



Protecting Organizations from People Risk

## University of South Florida Case Example \$12.8M Embezzlement



**Deter**



**Detect**



**Mitigate**

### **HUMAN RISK SIGNALS**



**Continuous Evaluation  
& Analytics**



**Integrated  
Data**



**Insider Threat  
Post Hire Screening  
Security & Cyber**

## Background

Ralph Puglisi was hired in 2006 by the University Medical Service Association (UMSA), a nonprofit that works with the University of South Florida (USF) and provides staffing and other support for the university's health care enterprise. Months later, he was promoted to accounting manager.

In his new capacity as a manager, Puglisi had access to two company cards and VISA gift cards. Beginning in 2014, Puglisi surreptitiously used these cards for personal gain, charging \$22,000 irregular and unauthorized non-business transactions to company credit cards. Puglisi had sole authority to set up new credit card accounts, change spending limits, manage card access, and terminate accounts. He started with smaller amounts and ramped up, testing the waters to see if he would be caught. For years, he was not.

Puglisi laundered money through an adult-content website, making a deal with a content-creator on the site. She mailed back 60% of the money she received from him. He did this to subvert the mandatory reporting requirements that traditional online payment systems like Paypal or Venmo must follow.

With the stolen money, Puglisi spent lavishly on home renovations, travel, chartered yacht trips, paid for a relative's wedding expenses and bought land on St. John in the U.S. Virgin Islands.

**All told, he embezzled \$12.8 million from the University of South Florida.**

After six years and millions of dollars lost, higher-ups at his nonprofit began digging into ballooning expenses. In 2020, his manager alerted the university's auditors that Puglisi may have misspent \$15 million. The notification led the university to retain a law firm, which eventually also notified the U.S. attorney's office in Tampa and the FBI.

Despite internal and external audits, no one detected Puglisi's actions until leaders at USF Health questioned rising costs, according to a statement from the university.

# The ClearForce Solution Could Have Prevented the Loss

## Initial Risk Assessment

It is unclear if UMSA or USF performed an initial background check before hiring Puglisi. ClearForce would have advised on how to set role-based employee risk policies and optimize pre-hire screening with post-hire screening in a compliant manner. Puglisi did have a criminal record that spanned the seven years from 1985 to 1992, encompassing:

1. Past Violent/Serious Crimes (non-convictions)
  - a. Theft
  - b. Battery
  - c. DWI
2. Financial Distress
  - a. Multiple civil judgments of approximately \$5,000

There are a number of reasons Puglisi still could have been hired: 1) the offenses were non-convictions; 2) a lot of time had passed since his offenses; 3) a review of the circumstances may have deemed him a good fit for the position; 4) a fair chance hiring policy may have been in place.

Once hired, ClearForce would have immediately enrolled Puglisi into its continuous evaluation system. Throughout his employment, ClearForce would have detected multiple risk signals that would have notified UMSA of potential concerns requiring attention regarding Puglisi's actions.

### Risk Signal 1:

When promoted to Accounting Manager with credit card access, ClearForce would have recommended and performed a risk assessment to identify prior criminal and financial stress history related to the new role with access to funds. The promotion would have prompted a role-based risk assessment that evaluated Puglisi's history.

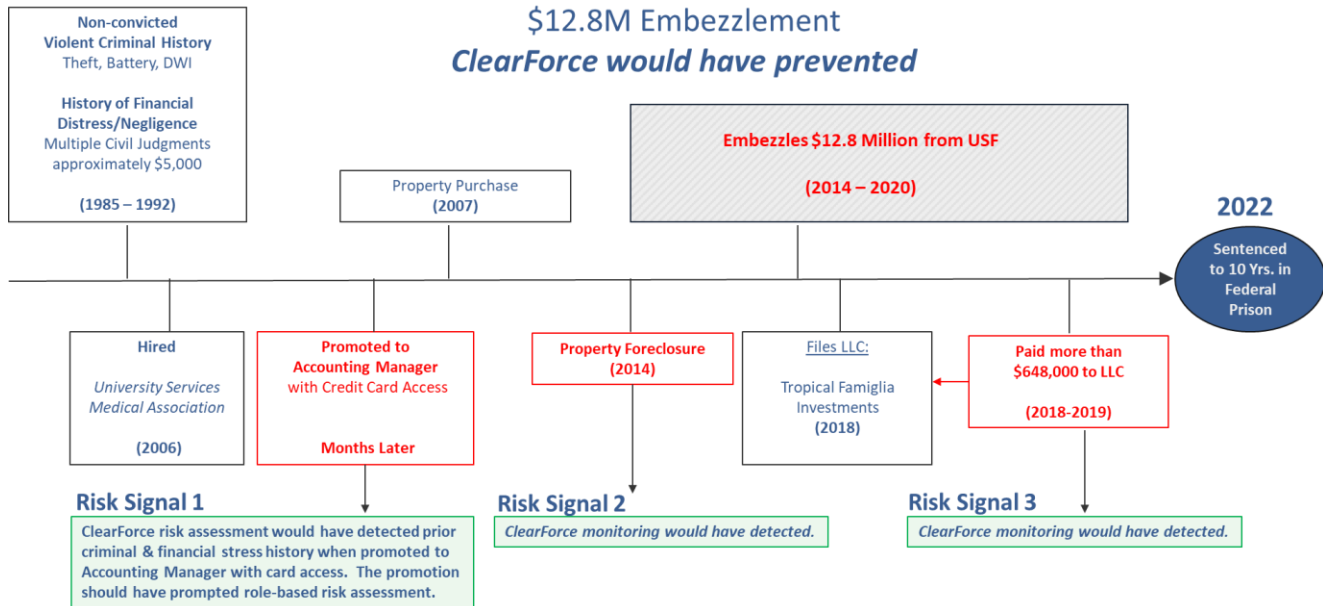
### Risk Signal 2:

In 2014, Puglisi foreclosed on a property. ClearForce financial monitoring would have identified this in near-real time and would have alerted UMSA to his financial distress and elevated risk. This foreclosure coincided with the beginning of Puglisi's embezzlement.

### Risk Signal 3:

From 2018-2019, Puglisi paid more than \$648,000 to his own LLC, Tropical Famiglia Investments. ClearForce monitoring would have identified this in near-real time, warning UMSA of suspicious financial activity.

## University of South Florida Case Study Timeline \$12.8M Embezzlement *ClearForce would have prevented*



## Conclusion

The ClearForce multi-dimensional approach would have identified indications of Puglisi’s fraud at multiple stages and given UMSA the alerts and tools to prevent it from continuing. It would have done so through deployment of its pre-to-post hire screening optimization review, the ClearForce Continuous Evaluation (CE) platform, Human Risk Data Analytics, and best practices to implement insider threat with continuous evaluation using multiple public record sources.

### Lessons Learned & Best Practice:

- Evaluating human risk within an organization demands a comprehensive approach and conduct policies that extends beyond traditional pre-hire background checks.
- Effectively detecting and mitigating insider threats necessitates collaboration among stakeholders with access to a Continuous Evaluation (CE) system and pertinent risk signal data sources.
- Establishing a formalized Continuous Evaluation program not only lowers risk but also yields cost savings, enhances operational efficiency, and facilitates the identification of policy-based violations.
- Implementing a consent-based program ensures safety and security for employees, customers, and the overall brand reputation.

## About ClearForce

ClearForce is a people risk technology firm focused on protecting organizations by detecting human risk signals in the workforce and supply chain. Our patent-pending cloud based Resolve™ continuous evaluation and risk analytics platform combines automation, data services, reporting, machine learning, and compliance functions. ClearForce has a long history delivering risk detection and mitigation solutions for both government agencies and commercial clients. Security, HR, and Cyber leaders rely on ClearForce as a key part of their programs for insider threat, safety, post-hire, trusted workforce, and suicide prevention.



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