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July 15, 2013

Honorable Paul R. LePage
Governor of the State of Maine

Honorable Justin L. Alfond
President of the Senate

Honorable Mark W. Eves
Speaker of the House

STATE AUDITOR'S FRAUD HOTLINE
http://www.maine.gov/audit/fraud/fraud.htm
July 2013 Semiannual Report
For the Period 1/01/13 to 6/30/13

Total number of complaints received Complaint sequence: Complaints No. 159 through 193	35
Number of referrals made to the Office of the Attorney General	8
Complaints investigated by Department of Audit personnel (Complaint 181)	1
Number of referrals to the Office of Program Evaluation and Government Accountability	none
Complaints about individuals referred to (some to more than one agency):	
Fraud Investigation and Recovery Unit of DHHS (FIRU)	11
Financial and Professional Services, DAFS	2
The Office of Information Technology, DAFS	1
Maine Revenue Service	13
Maine Department of Labor	3

A listing of the complaints received from January 1, 2013 to June 30, 2013 begins on page 4 of this report.

The Department of Audit is currently conducting an examination to determine whether there is adequate follow-up by other agencies to complaints received through the State Auditor's hotline.

A legend for the abbreviations used in this report appears on page 3.

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Types of complaints Department of Audit personnel investigate:

- illegal acts affecting State government such as theft, fraud, and financial conflict of interest,
- financial fraud depleting resources or increasing expenditures of the State,
- significant abuse of state equipment or property,
- clear misuse of State property, programs, or work time for personal gain,
- gross misconduct with significant financial effects,
- consistent, wasteful conduct with significant financial implications, and
- kickbacks or similar acts involving return payments to State workers or vendors.

Types of complaints Department of Audit personnel do not investigate, but the Department does generally refer these complaints to other State agencies or other government authorities:

- personal conflicts between individuals or domestic or other threats of violence, call your local police.
- improper acts by federal officials,
- personal gripes against State employees about personal matters,
- mistakes made by State personnel,
- insignificant matters or complaints without sufficient factual basis, and
- matters handled by other specific state investigation units.

The Department of Audit does not have enforcement power. However, we work with governmental entities that do have enforcement power. This includes the Attorney General's Office and the District Attorneys' Offices.

Agencies receiving referrals:

AG - Office of the Attorney General

DAFS - Department of Administrative and Financial Services

DFPS - Division of Financial and Personnel Services (a division of DAFS)

DHHS - Department of Health and Human Services

DOL – Department of Labor

FIRU – Fraud Investigation Recovery Unit (a division of DHHS)

MRS – Maine Revenue Services (a division of DAFS)

OIT – Office of Information Technology (a division of DAFS)

TANF – Temporary Assistance for Needy Families (a division of DHHS)

Com plaint No.	Nature of Complaint	Agency Com-plained of:	Potential Impact on Government:	Recommended Action:	Substantiation of Complaint:
159	Complaint alleged that an individual who is receiving MaineCare and other State benefits has $20,000 in a bank account.	None; private fraud alleged.	Improper payments may be recouped.	Referred to FIRU.	To be determined by FIRU.
160	Complaint alleged that an individual is receiving food stamps, TANF and disability benefits while having another adult living in the household pay that person $600.00 a month rent.	None; private fraud alleged.	Improper payments may be recouped.	Referred to FIRU.	To be determined by FIRU.
161	Complaint alleged that an individual is receiving food stamps and is collecting unemployment while working, " under the table".	None; private fraud alleged.	Improper payments may be recouped.	Referred to FIRU and DOL.	To be determined by FIRU and DOL.
162	Complaint alleged that an individual is not reporting a household member and associated income for the purpose of being covered by MaineCare and to be eligible for Food Stamps.	None; private fraud alleged.	Improper payments may be recouped.	Referred to FIRU.	To be determined by FIRU.
163	Complaint alleged that an individual does not claim income from a business and the individual is on MaineCare.	None; private fraud alleged.	Improper benefits might be recouped and unpaid taxes and penalties may apply.	Referred to FIRU and MRS.	To be determined by FIRU and MRS.
164	Complaint alleged that an individual provided incorrect or fraudulent 1099's for the work of an "independent contractor'.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
165	Complaint alleged that a company manipulates the pay of employees in order to not pay overtime.	None; private fraud alleged.	Potential wage violation issue.	Referred to DOL.	To be determined by DOL
166	Complaint alleged that an individual is not reporting cash income from rental property and other income received in cash payments.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.

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Com plaint No.	Nature of Complaint	Agency Com-plained of:	Potential Impact on Government:	Recommended Action:	Substantiation of Complaint:
167	Complaint alleged that a state employee makes personal and political posts on Facebook and newspapers during regularly scheduled business hours while claiming that they are working from home.	Office of Information Technology	Employee productivity gains.	Referred to OIT and to DAFS-DFPS.	To be determined by OIT and DAFS-DFPS.
168	Complaint alleged that the State should take back control over visitor information centers.	None; Maine Tourism Association is a non-profit association.	Not applicable.	Complaint did not provide facts alleging fraud in State government.	No fraud in State government alleged.
169	Complaint alleged that an individual received an email asking for money and a separate email stating that money was waiting for the individual.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.
170	Complaint alleges that vendors at a particular flea market do not have a vendor's license and that the majority are on disability or MaineCare.	None; private fraud alleged.	Improper benefits might be recouped and unpaid taxes and penalties may apply.	Referred to FIRU and MRS.	To be determined by FIRU and MRS.
171	Complaint alleged that an individual solicited advance funds to secure a life insurance policy as part of a business loan application. The loan was not provided and the advance payment was not returned.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.
172	Complaint alleged that two state employees were conducting personal business during normal state business hours. Further, the allegation was that vacation time was not recorded and that contracts were entered into for personal gain.	Dirigo Health	Unknown	Referred to DAFS-DFPS	To be determined and DAFS-DFPS.

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Com plaint No.	Nature of Complaint	Agency Com-plained of:	Potential Impact on Government:	Recommended Action:	Substantiation of Complaint:
173	Complaint alleged that two individuals were falsely claiming head of household status on tax returns and were receiving State of Maine benefits.	None; private fraud alleged.	Improper benefits might be recouped and unpaid taxes and penalties may apply.	Referred to FIRU and MRS.	To be determined by FIRU and MRS.
174	Complaint alleged that an in home medical service provider terminated an employee for reporting violations of MaineCare/DHHS policy.	None; private fraud alleged.	Sanctions to service provider may apply.	Referred to FIRU.	To be determined by FIRU.
175	Complaint alleged that individuals purporting to sell cellphones accepted payment but never provided the phone.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.
176	Complaint alleged that a private company employee entered into a two year service agreement with the complainant for his computer. Payment was made to the company but no service was provided.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.
177	Complaint alleged that an individual on MaineCare has significant assets that are not reported.	None; private fraud alleged.	Improper benefits might be recouped.	Referred to FIRU.	To be determined by FIRU.
178	Complaint alleged that an individual has received multiple emails soliciting a reply for the purpose of a scam or harassment.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.

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Com plaint No.	Nature of Complaint	Agency Com-plained of:	Potential Impact on Government:	Recommended Action:	Substantiation of Complaint:
179	Complaint alleged that an individual who works for a company in Maine, lives in Maine but uses a New Hampshire address and does not pay Maine income taxes.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
180	Complaint alleged that a cleaning service business owner was not reporting income or paying income taxes from this business.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
181	Complaint alleged that a university inappropriately waived a student debt.	Complaint against a university.	None	Inquiry revealed that appropriate documentation was provided to support the university's decision to waive a student's debt.	Not substantiated
182	Complaint alleged that two individuals who do carpentry work for cash payments do not claim income. This has been going on for a period of years.	Complaint alleged that two individuals who do carpentry work for cash payments do not claim income. This has been going on for a period of years.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
183	Complaint alleged that an individual receiving food stamps is living in the same household with two people who are gainfully employed.	None; private fraud alleged.	Improper benefits might be recouped.	Referred to FIRU.	To be determined by FIRU.
184	Complaint alleged that an individual who works as a fisherman is not paying income tax on earnings.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.

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Com plaint No.	Nature of Complaint	Agency Com-plained of:	Potential Impact on Government:	Recommended Action:	Substantiation of Complaint:
185	Complaint alleged that an individual collected unemployment benefits but was awarded employment income from a court judgment. Complainant questioned whether the individual was entitled to the income from the court judgment.	None; private fraud alleged.	Improper benefits might be recouped.	Referred to DOL	To be determined by DOL.
186	Complaint alleged that individuals listed on the complaint were paid in cash and did not pay taxes.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
187	Complaint alleged that an individual owes back taxes and also claims that the person is currently working but is not paying taxes on those earnings.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
188	Complaint alleged that an individual has a business on Facebook with two employees but does not pay any income tax.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
189	Complaint alleged that an individual received an unsolicited check through the mail regarding a Craigslist sales transaction involving a Louisiana company.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.
190	Complaint alleged that an individual informed the complainant about winning 2.5 million in the sweepstakes and was attempting to obtain personal bank information to have the winnings deposited in an Australian bank account.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.
191	Complaint alleged that an individual was collecting state assistance while she lived with her child's father. According to the complaint both individuals worked but she did not report his income.	None; private fraud alleged.	Improper benefits might be recouped.	Referred to FIRU.	To be determined by FIRU.

Com plaint No.	Nature of Complaint	Agency Com-plained of:	Potential Impact on Government:	Recommended Action:	Substantiation of Complaint:
192	Complaint alleged that an individual rents out a second home and rents out rooms in another home but does not declare the income on his taxes.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
193	Complaint alleged that an automated phone message originating out of the Denver area left a recording that solicited personal information purportedly in response to a dental insurance inquiry.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.