



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

March 30, 2020

The Honorable Janet T. Mills
Governor, State of Maine

The Honorable Troy Jackson
President of the Senate

The Honorable Sara Gideon
Speaker, House of Representatives

I am pleased to submit the State Auditor's Fraud Hotline Semiannual Report for the period
July 1, 2019 to December 31, 2019.

A summary of the complaints is attached.

Sincerely,

Pola A. Buckley, CPA, CISA
State Auditor



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STATE AUDITOR'S FRAUD HOTLINE
<http://www.maine.gov/audit/fraud/index.html>
Semiannual Report
For the Period 7/1/2019 to 12/31/2019

| | |
|---|----|
| Total number of complaints received | 27 |
| Complaint sequence: Complaints No. 490 through No. 516 | |
| Number of complaints closed for not meeting requirements, or not allegations of fraud | 5 |
| Number of referrals made to the Office of the Attorney General | 11 |
| Number of complaints investigated by Office of the State Auditor personnel | 2 |
| Number of referrals to the Office of Program Evaluation and Government Accountability | 0 |
| Complaints about individuals referred to (some to more than one agency): | |
| Fraud Investigation and Recovery Unit of DHHS | 2 |
| Maine Revenue Service | 7 |
| Department of Labor | 3 |
| Bureau of Motor Vehicles | 1 |
| Federal Bureau of Investigation | 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, but is not limited to, the Attorney General's Office and the District Attorneys' Offices.

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

A listing of the complaints received from July 1, 2019 to December 31, 2019 begins on page four of this report.

Agency acronyms that may be used in the report:

AG - Office of the Attorney General

BMV – Bureau of Motor Vehicles (a division of the Secretary of State’s office)

DAFS - Department of Administrative and Financial Services

DHHS - Department of Health and Human Services

DOL – Maine Department of Labor

FBI – Federal Bureau of Investigation

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 No. | Nature of Complaint | Agency Complained of: | Potential Impact on Government: | Action taken by the Office of the State Auditor: | Substantiation of Complaint: |
|----------------------|--|---|--|---|--|
| 490 | Phone scam alleged | None, Private Fraud alleged | N/A | Referred to AG | To be determined by AG |
| 491 | Complaint alleged payroll tax fraud | None, Private Fraud alleged | potential collection of unpaid taxes | Referred to MRS, DOL | To be determined by MRS, DOL |
| 492 | Complaint alleged payroll tax fraud | None, Private Fraud alleged | potential collection of unpaid taxes | Referred to MRS, DOL | To be determined by MRS, DOL |
| 493 | Complaint alleged housing discrimination and fraud | Agency in another jurisdiction in another State | N/A | Closed | Complaint not applicable to Maine |
| 494 | Benefit, tax fraud alleged | None, Private Fraud alleged | Potential recovery of any inappropriate benefits, unpaid taxes | referred to DHHS, MRS | To be determined by DHHS, MRS |
| 495 | Municipal fraud alleged | None, Municipal Fraud alleged | N/A | Closed | Responded to complainant |
| 496 | Retail fraud alleged | None, Private Fraud alleged | N/A | Referred to AG | To be determined by AG |
| 497 | Income tax return fraud alleged | None, Private Fraud alleged | potentially unpaid income taxes collected | referred to MRS | To be determined by MRS |
| 498 | Embezzlement from Municipality alleged | None, Private Fraud alleged | N/A | Closed | Discussed with Complainant |
| 499 | Payroll tax fraud alleged | None, Private Fraud alleged | potential collection of unpaid taxes | referred to MRS | To be determined by MRS |
| 500 | Political candidate fraud alleged | None, Private Fraud alleged | N/A | Closed | Reviewed provided support, did not match allegations |

| Complaint No. | Nature of Complaint | Agency Complained of: | Potential Impact on Government: | Action taken by the Office of the State Auditor: | Substantiation of Complaint: |
|----------------------|--|------------------------------|---|---|---|
| 501 | Payroll tax fraud alleged | None, Private Fraud alleged | potential collection of unpaid taxes | referred to MRS | To be determined by MRS |
| 502 | Consumer credit fraud alleged | None, Private Fraud alleged | N/A | Referred to AG | To be determined by AG |
| 503 | Telephonic fraud alleged | None, Private Fraud alleged | N/A | Referred to AG | To be determined by AG |
| 504 | Business fraud alleged | None, Private Fraud alleged | N/A | Referred to AG, BMV | To be determined by AG, BMV |
| 505 | Business fraud alleged | None, Private Fraud alleged | N/A | Referred to FBI | To be determined by FBI |
| 506 | Business fraud alleged | None, Private Fraud alleged | N/A | Referred to AG | To be determined by AG |
| 507 | Identity fraud alleged | None, Private Fraud alleged | N/A | Closed | non-response from complainant, out of State complaint |
| 508 | Business fraud alleged | None, Private Fraud alleged | N/A | Referred to AG | To be determined by AG |
| 509 | Benefit fraud alleged | None, Private Fraud alleged | Potential recovery of any inappropriate benefits | referred to MRS | To be determined by MRS |
| 510 | Business fraud alleged | None, Private Fraud alleged | N/A | Referred to AG | To be determined by AG |
| 511 | Employee alleges fraudulent acts within management | _____ | Ensuring business transactions occur as appropriate | being reviewed | To be determined |

| Complaint No. | Nature of Complaint | Agency Complained of: | Potential Impact on Government: | Action taken by the Office of the State Auditor: | Substantiation of Complaint: |
|----------------------|---|------------------------------|--|---|---|
| 512 | Complaint alleges abuse by Federal, State, and local health, services, legal, and judicial agencies | several of all levels | N/A | Closed | Concerns either were not within jurisdiction, or previously adjudicated |
| 513 | Phone scam alleged | None, Private Fraud alleged | N/A | Referred to AG | To be determined by AG |
| 514 | Phone scam alleged | None, Private Fraud alleged | N/A | Referred to AG | To be determined by AG |
| 515 | Business fraud alleged | None, Private Fraud alleged | N/A | Referred to AG | To be determined by AG |
| 516 | Payroll tax fraud alleged | None, Private Fraud alleged | potential collection of unpaid taxes | referred to DOL, MRS | To be determined by DOL, MRS |