



STATE OF MAINE
OFFICE OF THE STATE AUDITOR

66 STATE HOUSE STATION
AUGUSTA, ME 04333-0066

TEL: (207) 624-6250

Pola A. Buckley, CPA, CISA
State Auditor

B. Melissa Perkins, CPA
Deputy State Auditor

January 10, 2020

Honorable Janet T. Mills
Governor of the State of Maine

Honorable Troy Jackson
President of the Senate

Honorable Sara Gideon
Speaker of the House

I am pleased to submit the State Auditor's Fraud Hotline Quarterly Report for the period July 1, 2019 to September 30, 2019.

A summary of the complaints is attached.

Sincerely,

Pola A. Buckley, CPA, CISA
State Auditor



STATE OF MAINE
OFFICE OF THE STATE AUDITOR

66 STATE HOUSE STATION
AUGUSTA, ME 04333-0066

TEL: (207) 624-6250

Pola A. Buckley, CPA, CISA
State Auditor

B. Melissa Perkins, CPA
Deputy State Auditor

January 10, 2020

Honorable Janet T. Mills
Governor of the State of Maine

Honorable Troy Jackson
President of the Senate

Honorable Sara Gideon
Speaker of the House

STATE AUDITOR'S FRAUD HOTLINE – Quarterly Report

<http://www.maine.gov/audit/fraud/reports.html>

For the Period 7/1/2019 to 9/30/2019

A list of the complaints received from July 1, 2019 to September 30, 2019 begins on page four of this report. Details of the complaints are included. These complaints have been modified by OSA personnel to maintain the privacy of the individuals involved, but not for grammar.

This report is a quarterly report prepared in accordance with 5 MRSA § 244-E.4. It is prepared in addition to the semi-annual report.

All referrals are also sent to the Attorney General's office and the Office of Program Evaluation and Government Accountability

	<u>Number of:</u>
Complaints received (Number 490 to 501)	12
Complaints that were closed for not meeting requirements, or not allegations of fraud	3
Referrals made to the Office of the Attorney General	2
Complaints managed by Office of the State Auditor personnel	1
Referrals to the Office of Program Evaluation and Government Accountability	0

Referrals to the Department of Health and Human Services:	
Fraud Investigation and Recovery Unit	1
Referrals to Maine Revenue Services	5
Referrals to Maine Department of Labor	2

The types of complaints Office of the State Auditor personnel investigate include

- 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.

The types of complaints Office of the State Auditor personnel do not investigate, but the Office does generally refer these complaints to other State agencies or other government authorities:

- personal conflicts between individuals or domestic or other threats of violence,
- alleged 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 Office of the State Auditor 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.

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

Agency acronyms used in the report:

AG - Office of the Attorney General

DAFS - Department of Administrative and Financial Services

DHHS - Department of Health and Human Services

DOL – Maine Department of Labor

MRS - Maine Revenue Services (a division of DAFS)

OPEGA - Office of Program Evaluation and Government Accountability

OSA - Office of the State Auditor

Complaint number	490
Office, Bureau or Division within the Department or Agency that is subject to the complaint	None, Private Fraud alleged
Potential cost savings (ND for Non-determinable)	N/A
Recommended action (actual action taken, usually a referral)	Referred to AG
Statement regarding the degree to which the complaint has been substantiated	To be determined by AG

Complaint

Mr. _____ called this date. He is is an elderly gentleman without internet access. This is a summary, and not intended to be a transcript. J. Paquette

A male called Mr. _____ and indicated that he could reduce his credit interest rate from 28% to 3%. No name or company was indicated. The person was very smooth, and convinced Mr. _____ into providing his credit card number and SSN. He then hung up, and Mr. _____ realized it was a scam. He then called our office. He has contacted Lifelock to help with the monitoring of his situation, and I have suggested he contact his credit company to have them either place a temporary hold, or a cancel/reissue the card, and to also contact the credit bureaus to see about holds with them. I searched, and provided numbers for each bureau from their websites to him.

Mr. _____ will contact his credit company and monitor his credit for the foreseeable future. He asked if I knew Lifelock - I have heard of them, and of people using their services, but that I do not have direct experience with them. He will call back if he has further questions.

Complaint number	491
Office, Bureau or Division within the Department or Agency that is subject to the complaint	None, Private Fraud alleged
Potential cost savings (ND for Non-determinable)	N/A
Recommended action (actual action taken, usually a referral)	Referred to MRS, DOL
Statement regarding the degree to which the complaint has been substantiated	To be determined by MRS, DOL

Complaint

The business I would like to report is the _____ in _____. I used to work there approx. four years ago. They are a small _____ that accepts tips from customers (cash only) The whole time this business has been operating employees receive anywhere from 100-500\$ in tips a day and it is NOT claimed. We would go home with those cash tips every night and never had to claim them, they would just write us personal checks to pay us for the hours we worked that week and would never make us write down what we were to claim in tips because they simply don't do it. This has been going on for years and it is just not fair. That is how they really get employees is buy telling them their tips will never be claimed, so it is money that can go undocumented. The only evidence I have to support this is that I worked there for two years (seasonal operation june-september) so I have witnessed first hand that they do not in fact claim tips that are made everyday. It is easier for them to just write out personal checks for pay checks instead of going through a paycheck company to make sure that taxes are done correctly.

Complaint number	492
Office, Bureau or Division within the Department or Agency that is subject to the complaint	None, Private Fraud alleged
Potential cost savings (ND for Non-determinable)	N/A
Recommended action (actual action taken, usually a referral)	Referred to DOL, MRS
Statement regarding the degree to which the complaint has been substantiated	To be determined by DOL, MRS

Complaint

This is for Failure to Withhold Tax due to misclassifying tutors by _____. They classify tutors in some states (usually after a complaint or lawsuit is filed there) as employees, and tutors in other states as independent contractors, even though the job duties, performance standards, management policies, and discipline are strict & exactly the same for those classified as employees and those classified as independent contractors. The employee website indicates that tutors are classified as employees only in the following states: AK, CA, CT, GA, IL, KS, MA, MD, NJ, NY, PA, VT, WA, WI. They have tutors in all 50 states, and the tutors in all other states are misclassified as IC, including this state.

I was misclassified as an independent contractor myself until I moved states to a state where they classify us as employees. My duties, management, requirements, etc. were all the same both when I was an IC and employee, and they were strict and obviously a tutor performs the main duty of _____. I know many tutors who are misclassified as IC in various states and as employees in others. They usually change classification if a complaint or lawsuit has been filed in that state. They very much know exactly what they're doing. Names and/or positions of people involved in the incident: _____

Describe where the incident occurred: Throughout Maine, and their corporate headquarters are _____

Describe when incident occurred: as far as I know, 1998-present

Complaint number	493
Office, Bureau or Division within the Department or Agency that is subject to the complaint	None, Private Fraud alleged
Potential cost savings (ND for Non-determinable)	N/A
Recommended action (actual action taken, usually a referral)	Closed
Statement regarding the degree to which the complaint has been substantiated	Complaint does not apply to Maine

Complaint

Im making a report about _____ a housing manager name _____ and her boss _____ i moved from _____ to _____ do to Hurricane Michael and a unit at _____ complex came available to me unit 70 when i moved in my unit i lost everything in the Hurricane my apartment crushed me and my daughter had nothing but the clothes on our back everytime i would find furniture from the thrift store in _____ a guy friend of mine from _____ would move it to the complex in _____ because we would all be staying at the same motel in _____ my guy friend _____ had also lost everything the housing authority worker _____ had started harassing me about _____ thinking he was also moving in my unit and _____ was just helping me and my daughter out as _____ started constantly ha me a coworker of _____ began to share with me and a few other tenants that she tru sted that _____ and her boss _____ have been stealing grant money from _____ where they both are employed at she also informed us that _____ has a stack of complaints already from tenants but _____ boss _____ isn't gonna do anything because they both have been committing fraud and _____ doesn't care what _____ do because _____ doesn't want anything to do with the tenants that's why _____ treats tenants bad because she have gotten away with it so long and nothing never happens to her because her boss _____ can't say anything because they are both embezzling money and committing fraud together the coworker of _____ and _____ also informed me and a few other tenants that _____ have brought her a new car and _____ have purchased her own apartments and now owns 2 apartments that are already paid for this housing authority should have been under investigation a long time ago and this shoul d have been reported i understand nobody wants to lose their job and tenants don't want to be put out as for me when the coworker of _____ and _____ told me i know i was gonna report it because _____ treats certain tenants like crap and prisoners and have the government thinking she is doing a great job when she is truly harassing certain tenants so the government can think

they are taking great care of the complex and they can't see they are both robbing them when the coworker told me this i knew it was true because it's not safe here _____ has a stack of complaints and nothing never gets done so truly living in the complex there really is nobody you can complain to because _____ and _____ have the complex just like they want and i pray to God they both be stopped and the entire complex be investigated because it's not right and the coworker also informed us that you are suppose to have a degree worker in the office and controlling housing she said no one has a degree but her and one other coworker she i s not sure but she only thinks it's her and this information needs to be investigated thank you

Complaint number

494

Office, Bureau or Division within the Department or Agency that is subject to the complaint

None, Private Fraud alleged

Potential cost savings (ND for Non-determinable)

Potential recovery of inappropriate benefits

Recommended action (actual action taken, usually a referral)

Referred to DHHS, MRS

Statement regarding the degree to which the complaint has been substantiated

To be determined by DHHS, MRS

Complaint

_____ 78 years of age, resides at _____. _____ fraudulently not reporting funds recieved for selling property 1.90 acre lot to _____, _____.located at _____ for the amount of 29,000. Market value on May 5,2018. _____ resides with her son _____ who works full time and collects food stamps Maine care, _____ works as well and is fraudulent food stamps, mainecare/Medicare ihop program for heat/electric assistance, _____ county sheriffs are aware who resides with _____, _____ town hall and registry's of deeds can confirm sale of property plus I hold a maintenance contact on a cemetery drive which is a road only home owners and lot owners must maintain and proof _____ sold _____ to _____ and _____ the lot _____ has two driveways one on _____

Complaint number	495
Office, Bureau or Division within the Department or Agency that is subject to the complaint	None, Municipal Fraud alleged
Potential cost savings (ND for Non-determinable)	N/A
Recommended action (actual action taken, usually a referral)	Closed
Statement regarding the degree to which the complaint has been substantiated	Local Matter; Responded to Complainant

Complaint

_____, _____, and _____. Since working for the police department in the small town of _____, I have observed a lot of concerning activity that I believe needs to be investigated. Please help. I have reported this issue to other agencies but I have not heard back and I am not sure who to report to. The _____ just resigned on grounds of hostile work environment but I it seems there is a lot more to it. People in the town are afraid of _____. Many people have reported to me that the same company has done the audits since these individuals have been managing the town and also that they have an issue with the _____ also acting as treasurer. The number of people reporting this and the suspicious things that I have seen while working in the town cause me great concern and I feel that I should investigate it but am unable to get an answer if I am allowed to do that.

Complaint number	496
Office, Bureau or Division within the Department or Agency that is subject to the complaint	None, Private Fraud alleged
Potential cost savings (ND for Non-determinable)	N/A
Recommended action (actual action taken, usually a referral)	Referred to AG
Statement regarding the degree to which the complaint has been substantiated	To be determined by AG
Complaint	<p>I purchased two online ads for \$4.00 each, \$2.00 per ad per week. I was told that the ads violated _____ Guidelines. However, when I asked where to find these guidelines, I was told they are not shown on the website. I was told if I wanted to run the ads in print, it would now be \$7 per week. Anytime I now run a real estate ad, I will be considered a business and charged \$7. I paid to have my ads run in print, and now I am being charged for only 1 online ad. It is unfair business practice to hide the guidelines that must be followed, then charge a customer more money. This occurred on 8/15/19. I have an email from the company.</p>

Complaint number	497
Office, Bureau or Division within the Department or Agency that is subject to the complaint	None, Private Fraud alleged
Potential cost savings (ND for Non-determinable)	N/A
Recommended action (actual action taken, usually a referral)	referred to MRS
Statement regarding the degree to which the complaint has been substantiated	To be determined by MRS
Complaint	My ex-wife _____ DOB: _____ has been filing taxes as married. We were divorced as of 2017.

Complaint number	498
Office, Bureau or Division within the Department or Agency that is subject to the complaint	None, Local fraud alleged
Potential cost savings (ND for Non-determinable)	N/A
Recommended action (actual action taken, usually a referral)	Closed
Statement regarding the degree to which the complaint has been substantiated	Discussed with Complainant; nothing OSA can do

Complaint

I am the Board Chair of the _____.

We hired and Executive Director in 2016 named _____ and in 2017 we hired her an assistant _____. We instructed _____ to lay off _____ in early 2019 and _____ resigned in June.

In looking at some of the financial statements we discovered Christmas bonuses were given to both employees which had not been approved nor revealed on any statements provided to the Board. _____ was told directly bonuses were based on moneys brought in and no bonuses were to be given due to no income. There were two cell phones purchased which we were unaware of nor approved. There has been several purchases at a local Dollar Store which was not approved. There are no purchase slips and these items were not reported to thew Board in our monthly financial statements.

We hired _____ to do a review of our books since we have hired a new Executive Director. They have notified us they cannot do the review due to the records being too incomplete and missing.

At this point we are unsure of how much funds have been

Complaint number	499
Office, Bureau or Division within the Department or Agency that is subject to the complaint	None, Private Fraud alleged
Potential cost savings (ND for Non-determinable)	Recovery of unpaid taxes
Recommended action (actual action taken, usually a referral)	Referred to MRS
Statement regarding the degree to which the complaint has been substantiated	To be determined by MRS

Complaint

I've witnessed the _____ allow _____ members to claim any tax free state as their home state for Tax break purposes. My spouse and I are separated and one year while doing his taxes, I asked why he was claiming New Hampshire rather than Maine or the State we were stationed in at the time. He told me they he was told by his boss and friends that all you have to do is go to Accounting, whatever the _____ term for that is and claim Texas, New Hampshire and the other states that don't tax income. I refused to do that portion of the taxes because my Spouse, _____ is from Maine, lived there since he was 8 years old and before that _____, Massachusetts. He's never even spent a whole day in New Hampshire. He has Maine as his home of record and New Hampshire as his state of legal residence. I'm looking at the form right now that he filed to do this. Full disclosure we're are divorcing and live in _____. He is in the _____ at _____ in _____, _____. He has emptied our savings account, took my oldest daughters social security survivors benefits. Sprained my neck and is facing a child molestation charge. He is trying to prevent me from going home to Maine where our families live and I can't afford to live here as a stay at home Mom. On top of all of this he crashed an airplane in front of my daughters and I from not wearing eyeglasses, totaled it and lied about the fact he wasn't wearing them. I'm trying to escape him and I have evidence of all of this. I just want to come home.

Complaint number	500
Office, Bureau or Division within the Department or Agency that is subject to the complaint	None, Private Fraud alleged
Potential cost savings (ND for Non-determinable)	N/A
Recommended action (actual action taken, usually a referral)	Closed
Statement regarding the degree to which the complaint has been substantiated	Alleged fraud not supported by complainant's own submission

Complaint

a _____ man, named _____, who is _____ for _____, in _____, Maine. He is making a lot of false claims about being a retired lawyer, yet he just got his degree in 2017. I find this concerning, given that he isn't on the bar, which means it is a false claim. He has only one recent case, and that is regarding a _____ that is coming to _____. This article, second paragraph down which I think you would concur with myself that it is hard to be retired if you were never a lawyer. It also says he is retired from the air force as well but the second line in the article states from law as well for clarification. _____ as well as this on his facebook _____ he doesn't show up in a state bar search or federal one as well. You can see screencaps at facebook.com/_____ as well as audio and visual of unso licted law advice here _____ and here is his only case _____. This type of fraud could have dire consequences on our city and I'm fine with my name being used in regards to the charge.

Complaint number

501

Office, Bureau or Division within the Department or Agency that is subject to the complaint

None, Private Fraud alleged

Potential cost savings (ND for Non-determinable)

Potential unpaid taxes may be recovered

Recommended action (actual action taken, usually a referral)

Referred to MRS

Statement regarding the degree to which the complaint has been substantiated

To be determined by MRS

Complaint

I'm an attorney in ____, ____. It appears to me that a ____, Maine resident by the name of ____ may be using a co-worker's apartment address in ____, as his purported home address, to avoid Maine income taxes (as ____ has no income tax). I believe his current address is ____.

I have a client by the name of ____ who is a former employee of the company that ____ works for as CFO, ____ d/b/a _____. The company is based in ____, where I and ____ are located. In early 2018, ____ switched to using ____ as its outsourced HR support. According to ____, ____, as CFO, instructed ____ to put ____ address as the same as ____, the company's CEO, in the ____ system, so that ____ could see if would be able to avoid paying the ME income tax by falsely claiming TX as his residence.

____ lives in ____, ME and works remotely from ____, with occasional travel to the company HQ in ____.

This gives me concern that ____ may have been claiming his state of residence as ME for purposes of avoiding ME income taxes, which would be patently unfair to other ME residents. I don't know if ____ ultimately tried to avoid ME income taxes, but ____ information gives me concern about that, and I wanted to pass it along to your office for consideration.

Thank you,
