



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

May 16, 2019

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 January 1, 2019 to March 31, 2019.

A summary of the complaints is attached.

Sincerely,

Pola A. Buckley, CPA, CISA
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This report contains details of fraud complaints not previously included in reports from the Office of the State Auditor.

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STATE AUDITOR'S FRAUD HOTLINE – Quarterly Report
<http://www.maine.gov/audit/fraud/reports.html>
For the Period 1/1/2019 to 3/31/2019

The complaints received from January 1, 2019 to March 31, 2019 begin on page four of this report. Details of the complaints are attached. The complaints have been modified by OSA personnel to maintain the privacy of the individuals involved.

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

Number of:

Complaints received (Number 453 to 468)	16
Referrals made to the Office of the Attorney General	4
Complaints managed by Office of the State Auditor personnel	4

	<u>Number of:</u>
Referrals to the Office of Program Evaluation and Government Accountability	1
Referrals to the Department of Health and Human Services:	
Division of Support Enforcement and Recovery	1
Fraud Investigation and Recovery Unit	1
Referrals to Maine Revenue Services	5
Referrals to University of Maine Police Department	1

Types of complaints Office of the State Auditor 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 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

DSER – Division of Support and Recovery (a division of DHHS)

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

MRS - Maine Revenue Services (a division of DAFS)

OPEGA - Office of Program Evaluation and Government Accountability

OSA - Office of the State Auditor

Complaint number

453

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)

ND

Recommended action (actual action taken, usually a referral)

Referred to DHHS

Statement regarding the degree to which the complaint has been substantiated

To be determined by DHHS

Complaint

_____ is selling his/her food stamps \$50.00 for \$25.00 cash. (S)he was recently approved to receive them. (S)he is going to _____ in Bingham on Friday to do so. (S)he is also living with his/her significant other _____ for 6 years they recently moved to _____.

Complaint number

454

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

Public Safety;
State Police;
Waldo County
Sherriff; Bangor
Police
Department

Potential cost savings (ND for Non-determinable)

N/A

Recommended action (actual action taken, usually a referral)

Referred to AG,
OPEGA

Statement regarding the degree to which the complaint has been substantiated

Complainant has
exhausted all
State recourses

Complaint

Ongoing issue since 6/2017. Complainant called to report abuse (s)he endured from law enforcement authorities. (S)he says (s)he has documents either on him/her or that anything else can be found as part of public record. (S)he has access to video that precedes his/her arrest and proves his/her innocence. (S)he wants to report (s)he has suffered continued threats and abuse from the Waldo County Sherriff, Bangor Police Department and State Police. (S)he spent Saturday (1-5-19) in the ER after being beaten up by law enforcement agencies.
Specific instances were redacted for this report.
(S)he has contacted Governor's Office, Senator Susan Collins and the FBI. Has gone up and down chain of command multiple times and no one will give any consideration to his/her claims and (s)he is constantly lied to.
* Complainant called, and they attempted to complete the form, but the submit button did not show up for them. This is not a transcript of the call. The call has been summarized by OSA personnel.

Complaint number

455

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)

Replied to complainant

Statement regarding the degree to which the complaint has been substantiated

No actionable allegations

Complaint

My mail is currently being tampered with. Various things throughout the past five years. I have grievances filed all over. It still is not stopping. I am a cancer and an open-heart survivor. All I ask is to live in peace in your state of Maine. Please help!!!! My significant other just recently had a Tia or tsi mini stroke. His/Her boss is intimidating him/her drawing a thermometer like it is hot

Complaint number

456

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

The complainant left a voice message.
(S)he got a phone call from a _____ at the number _____. Was pleasant in conversation regarding an issue with money for my grandfather.
Then the conversation changed quickly when (s)he requested that I pay for 200 dollars for google play cards. Which (s)he refused to do and then (s)he said (s)he knew where I lived and got angry and hung up the phone.

This message is being summarized by OSA staff person _____.

Complaint number

457

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

The complainant got a phone call from a _____ number saying (s)he was under investigation and was breaking the law and needed to pay an amount of money to resolve the matter.
They are in their 80s and (s)he is officially a resident of Arkansas and significant other of Maine but has a Maine phone number. They stay in Maine part of the year and volunteer at a state park near _____. Believes this was a phone scam targeting older residents.
This message was taken over the phone by _____ and summarized.

Complaint number

458

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)

This was an anonymous complaint - no further action to take

Statement regarding the degree to which the complaint has been substantiated

Anonymous complaints are not addressed by OSA

Complaint

Complainant claims that _____ of _____, ME is fraudulently claiming his/her adult son as a dependent for tax purposes. There is a related allegation that the dependent, _____, works full time at the _____ at the Topsham Fair Mall in Topsham, ME for cash under the table.

No name or contact information is provided in the hand written complaint.

Complaint number

459

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/D

Recommended action (actual action taken, usually a referral)

Request sent to complainant for clarifying information

Statement regarding the degree to which the complaint has been substantiated

Closed, due to failure to respond

Complaint

_____...they get grants from state while _____ works under table for local stores...starting at _____, now _____.

Complaint number

460

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

Feb 5,2019, I was in court, regarding modifications of my divorce decree, it was admitted under oath, by _____.DOB _____ that in 2017, (s)he had his/her significant other _____ DOB _____, Of _____, _____, Maine, claim _____ (they are not married) and both of my daughters, _____ DOB _____, and _____ DOB _____. I have primary residential custody of my girls, _____ only had 12 visits with the girls in 3 years. And (s)he was not working, nor paying child support, and allowed _____ to claim my daughters, I was unaware of this happening, and was not informed of this, nor was I offered any of the tax return, to help support the children.

Complaint number

461

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

Hi, I am writing to you today because I have an issue with my mother and her claiming my niece on her tax return this year when she is not legally supposed to. I have guardianship of my niece, _____, and she lived with me from April 2017 until November or 2018. I still retain guardianship of _____ but she is currently staying with her grandfather to help him since his health is declining, she still lives with me and her legal residency is with me. My niece did not live with my mother, _____, at all in 2018 but since I didn't have much income last year my mother has decided she is going to try and claim _____ on her taxes which isn't legal. I am still filing taxes this year because I was a full-time student part of 2018 and have financial aid to claim and other things to claim. _____ lived at her work, _____, in _____ most of 2018. I am finishing filing my taxes within the next couple of days but I wanted to make someone aware that she is doing this and that her return should be looked into. Her full name is _____, she uses _____ as her mailing address and she works at _____ in _____. If you need any more information just let me know. Thank you and I hope this is resolved.

Complaint number	462
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)	Request sent to complainant to release information
Statement regarding the degree to which the complaint has been substantiated	To be determined by DSER
Complaint	<p>_____ is currently my case worker based in the _____, ME Department of Health and Human Services Child Support Enforcement. (S)he is the case worker pertaining to two separate cases, my son _____ (mother - _____) and my daughter _____ (mother - _____). After providing _____ with proof over email that DHHS was to no longer handle the case with _____, (s)he still sent my employer (_____) an Income Withholding Order for solely _____'s case, and included nothing about _____'s case. It was posted online for me to view, that's how I know. On top of all that, approximately \$1200 was withheld from my tax return by DHHS for owed child support to _____, which was fine until I got the receipt in the mail from DHHS stating it was kept on the 30th of January and it is currently the 25th of February. As well as approximately \$435 beginning to be withheld from my paychecks, which neither mother has received. I am concerned there is something wrong going on here, and would like it to be considered</p>

Complaint number

463

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)

Submitted complaint to University of Maine Police

Statement regarding the degree to which the complaint has been substantiated

To be determined by University Police Dept.

Complaint

Everyone working at UMaine Dining Services in Orono gets free meals. From Dining Directors to Assistant Managers, to data entry and receptionists to all employees who work directly under dining.

I have been with people that work for the campus dining department that walk up and take whatever they want from just an Ice cream to an entire meal and bring it back to their offices to eat or take it to go and walk out without paying. It has been witnessed by several employees throughout UMaine that have to pay for their meals. I have witnessed this at Hilltop Dining Commons and the Bears Den. However, we have two other dining facilities that I have not witnessed.

Complaint number

464

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

Hello:

I want to report a scam IRS call from phone number _____.

Recorded message indicated a "officer" is about to file a fraud claim against me and I need to call this number immediately to avoid arrest.

Thanks

Complaint number	465
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

I was employed by _____ of _____, Maine at his/her business the _____ located at _____ in _____ for the past year, it came to my attention recently that my employer has failed to pay the proper employment taxes on both of his/her employees this year and his/her previous three employees the following year 2017 (_____ of _____, _____, and _____). The employer also was cooking his/her books and not recording all cash transactions and instead was ordering up the customers receiving payment and then voiding the payment from the record. She recorded these transactions daily on paper slips, removing the cash at the end of the business day. She was also intermingling business and personal expenses using the tax exempt for his/her own personal benefits. I have records of these incidents and would love to hand all pertinent information to you. Also the business was operating out of his/her "_____" mothers building _____, _____ employed myself and another last year as well for side work and has also failed to record employment costs or turn over W2s like _____ has failed to do and refuses. _____ of _____ also rented out an apartment last year for over \$10,000 some transactions paid in cash and not recorded and I have receipts signed by _____. More to tell but not typing it all here.

Complaint number	466
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

Marijuana sales and not reporting income through the sales of marijuana Not reporting wages through _____ restaurant to avoid taxes and student loans. _____ is the employee and _____ is the restaurant owner. (S)he has been paying his/her medical insurance in full through _____ and (S)he has been paying his/her cash for shifts she works.....she provides the marijuana. (S)he made over 40k last year in selling marijuana as legally, (s)he is a provider to sell marijuana but does not file taxes. (s)he has not filed taxes the last 2 years and has been selling marijuana legally with the Maine marijuana caregiver program for those two years. The incidents occur all over the city where (s)he sells to non-medical marijuana patients the incidents occur at _____ also for (s)he sells to the entire staff there. (S)he has sold illegal marijuana to hundreds of people. (S)he has been selling marijuana through _____ to bar customers not medical marijuana patients. (s)he has been working at the bar since October and been paid in cash mostly. (S)he has no real income other than marijuana sales in which (s)he is a legal medical marijuana provider. (S)he has patient names under the Maine medical marijuana program named _____. Both of those patients live in Florida for 8 months out of the year. (S)he is flying with marijuana to Florida and sends marijuana through the USPS to various locations in the US. I have seen the illegal sales of marijuana candies to hundreds of people and seen the sales of marijuana to non-medical card holders. (S)he is not reporting his/her sales of the marijuana. (S)he is not reporting cash payments through his/her boss at _____ restaurant. I do not want my name mentioned in this investigation for fear of retaliation. I will testify in court if demanded by court

Complaint number	467
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)	No actionable complaint alleged
Statement regarding the degree to which the complaint has been substantiated	No actionable complaint

Complaint

A person called. Wishes to remain anonymous, I returned the call. This is meant to be a summary, not a transcription.

The complainant wants to know how the town of _____ audited. The town meeting is held every year at the grange hall which is not accessible, nor is there enough parking to allow the citizens to attend. There is a school in town which would allow room and accessibility to the town folks, but the petition to have the town meeting there was "lost" The vast majority of the people who do attend are related to each other, and effectively run the town, by overwhelming any opposition.

One of the town's selectmen is the _____ of the head of the _____ dept. who is paid a salary of \$80,000 without any licensing to justify it. The majority of all funding is spent through public works. A piece of property was purchased through the Public Works Dept. that caused an inability to purchase sufficient salt/sand for the winter road treatments.

States there are eight checkbooks for the town, with no known reasons for them, that all town employees seem to have one. Information about the town's business affairs go unanswered or referred to town meetings that are not forthcoming. Freedom of Information Act requests have been ignored. Allegedly no one can understand or explain the audited financials, and the books are kept in the locked fire house that is not open to the public.

Paperwork of entire periods of time have been "lost"

An Atty has not been engaged yet. The concern is that the town is losing money and engaging in illicit activity.

I told him/her that although we do have the authority to audit a town, it is not typical. I suggested that (S)he, or his/her group seek the guidance of an Atty to see if their request could be possibly done in a manner to get his results. I told him/her that (S)he or the group could send in a letter if (S)he wishes. I told him/her that if there were any external referrals, they would be in my name, and if needed, I would act as an information conduit between him(her)self and the requestor."

Complaint number	468
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	<p>This is a summation of information provided by the complainant. _____, with SSN # _____ and DOB _____ lived at _____, ME with his/her mother from April of 2018 until November of 2018. (S)he did not change his/her address. (S)he lived with his/her mother and father, _____, rent free. (S)he moved back to _____, _____ in January 2019. (S)he provided HUD Housing _____ telephone number of _____ if you need actual move in date. The complainant believes _____ fraudulently received benefits during this time.</p>