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West Linn embezzler still owes city retirement restitution

By [Yuxing Zheng, The Oregonian](#)

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Bob Ellis/The Oregonian/2006

Elma Magkamt, the former West Linn finance director, was sentenced in 2006 to eight years in prison for embezzling more than \$1.4 million from the city. Her attorney at the time, Whitney Boise, accompanied her at her sentencing in Clackamas County District Court. As part of her settlement with the city, Magkamt agreed to liquidate her public employees retirement account, but the city still hasn't seen a cent of the money.

West Linn remains ensnared in a complex, protracted process to recover about \$361,000 from the **public employees retirement account** of its former finance director, who embezzled more than \$1.4 million from the city.

The retirement account is likely to be the last significant sum of money the city will recover as part of its **settlement with Elma Magkamt**, who in 2006 was sentenced to eight years in prison and ordered to pay nearly \$1.9 million in restitution. When **West Linn** takes possession of Magkamt's retirement account, which could happen in the next few months, the city will have recovered nearly 60 percent of the money stolen in what prosecutors billed at the time as the state's largest-ever public corruption case.

But an assortment of complications, including a husband who seems to have disappeared, have stalled the years-long recovery of the retirement money, which after taxes, will net the city about \$260,000.

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"It's been frustrating, because we'll jump through a hoop and then we're told there's another hoop or the hoop's been moved," said Geoff Winkler, director of case management for the **Grassmueck Group**, the Portland firm **the courts appointed to facilitate the transfer**. "**PERS** is a difficult system to operate. It is difficult to work through."

On the advice of **PERS** officials, the city held off collecting the money until after July 2008, when Magkamit turned 55. Waiting meant the city's payout doubled from about \$175,000 to \$350,000, and the money continues to earn interest.

The Grassmueck Group first tried to withdraw the money from **PERS** a month later.

In court again

When the time came to liquidate her **PERS** account as agreed to in the settlement, Magkamit refused to sign the paperwork.

Magkamit tried unsuccessfully in late summer and fall 2008 to negotiate paying out only part of her account, saying she wanted to give some of the money to her husband, said **Peter Watts**, an attorney representing **West Linn**.

"The city refused to negotiate," Watts said. "They wanted the full amount."

Magkamit claimed her previous lawyer gave her bad advice. Retirement funds are rarely included as part of settlement packages and can be difficult to pursue in the courts, several lawyers said. It remains unclear why Magkamit agreed to the settlement, though she might have done so in hopes of a more lenient sentence.

West Linn resorted to taking Magkamit to **Marion County Circuit Court** in May 2009, when a **judge found Magkamit in remedial contempt** and forced her to sign the papers.

The Grassmueck Group then filed again with **PERS**.

Husband disappears

Meanwhile, the withdrawal rules changed, snarling the city in a convoluted labyrinth of government retirement rules.

In order for the city to get the money as a lump sum payout, the city now needed the signature of Magkamit's husband, Larry. The new hurdle seemed straightforward enough. As part of the original settlement, Larry Magkamit had already signed away his rights to the money.

Except that nobody could find Larry Magkamit.

Nobody had spoken to him for at least two years, Winkler said. He couldn't be reached at the last-known address his then-lawyer had for him -- in the Magkamits' native Philippines. Attempts to reach him at a **Beaverton** address, his last-known stateside location, also proved futile.

Public records found by **The Oregonian** indicate Larry Magkamit recently lived in Nevada, as does **his active profile on social networking site Friendster**, where he lists his relationship status as "it's complicated." **He also maintains an active Facebook account, which he made private** shortly after **The Oregonian** messaged him there.

Now, lawyers are crafting a legal motion that, if granted, would give the **Grassmueck Group** limited power of attorney to sign on Larry Magkamit's

behalf. Winkler expects the motion to be filed in **Marion County Circuit Court** next week.

The court might grant the motion without a hearing. If a hearing is required, the judicial process could take another month. After that, **PERS** would need about 60 days to disburse the money, he said.

Otherwise, **PERS** would only be able to release Elma Magkamit's portion of the account on a monthly basis.

"This case has been a compounding frustration," Winkler said. "This case has been sitting on my desk for a year. Every day, I come in and look at it and think, 'What can I do today to get this resolved?'"

More than expected

If and when the city finally collects on the full **PERS** account, it will have recovered \$845,000 from the \$1.42 million embezzlement.

West Linn two years ago settled for \$385,000 with Pauly Rogers and Co.,

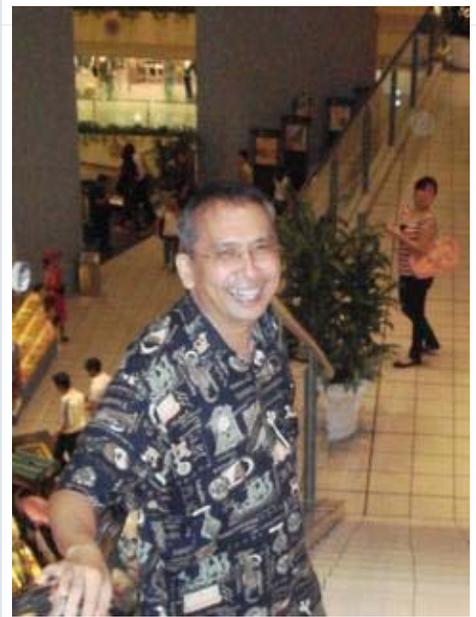
the city's outside auditors who gave city finances a clean bill of health in the years when Magkamit stole the money. An insurance bond on Magkamit paid out \$100,000, and the sale of the Magkamits' **Woodburn** home and **Mercedes** SUV netted another \$100,000.

Lawyers told the city it was unlikely to recover any money from **Spirit Mountain Casino**, where Magkamit fed her gambling habit, often playing the slot machines \$100 at a time.

Regardless, **West Linn** has recovered much more money than the 10 percent or so investigators typically see in these sorts of situations, said **Chris Jordan, the city manager**.

"Theoretically, we'll see more money coming," Jordan said. "That's all premised on that she gets out of jail and gets a job and has means to pay. That may happen at some point, but she's still in jail and we're not getting anything at this point."

- **Yuxing Zheng**



Elma Magkamit's husband, Larry, smiles in the **photo posted on his Friendster profile**, where he lists his relationship status as "it's complicated." Lawyers have spent months searching unsuccessfully for Larry Magkamit and suspect he might have returned to his native Philippines. His online profile, which he last logged onto about two weeks ago, lists Nevada as his location.