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MAINE STATE AUDITOR'S FRAUD HOTLINE

<http://www.maine.gov/audit/fraud/fraud.htm>

July 2012 Semiannual Report

Period 01/01/12 to 06/30/12

Total number of complaints received:

Complaint sequence: Complaints: 108 to 139
Investigations by the State Auditor: Opened: 32
Completed/Closed: 32

Referred to the Attorney General (AG): 4

Referred to Office of Program Evaluation & Government Accountability (OPEGA): 0

Complaints about private individuals referred (some to more than one agency):

Referred to Fraud Investigation and Recovery Unit of DHHS (FIRU): 8

Referred to Maine Revenue Services (MRS): 8

Referred to Child Support Enforcement of DHHS (CSEU): 2

Referred to MaineHousing: 2

Referred to Office of the State Controller: 0

Referred to Department of Agriculture: 1

Referred to MaineCare Program Integrity: 1

MAINE STATE AUDITOR'S FRAUD HOTLINE

What we DO investigate

- illegal acts within state government: theft, fraud, 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 measurable financial implications
- kickbacks or similar acts involving return payments to state workers or vendors

We do NOT investigate

- improper acts by federal officials
- improper acts of local government
- improper acts by private individuals or companies
- personal gripes against state employees about personal matters
- human mistakes of state personnel
- insignificant matters or complaints without sufficient factual basis
- matters handled by other specific state investigation units
- we do not have enforcement power: we are auditors

Agencies receiving referrals:

AG-- Office of the Attorney General

CSEU --Child Support Enforcement Unit (part of DHHS)

DHHS--Department of Health & Human Services

FIRU--Fraud Investigation Recovery Unit (part of DHHS)

MRS--Maine Revenue Services

OIG -- Office of Inspector General (federal auditors)

Complaint #108

Nature of Complaint: Complaint alleged that man testified in Court proceeding that he paid rent for a room in Maine home and homeowner may not have reported \$6,000 annual rent as income in Maine.

Agency complained of: None: private fraud alleged.

Potential savings to State: Not applicable; any income tax owed might be recouped.

Recommended action: Referred to MRS. Closed by Maine Department of Audit.

Statement whether substantiated: To be determined by MRS.

Complaint #109

Nature of Complaint: Complaint alleged that person received public assistance without reporting all income.

Agency complained of: None: private fraud alleged.

Potential savings to State: Not applicable; any income tax owed might be recouped.

Recommended action: Referred to MRS and FIRU. Closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by MRS and FIRU.

Complaint #110

Nature of Complaint: Complaint alleged that town manager hid funds under unrelated warrants, hired planner at higher salary than approved, treated employees unequally, wrote warrants, and that Selectmen sign warrants without reading them.

Agency complained of: None: private complaint against town employee and selectmen.

Potential savings to State: Not applicable; municipal action at issue.

Recommended action: Complaint did not allege fraud in State government, or state facts warranting referral to private auditor of town. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: No fraud in State government alleged.

Complaint #111

Nature of Complaint: Complaint alleged that town workers are not honest, but gave no specific facts.

Agency complained of: None: private complaint about town employees.

Potential savings to State: Not applicable; municipal action at issue.

Recommended action: None. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: No fraud in State government alleged and no specific facts given to warrant referral to municipal auditor.

Complaint #112

Nature of Complaint: Complaint alleged business owner pocketed thousands of dollars from cash sales without paying sales tax or income tax.

Agency complained of: None: private fraud alleged.

Potential savings to State: Not applicable; any income or sales tax owed might be recouped, and criminal penalties might be paid to State.

Recommended action: Referred to AG and MRS. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by AG and MRS.

Complaint #113

Nature of Complaint: Complaint against operator of junk yard alleged income tax evasion, improper receipt of food stamps and heat assistance, and possible ineligibility for MaineCare.

Agency complained of: None: private fraud alleged.

Potential savings to State: Not applicable; unpaid taxes and penalties and improper benefits might be recouped.

Recommended action: Referred to MRS, FIRU, MaineHousing and MaineCare Program Integrity. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by agencies referred to.

Complaint #114

Nature of Complaint: Complaint alleged that man got “free oil”, food stamps and government assistance, paid no income taxes, but had a “large amount of money” in a safe deposit box.

Agency complained of: None: private fraud alleged.

Potential savings to State: Not applicable; improper benefits might be recouped.

Recommended action: Referred to FIRU and MaineHousing. Case closed by Maine Audit.

Statement whether complaint is substantiated: To be determined by agencies referred to.

Complaint #115

Nature of Complaint: Complaint alleged person does not use food stamp money but gets donations from others and has balance of over \$3,000 on EBT card.

Agency complained of: None: private complaint against individual.

Potential savings to State: Not applicable; benefits might be returned if not used.

Recommended action: Research on food stamp benefit rules indicates benefits may remain on EBT card for up to 365 days: after that they are removed. Case closed by Maine Audit.

Statement whether complaint is substantiated: No fraud in State government alleged: benefits might be removed by EBT system if funds are stockpiled beyond 365 days.

Complaint #116

Nature of Complaint: Complaint alleged fraud in municipality based on auditor’s finding of “material misstatements” in audit reports and also alleged violation of the Maine Freedom of Information Act.

Agency complained of: None: private complaint against town.

Potential savings to State: Not applicable to State government: municipal action at issue.

Recommended action: Referred to AG. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: AG determined there were no actions of a criminal nature and closed case.

Complaint #117

Nature of Complaint: Complaint alleged that couple owns trailer, gets rent, gets private child support, both work, have snowmobiles and big screen tv and don't need MaineCare or food stamps.

Agency complained of: Not applicable; private complaint against individuals.

Potential savings to State: Not applicable: complaint does not state facts sufficient to indicate that couple get any public benefits.

Recommended action: Referred to FIRU. Case closed by Maine Department of Audit

Statement whether complaint is substantiated: To be determined by FIRU.

Complaint #118

Nature of Complaint: Complaint alleged that couple owns several rental properties in husband's name that produce income, while wife collects welfare.

Agency complained of: Not applicable; private complaint against individuals.

Potential savings to State: Not applicable to state government; improper benefits may be recouped.

Recommended action: Referred to FIRU. Case closed by Maine Department of Audit

Statement whether complaint is substantiated: To be determined by FIRU.

Complaint #119

Nature of Complaint: Complaint alleged that father is paying child support and lives with mother of child.

Agency complained of: Not applicable; private complaint against individual.

Potential savings to State: Not applicable: complaint does not state that couple gets improper public benefits.

Recommended action: No fraud indicated: case closed by Maine Department of Audit.

Statement whether complaint is substantiated: No fraud alleged.

Complaint #120

Nature of Complaint: Complaint alleged town office did not have proper records of property tax payments and did not keep record book at town office.

Agency complained of: Not applicable; private complaint against town.

Potential savings to State: Not applicable; private complaint against town employee.

Recommended action: Referred to AG for investigation. Case closed by Maine Audit.

Statement whether complaint is substantiated: AG office determined no fraud occurred despite poor record-keeping.

Complaint #121

Nature of Complaint: Complaint alleged community action corporation received money to provide loans to homeowners to eliminate radon, but improperly used money to purchase vans.

State Agency complained of: Not applicable: complaint against independent community action corporation.

Potential savings to State: Not applicable: complaint about federal grant administered by agency outside state government.

Recommended action: Referred to US EPA OIG fraud hotline. Case closed by Maine Department of Audit.

Statement whether substantiated: To be determined by federal EPA OIG.

Complaint #122

Nature of Complaint: Complaint alleged that co-worker refused to work over 30 hours per week in order to remain eligible for food stamps, housing assistance and MaineCare.

Agency complained of: Not applicable; complaint about private individual.

Potential savings to State: None.

Recommended action: Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: Insufficient facts to show fraud or abuse.

Complaint #123

Nature of Complaint: Complaint alleged tenant went to Ireland for 2 ½ months while receiving rental assistance.

Agency complained of: Not applicable; complaint about private individual.

Potential savings to State: None.

Recommended action: Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: Insufficient facts to show fraud.

Complaint #124

Nature of Complaint: Complaint alleged insurance, tax and unemployment compensation fraud by private employer without providing facts.

Agency complained of: Not applicable; complaint about private employer.

Potential savings to State: None.

Recommended action: Complaint stated it had already been sent to Maine Department of Labor and Attorney General, making additional referrals unnecessary.

Statement whether complaint is substantiated: Insufficient facts to show fraud.

Complaint #125

Nature of Complaint: Complaint alleged ex-spouse received state assistance for 6 months for child who did not reside with him, and later received state assistance without reporting child support receipts from complainant who was served by DHHS for failure to pay child support.

State Agency complained of: None: private dispute about child support.

Potential savings to State: None; matter involves private child support.

Recommended action: Matter is already in hands of DHHS according to complaint. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by DHHS CSEU.

Complaint #126

Nature of Complaint: Complaint alleged that money is wasted by Maine Revenue Services because complainant has not been a resident of Maine since 1997 but gets a letter stating that he owes taxes every year.

State Agency complained of: Maine Revenue Services.

Potential savings to State: None; more money could be lost if those owing taxes are not contacted by letter.

Recommended action: Communicated to Maine Revenue Services. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: No.

Complaint #127

Nature of Complaint: Complaint alleged married couple fails to report wife's income and husband claims a business loss but recently bought a home and has other possessions.

State Agency complained of: None: complaint against private individuals.

Potential savings to State: None; reporting of all wages could produce income tax revenue.

Recommended action: Referred to MRS. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by MRS.

Complaint #128

Nature of Complaint: Complaint alleged a person got a substantial tax refund from a false W2 created by her ex-spouse in the name of a company that has gone out of business, while also getting public assistance, and failing to report the false income when applying for aid.

Agency complained of: Not applicable; private fraud alleged.

Potential savings to State: None; private fraud proceeds might be recouped.

Recommended action: Referred to MRS, FIRU, CSEU. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by MRS, FIRU, CSEU.

Complaint #129

Nature of Complaint: Complaint alleged that store ex-employee told complainant he was trained to undercount bottles returned for deposit. Complaint gave facts on returning specific number of bottles on three different dates to three different employees and getting less than turned in, giving facts on each occasion.

Agency complained of: Not applicable; private fraud alleged.

Potential savings to State: None.

Recommended action: Referred to Maine Department of Agriculture, which has jurisdiction over bottle returns. Case closed by Maine Department of Audit.

Statement whether complaint is substantiated: To be determined by Dept. of Agriculture.

Complaint #130

Nature of Complaint: Complaint alleged wasted tax dollars by Department of Transportation because workers were required to attend training that employee did not want for promotion.

Agency complained of: Department of Transportation

Potential savings to State: None.

Recommended action: Inquiry revealed that new worker classification system required cross-training for efficiency (not promotion) as a job requirement. Case closed by Maine Audit.

Statement whether complaint is substantiated: No.

Complaint #131

Nature of Complaint: Complaint alleged that town tax assessor is abusing his position and is using town funds for his own benefit, and that no town meeting has been held for two years.

Agency complained of: Not applicable; complaint concerns municipality.

Potential savings to State: None to State.

Recommended action: Referred to private auditor of town. Inquiry of Secretary of State's Office revealed that town had not elected officers, so positions are vacant. Case closed by Maine Audit.

Statement whether complaint is substantiated: Complaint about funds to be determined by private auditor of town. Complaint about failure to elect town officials is substantiated.

Complaint #132

Nature of Complaint: Complaint alleged that catering business charged twice for one event and bounced a check repaying improper charges on credit card.

Agency complained of: Not applicable; private complaint about individual.

Potential savings to State: None.

Recommended action: Complainant referred to local police. Case closed by Maine Audit.

Statement whether complaint is substantiated: To be determined by local police.

Complaint #133

Nature of Complaint: Complaint alleged partner of her sister stole her identity to upgrade cable TV service and failed to pay utilities while allowed to live in complainant's former home.

Agency complained of: None; private complaint about individuals.

Potential savings to State: None.

Recommended action: Referred to local police. Case closed by Maine Audit

Statement whether complaint is substantiated: To be determined by local police.

Complaint #134

Nature of Complaint: Complaint alleged child tax exemptions and earned income tax exemptions were improperly filed for a minor, as well as possible improper claims for food stamps, because the child was living out-of-state with complainant.

Agency complained of: None; private complaint against individual.

Potential savings to State: None; improper exemptions might result in tax revenue.

Recommended action: Referred to MRS, FIRU, and CSEU. Case closed by Maine Audit.

Statement whether complaint is substantiated: To be determined by agencies to which referred.

Complaint #135

Nature of Complaint: Complaint alleged that for many years a town has bought road salt and shared the cost with private company but does not collect sales tax on the private firm's share.

Agency complained of: None; complaint about town and private company.

Potential savings to State: None; unpaid tax could be recovered.

Recommended action: Referred to MRS. Case closed by Maine Audit.

Statement whether complaint is substantiated: To be determined by MRS.

Complaint # 136

Nature of Complaint: Complaint alleged neighbor gets general assistance and food stamps but earns income from making and selling ceramic smoking pipes.

Agency complained of: None; complaint about private individual.

Potential savings to State: None; improper benefits could be recouped.

Recommended action: Referred to FIRU. Case closed by Maine Audit.

Statement whether complaint is substantiated: To be determined by FIRU.

Complaint # 137

Nature of Complaint: Complaint alleged deceased family member falsified applications for Mainecare and other public benefits and collected them for several years but owned a home in Texas and had several hundred thousand dollars of assets in stocks when she died in Maine.

Agency complained of: None; private complaint against family member.

Potential savings to State: None as to any actions of state government; improper benefits could be reimbursed.

Recommended action: Referred to AG Healthcare Crimes Unit.

Statement whether complaint is substantiated: To be determined by AG.

Complaint # 138

Nature of Complaint: Complaint alleged mail order company customer service answered published 800 number, then offered a free gift card but wanted credit card information for shipping and suspiciously offered more free items. Complainant retracted permission to charge card and person hung up.

Agency complained of: None; complaint about private action.

Potential savings to State: None.

Recommended action: Complainant had dialed wrong number and protected herself from suspicious actions of person answering. Case closed by Maine Audit.

Statement whether complaint is substantiated: Not applicable.

Complaint # 139

Nature of Complaint: Complaint by insurance company employee alleged fire of unknown origin was arson; firm that owned property had listed it for sale and was behind on taxes, and firm owner had restraining order against former employee for harassment.

Agency complained of: Not applicable; complaint about private action, arson and possible insurance fraud.

Potential savings to State: None.

Recommended action: Referred to State Fire Marshall's Investigation unit. Case closed by Maine Audit.

Statement whether complaint is substantiated: To be determined by State Fire Marshall's Office.