



STATE OF MAINE
OFFICE OF THE STATE AUDITOR

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February 8, 2017

Honorable Paul R. LePage
Governor of the State of Maine

Honorable Michael D. Thibodeau
President of the Senate

Honorable Sara Gideon
Speaker of the House

I am pleased to submit the State Auditor's Fraud Hotline Semiannual Report for the period July 1, 2016 to December 30, 2016.

A summary of the complaints is attached.

Sincerely,

Pola A. Buckley, CPA, CISA
State Auditor

Honorable Paul R. LePage
Governor of the State of Maine

Honorable Michael D. Thibodeau
President of the Senate

Honorable Sara Gideon
Speaker of the House

STATE AUDITOR'S FRAUD HOTLINE
<http://www.maine.gov/audit/fraud/index.html>
December 2016 Semiannual Report
For the Period 7/1/2016 to 12/31/2016

Total number of complaints received	18
Complaint sequence: Complaints No. 349 through No. 366	
Number of referrals made to the Office of the Attorney General	3
Number of complaints investigated by Office of the State Auditor personnel	4
Number of referrals to the Office of Program Evaluation and Government Accountability	None
Complaints about individuals referred to (some to more than one agency):	
Department of Labor (DOL)	2
Division of Support Enforcement and Recovery (DSER)	2
Fraud Investigation and Recovery Unit of DHHS (FIRU)	4
Maine State Housing Authority (MSHA)	1
Maine Revenue Service (MRS)	8

A listing of the complaints received from July 1, 2016 to December 31, 2016 begins on page four of this report.

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

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.

Agency acronyms used in the report:

AG - Office of the Attorney General

DAFS - Department of Administrative and Financial Services

DOL - Department of Labor

DHHS - Department of Health and Human Services

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

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

MRS - Maine Revenue Services (a division of DAFS)

MSHA - Maine State Housing Authority

Complaint No.	Nature of Complaint	Agency Complained of:	Potential Impact on Government:	Action taken by the Office of the State Auditor:	Substantiation of Complaint:
349	Complaint alleged that a business was violating tax regulations	none; private fraud alleged	potential recovery of unpaid taxes	referred to MRS	to be addressed by MRS
350	Complaint alleged tax, student loan fraud, and child support avoidance	none; private fraud alleged	potential recovery of unpaid taxes	referred to MRS, DOL, DSER	to be addressed by MRS, DOL, DSER
351	Complaint alleged benefit fraud, possible tax fraud	none; private fraud alleged	recovery of potentially unpaid taxes	referred to MRS	to be addressed by MRS
352	Complaint alleged fraudulent receipt of benefits	none; private fraud alleged	Potential inappropriate benefits, unpaid taxes may be recovered	referred to FIRU, MRS	to be addressed by FIRU, MRS
353	Complaint had concerns over a town's selectman	none; private fraud alleged	none	dismissed	No actionable allegations involved
354	Complaint alleged improper vehicle sales activity	none; private fraud alleged	none	referred to AG	to be addressed by AG
355	Complaint alleged benefit application fraud	none; private fraud alleged	potential recovery of any improper benefits	referred to FIRU	to be addressed by FIRU
356	Complaint alleged business and labor fraud	none; private fraud alleged	none	referred to MRS, DOL	to be addressed by MRS, DOL
357	Complaint alleged tax filing fraud	none; private fraud alleged	recovery of potentially unpaid taxes	referred to MRS	to be addressed by MRS
358	Complaint alleged business sales tax fraud	none; private fraud alleged	recovery of unpaid taxes	referred to MRS	to be addressed by MRS
359	Complaint alleged benefit fraud	none; private fraud alleged	none	referred to FIRU	to be addressed by FIRU
360	Complaint alleged benefit fraud	none; private fraud alleged	none	referred to FIRU, DSER	to be addressed by FIRU, DSER

Complaint No.	Nature of Complaint	Agency Complained of:	Potential Impact on Government:	Action taken by the Office of the State Auditor:	Substantiation of Complaint:
361	Complaint alleged credit and tax fraud	none; private fraud alleged	recovery of potentially unpaid taxes	referred to MRS, AG	to be addressed by MRS, AG
362	complaint alleged tax fraud, failure to obey housing regulations	none; private fraud alleged	recovery of potentially unpaid taxes	referred to MRS, MSHA	to be addressed by MRS, MSHA
363	Complaint alleged US Judicial fraud	US District Court	none	Denied	case was adjudicated under Federal jurisdiction
364	Complaint alleged foreign business tax fraud	none; private fraud alleged	recovery of potentially unpaid taxes	referred to MRS	to be addressed by MRS
365	Complaint alleged phone scam	none; private fraud alleged	none	referred to AG	to be addressed by AG
366	Complaint alleged phone scam	none; private fraud alleged	none	referred to AG	to be addressed by AG