting Fraud Examiner Report, they were “. . . requested to examine case documents and generate a report that can be used during the investigation and at trial.”⁵

¹ Sidney Police Department Report, Initial Report Section, Bates State – 007.

² Sidney Police Department Report, Initial Report Section, Bates State – 007.

³ Sidney Police Department Report, Information Obtained Section, Bates State – 009.

⁴ Sidney Police Department Report, Information Obtained Section, Bates State – 009.

⁵ RMIN Accounting Fraud Examiner Report, Basis Of Analysis Section, Bates State – 534.

According to RMIN's Accounting Fraud Examiner Report, they used Microsoft Excel to do data entry of the provided bank statements and Hall's contributions to FBC to produce tables. One of these tables ". . . itemize potentially unauthorized charges from FBC bank account [REDACTED], as highlighted by FBC, . . ." ⁶ RMIN's summary of findings indicate the total amount of potentially unauthorized charges from 2018 through 2022 is **\$126,405.63**. The Sidney Police Department completed their investigation and Hall has been charged with embezzlement from FBC.

I was retained on November 14, 2023 by you to provide forensic accounting assistance in your representation of Hall. Specifically, I was engaged to use forensic accounting methodologies and procedures related to the accuracy of the allegations of Hall's alleged embezzlement from FBC.

IV. INFORMATION CONSIDERED

I examined the following records during the engagement:

- FBC Stockman Bank monthly statements, deposit slips, and canceled checks for January 2018 through December 2022.
- A general ledger file from FBC for January 2019 through December 2022.
- Various FBC accounting and financial documents, correspondence, and supporting documentation bated FBC 1801 – 1878.
- Various FBC financial, budget, and Treasurer reports, processes, and procedures.
- Various council, business, and annual meeting minutes.
- Miscellaneous accounts payable supporting documentation.
- Subpoenaed PayPal account activity of Hall, Mandy Hall (Hall's spouse), and Shope.
- Miscellaneous payroll information related to Hall.
- Email and text correspondence between Hall and other involved FBC parties.
- FBC's constitution and bylaws.
- Various law enforcement reports and correspondence.
- RMIN's Accounting Fraud Examiner Report dated April 6, 2023 by A. Tan.
- Various defense production records bated Def 001 – Def 299.

⁶ RMIN Accounting Fraud Examiner Report, Items Produced By Analyst Section, Bates State – 535.

V. SCOPE LIMITATION

My engagement was limited to the available records. I received an initial production of records and identified additional documentation for my forensic accounting review. On December 4, 2023, I produced a records request detailing the specific records I would like to examine. On December 20, 2023 the Court ordered a Discovery Order that FBC shall produce additional records.

I examined the records produced in discovery in comparison to what was ordered by the Court in the Discovery Order dated December 20, 2023. Based on my observations, FBC failed to provide and/or maintain all business records identified in the Court Discovery Order. The records within the Court Discovery Order are records normally kept in the ordinary course of business, records FBC maintained in prior years, and records that are essential in understanding the business purpose of the transactions in question.

I identified the following areas of concern:

- General Ledger
 - I was provided with a spreadsheet listing certain transactions per category by date, reference number, payee, amount, and notes. However, I found this spreadsheet to be incomplete and not conducive of an actual general ledger. The spreadsheet provided is for the time period of January 2019 through December 2022. However; per the Court Discovery Order, the time period requested/ordered was January 1, 2015 through December 31, 2022 (**Snapshot 1**).

Snapshot 1 – Court Discovery Order No. 11 General Ledger

11. Fellow Baptist Church's QuickBooks® electronic accounting backup file to include username and password. If QuickBooks® was not used, an electronic export to excel or pdf file of the general ledger from January 1, 2015 through December 31, 2022; and

In addition to the limited time period, I identified several transactions from FBC's bank account that are listed in the RMIN report, that I could not locate in the spreadsheet.

- Treasurer's Reports
 - These reports provide high level summaries of revenue and expenses by categories, i.e. Hospitality. However, they lack the detail needed to identify and understand the transaction(s) that comprise these categories. The detailed, individual transactions that comprise these categories is necessary to determine FBC's business purpose for each transaction.
- Budget vs. Actual Reports
 - The Treasurer's Report is comprised of various reports with one of them being identified as the Budget vs. Actual Report. I reviewed this report for various time periods prior to 2018; however, I could not locate this report(s) for the time period in question, 2018 through 2022.
- Meeting Minutes
 - The meeting minutes I examined contain various council, annual, business, and committee meeting minutes, primarily for the time period before 2020. I noted for the time period in question, 2018 through 2022, there appears to be a lack of complete minutes either taken/recorded and/or provided in discovery. These minutes are important to understand the nature of transactions, authorization, and recording of events. As stated in the Court Discovery Order regarding the time

period “. . . for years during which Defendant Jordan Hall was the Pastor.” Any and all meeting minutes during this time period are necessary to verify potential legitimacy of transactions for the time period related to this matter.

The previously mentioned reports and records are important to understand the nature of the transactions in question and for FBC’s operations for budgeting and financial planning purposes. These reports, accounting, and financial duties were the responsibility of FBC’s Treasurer. According to the Constitution of the FBC, Sidney, MT⁷ and job duties⁸, the Treasurer was responsible for presenting regular reports, keeping accurate books, and handling funds. **Snapshots 2 & 3** details the Treasurer position and job duties.

Snapshot 2 – Treasurer Position According to the Constitution of the FBC, Sidney, MT

Section 9: Treasurer

The treasurer, who shall not be an active elder, deacon, or paid church staff member, shall ensure that all funds and securities of the church are properly secured in such banks, financial institutions, or depositories as appropriate. The treasurer shall also be responsible for presenting regular reports of the account balances, revenues and expenses of the church at each members’ meeting. The responsibility may be delegated with the approval of the elders. The treasurer shall also ensure that full and accurate accounts of receipts and disbursements are kept in books belonging to the church, and adequate controls are implemented to guarantee that all funds belonging to the church are appropriately handled by any officer, employee, or agent of the church. The treasurer shall render to the elders annually, or whenever they may require it, an account of all transactions as treasurer and of the financial condition of the church. The treasurer shall be nominated by the elders and elected by the congregation to serve a term of one year.

⁷ Bates FBC 343.

⁸ Bates FBC 260.

Snapshot 3 – Treasurer Job Duties

TREASURER

Principle Function: The church treasurer is responsible for the proper receipt, accounting and disbursement of church funds within policies established by the church leadership for adequate financial control. The treasurer's work focuses primarily on financial records and payment procedures.

Duties:

1. Keep accurate records of all monies received and disbursed
2. Reconcile monthly bank statements and correct ledgers as needed
3. Sign checks in accordance with church policies and procedures, always verifying supporting date for each check request
4. Make monthly and annual reports to the elder leadership for disbursement at council meetings.
5. Provide records of individual contributions to be maintained
6. Keep church staff informed of any trends or changes in fiscal matters

Based on my review, records provided by FBC are incomplete and potentially inaccurate.

VI. OBSERVATIONS

I analyzed the various FBC accounting and financial records, and the law enforcement/legal reports related to the allegations of Hall's alleged embezzlement from FBC from 2018 through 2022. Based on the available records, I was able to use forensic accounting methodologies to conclude the following observations and opinions.

FBC'S ALLEGATIONS & RMIN'S FINDINGS

I analyzed the various law enforcement reports, RMIN's Accounting Fraud Examiner Report dated April 6, 2023 by A. Tan, and FBC's Stockman Bank monthly statements, deposit slips, and canceled checks for January 2018 through December 2022 to understand the embezzlement allegations. RMIN reviewed the records provided to them and created Exhibits A – S resulting in **\$126,405.63** in potentially unauthorized charges, **Snapshots 4** and **5**.

Snapshot 4 – RMIN Items Produced By Analyst

ITEMS PRODUCED BY ANALYST

Exhibits A - O

Using Microsoft Excel, data entry of the provided bank statements and contributions from Hall to FBC was completed. These spreadsheets were used to produce tables that:

- itemize potentially unauthorized charges from FBC bank account [REDACTED] as highlighted by FBC,
- establish Hall's earnings from FBC, and
- record Hall's "Giving History" to FBC.

Exhibit P - S

Using Microsoft Excel, four timelines were produced to include known border crossings with the itemized potentially unauthorized charges from FBC bank account [REDACTED] for the dates surrounding the border crossings. No border crossings were reported in 2020.

Snapshot 5 – RMIN Summary of Findings

SUMMARY OF FINDINGS

2018 – 2022 SUMMARY: The total amount of potentially unauthorized charges is the sum of all bolded amounts listed throughout this report: \$9,981.91 (2018) + \$21,556.40 (2019) + \$19,350.28 (2020) + \$46,530.99 (2021) + \$28,986.05 (2022) = **\$126,405.63**.

FBC's giving history summary indicates, "Other than intangible religious benefits, no goods or services were received in exchange for these contributions." Therefore, giving history was not deducted from the total amount of potentially unauthorized charges, except for the contributions that were noted as reimbursements.

Based on RMIN's analysis, items produced, and findings, it does not appear RMIN performed their own, independent analysis. RMIN produced exhibits using Microsoft Excel based on documentation and opinions provided to them by FBC. As stated in RMIN's first bullet point, the itemized, potentially unauthorized, charges are according to FBC. Therefore, the **\$126,405.63** in potentially unauthorized charges appears to be the opinion of FBC, not RMIN.

TRANSACTIONS IN QUESTION & EXAMPLES

I examined FBC's bank account transactions that comprise the embezzlement allegations and the available supporting documentation to understand the nature and purpose of these transactions. I documented key records authorizing transactions, business purpose(s) for the transactions, and discrepancies with FBC's allegations.

POLICIES AND PROCEDURES

Based on my review of the available documentation, FBC lacked formal policies and procedures regarding their financial transactions. For example, FBC identified transactions as potentially unauthorized or questionable, however the detail within their records indicates these expenses occur annually and have been authorized in prior years.

In addition to the missing documentation, FBC staff have contradicting opinions on what expenses are authorized and what discretion Hall had regarding these expenses. FBC staff state

Hall had discretion on expenses up to **\$500.00** without additional approval needed and that FBC budgeted for pastor travel.⁹

ACCOUNTING RECORDING

I examined FBC's general ledger to identify and document the accounting recording for the allegations/expenses. Based on my review, I documented over **225** expenses totaling over **\$31,000.00** that are recorded in FBC's accounting records as legitimate, business expenses.

These expenses are recorded to various categories such as Benevolence, Building, Food and Travel, Fuel, Missions, and Office Supplies. It is my understanding Hall was not involved in the accounting recording of these transactions and that job duty was performed by the Treasurer or other FBC staff.

I have not identified an explanation as to why these transactions are considered unauthorized by FBC when they were recorded in FBC's accounting records as legitimate business expenses by someone other than Hall.

FUEL/CONVENIENCE STORES

Based on my review of the alleged transactions, a majority of these expenses occurred in or around the Montana area at fuel/convenience stores. FBC marked these items unauthorized, but their records contradict this position.

FBC budgets for fuel every year in their annual budget. According to FBC's Budget Category Definitions, it is defined as "Fuel: This category is for the automobile fuel for church staff". For example, in 2016 FBC budgeted **\$7,000.00** for the annual fuel budget, **Snapshot 6**.

⁹ Sidney Police Department Report, Nesper Interview, Bates State – 017.

Snapshot 6 – FBC 2016 Fuel Budget¹⁰

2016 Budget		Weekly	Monthly	Quarterly	Yearly
Fellowship Church of Sidney--406-433-4004					
Fuel					
Fuel		-134.62	-583.33	-1,750.00	-7,000.00

I also found documentation that fuel usage was a benefit Hall was receiving. **Snapshot 7** describes Hall's compensation and benefits with no changes to his current compensation package.

Snapshot 7 – Hall Fuel Usage Benefit¹¹

Personnel Committee

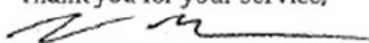
Chairman of Deacons, Pete Clark
Unpaid Elder, Paul Richter
Treasurer, Joyce Nesper

Per our bylaws, the personnel committee needs to meet prior to our annual business meeting to review any changes to employee salary and/or benefits.

I am proposing no budgetary changes to my salary or benefits.

Salary: 48,000
Benefits: Fuel usage
Insurance: None
Other: None

Because I have not had a pay increase in more than 5 years, and have had my insurance and retirement benefits cut, I will request a return of retirement funding in the budget year of 2020, should our budget remain stable.

Thank you for your service,

Pastor Hall

Based on FBC's history of authorized fuel expenses, fuel budgeted amounts, and Hall's fuel usage benefit, it is unclear to me how these transactions are considered unauthorized by FBC.

¹⁰ FBC 561.

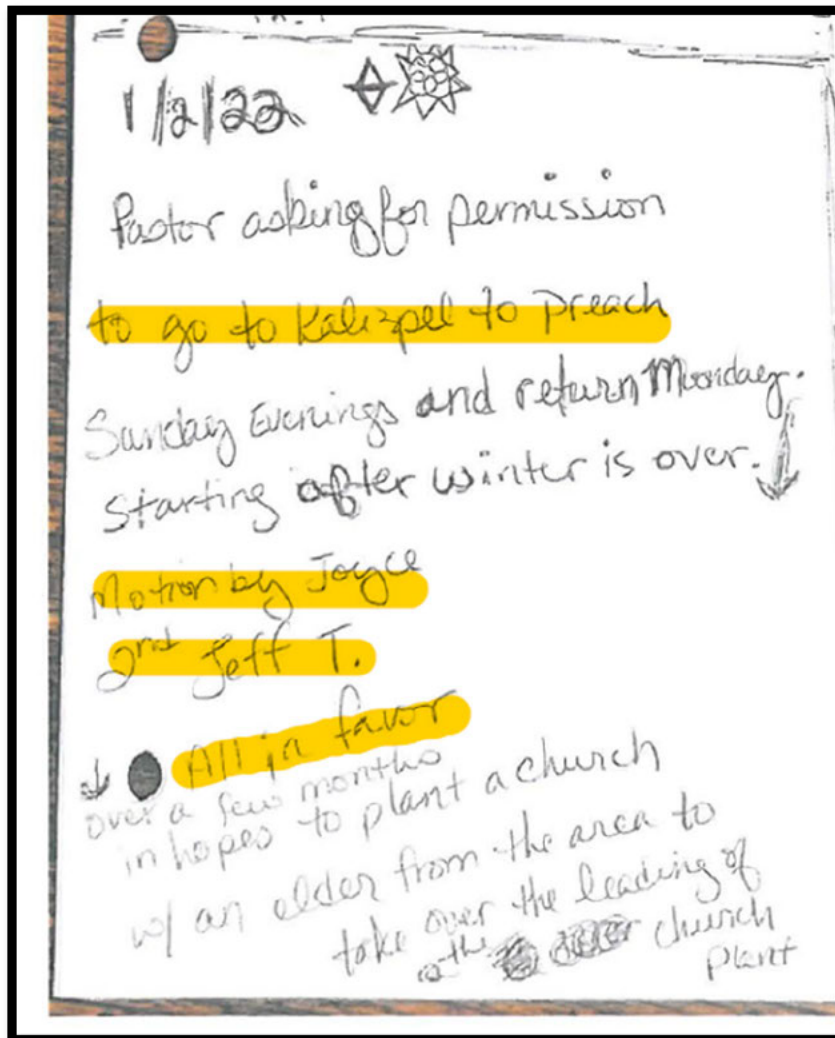
¹¹ FBC 1839.

TRAVEL

I identified several transactions regarding Hall's alleged unauthorized travel expenses. Similar to the Fuel category, for years FBC has authorized and budgeted for travel expenses. It is our understanding Hall's job duties included travel for religious events, preaching, church development, etc.

I noted in the January 2, 2022 FBC board meeting minutes that Hall requested permission to travel to Kalispel to preach with "all in favor" (Snapshot 8)¹².

Snapshot 8 – Hall Authorized Travel Expense



¹² FBC 1890.

Based on FBC's prior annual authorized travel expenses, travel budgeted amounts, and permission granted to Hall for travel, it is unclear to me how these transactions are considered unauthorized by FBC.

PAYPAL

I reviewed the PayPal transactions documented in RMIN's report from FBC as potentially unauthorized or questionable and the available supporting documentation. It is my understanding the Sidney Police Department subpoenaed PayPal to get further details on the PayPal transactions. Based on this documentation and FBC's accounting records, I was able to understand the nature of most of these transactions and how they relate to FBC.

Of the transactions FBC is alleging as unauthorized, **18** transactions totaling **\$7,251.58** are recorded in FBC's accounting records as legitimate business expenses primarily categorized as Mission expenses. A few examples of the PayPal transactions and their business use include:

- On June 19, 2019, \$219.96 transaction to Acer Recertified LLC for an Acer SB220Q 21.5" Widescreen Monitor Display Full HD (1920 x 1080) 75Hz 4 ms GTG.
- On September 3, 2019, \$578.00 transaction to Crown and Cross Publishing for Bible Pictures of the Word of God.
- On May 4, 2020, \$842.02 transaction to For The New Christian Intellectual for Invoice 125, patron work, and mailing out Christian books.

Based on my review of the PayPal transactions and available supporting documentation, it is unclear to me how all of the PayPal transactions are considered potentially unauthorized or questionable by FBC.

WITHDRAWALS & MISCELLANEOUS DEBITS

I reviewed the withdrawal and miscellaneous debit transactions FBC identified as potentially unauthorized or questionable. However, based on my review of FBC's accounting records, I identified entries that contradict this position. I located certain withdrawals and miscellaneous

debits in FBC's accounting records and how they were recorded for a church purpose. Some examples include:

- On May 20, 2019, \$120.00 atm withdrawal recorded as Benevolence and the accounting payee as ATM.
- On April 27, 2020, \$500.00 atm withdrawal recorded as Food Pantry and the accounting payee as [REDACTED] for food relief.
- On May 26, 2020, \$202.95 atm withdrawal recorded as Hospitality and the accounting payee as [REDACTED].
- On January 7, 2021, \$100.00 miscellaneous debit recorded as Benevolence and the accounting payee as cash.

FBC is recognizing and recording these transactions in their accounting records as having an apparent legitimate, business purpose. Similar to the fuel and travel expenses, FBC budget allows for Benevolence, Food Pantry, and Hospitality. Based on my review of these transactions and available supporting documentation, it is unclear to me how all the withdrawals and miscellaneous debit transactions are considered potentially unauthorized or questionable by FBC.

CALCULATION

I examined RMIN's Accounting Fraud Examiner Report to analyze the allegations from FBC's Stockman Bank account and perform my own analysis. Specifically, I focused on RMIN's Exhibits A, D, G, J, and M, unauthorized and questionable charges for 2018 through 2022 according to FBC.

I documented **1,163** debits (disbursements) totaling **\$134,827.80** and **17** credits (deposits) totaling **\$8,891.14** for a net debit (disbursement) of **\$125,936.66**. I analyzed the business/vendor product or service offering to categorize the transaction, such as *ExxonMobil* as a Fuel/Convenience Store and *Dominos* as a Restaurant. As stated earlier, I researched these

transactions and found several of them recorded in FBC's accounting records and document their accounting category, payee, and notes/memo.

I performed my analyses of coding these expenses as either authorized, questionable, or personal based on the supporting documentation provided and previously discussed items. Based on my analysis of the net **\$125,936.66** allegations/expenses, I documented **\$110,482.22** as having a potential business purpose, **\$9,393.37** as questionable/unable to determine, and **\$6,061.07** personal in nature. My complete analysis is detailed in **Workpaper 1**. **Workpaper 2** provides the PayPal details, such as vendor and items when known, for these transactions.

VII. CONCLUSION

To a reasonable degree of forensic accounting certainty and reflective of the procedures performed and documents examine to date, I have concluded the following:

- FBC's discovery production was incomplete and potentially inaccurate.
- RMIN did not perform an independent analysis of FBC's allegations, but rather compiled the data to produce tables.
- I documented specific records authorizing Hall for the alleged transactions, identified business purpose(s) for the transactions, and discrepancies with FBC's allegations.
- FBC, outside of Hall, recorded several of the alleged transactions as legitimate and having a business purpose in the accounting records.
- Based on my analysis of the allegations/expenses, I documented **\$110,482.22** as having a potential business purpose, **\$9,393.37** as questionable/unable to determine, and **\$6,061.07** personal in nature.

My analyses and conclusions are based upon information provided to me as of the date of this report. If additional information becomes available, my analyses and conclusions could be materially different. I reserve the right to amend, modify, and or supplement this report if deemed necessary due to new information as my work may continue in this matter.



Eric L. Hansen, CFE, CFCI, CFI

Eide Bailly LLP

March 25, 2024