

# MAINE STATE LEGISLATURE

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**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 23, 2018

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, 2017 to December 31, 2017.

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>

December 2017 Semiannual Report

For the Period 7/1/2017 to 12/31/2017

|   |      |
|---|------|
| Total number of complaints received   | 19   |
| Complaint sequence: Complaints No. 388 through No. 406                                |      |
| 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):              |      |
| Division of Support Enforcement and Recovery (DSER)                                   | 3    |
| Fraud Investigation and Recovery Unit of DHHS (FIRU)                                  | 7    |
| Maine Revenue Service (MRS)   | 5    |
| Department of Labor   | 1    |
| Maine State Housing Authority   | 1    |
| Office of the State Controller  | 1    |
| Secretary of State's office   | 1    |
| Division of Child Protective Services   | 1    |

A listing of the complaints received from July 1, 2017 to December 31, 2017 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

BMV – Bureau of Motor Vehicles (a bureau of the Secretary of State’s offices)

CPS – Child Protective Services (a division of DHHS)

DAFS - Department of Administrative and Financial Services

DHHS - Department of Health and Human Services

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

DOL – Department of Labor

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

MRS - Maine Revenue Services (a division of DAFS)

MSHA - Maine State Housing Authority

OSC – Office of the State Controller (a division of DAFS)

| <b>Complaint No.</b> | <b>Nature of Complaint</b>                               | <b>Agency Complained of:</b> | <b>Potential Impact on Government:</b>            | <b>Action taken by the Office of the State Auditor:</b>            | <b>Substantiation of Complaint:</b>                    |
|----------------------|--|------------------------------|---|--|--|
| 388                  | Complaint alleged benefit fraud                          | none; private fraud alleged  | potential inappropriate benefits may be recovered | referred to FIRU, MSHS   | to be addressed by FIRU, MSHS                          |
| 389                  | Complaint alleged improper acts by a local school board  | none; private fraud alleged  | none  | referred to MRS, DOL   | to be addressed by MRS, DOL                            |
| 390                  | Complaint alleged phone scam                             | none; private fraud alleged  | none  | referred to AG   | to be addressed by AG                                  |
| 391                  | Complaint alleged phone scam                             | none; private fraud alleged  | none  | referred to AG   | to be addressed by AG                                  |
| 392                  | Complaint alleged tax and benefit fraud                  | none; private fraud alleged  | potential inappropriate benefits may be recovered | referred to FIRU, MRS  | to be addressed by FIRU, MRS                           |
| 393                  | Complaint alleged tax fraud                              | none; private fraud alleged  | potential unpaid taxes may be recovered           | attempted to obtain further necessary information from complainant | unable to obtain further information; complaint closed |
| 394                  | Complaint alleged benefit fraud                          | none; private fraud alleged  | potential inappropriate benefits may be recovered | referred to FIRU   | to be addressed by FIRU                                |
| 395                  | Complaint alleged tax fraud                              | none; private fraud alleged  | potential unpaid taxes may be recovered           | referred to MRS  | to be addressed by MRS                                 |
| 396                  | Complaint alleged benefit fraud                          | none; private fraud alleged  | potential inappropriate benefits may be recovered | referred to FIRU   | to be addressed by FIRU                                |
| 397                  | Complaint alleged benefit fraud                          | none; private fraud alleged  | potential inappropriate benefits may be recovered | referred to FIRU   | to be addressed by FIRU                                |
| 398                  | Complaint alleged benefit fraud, child support avoidance | none; private fraud alleged  | potential inappropriate benefits may be recovered | referred to FIRU, DSER   | to be addressed by FIRU, DSER                          |

| <b>Complaint No.</b> | <b>Nature of Complaint</b>   | <b>Agency Complained of:</b> | <b>Potential Impact on Government:</b>            | <b>Action taken by the Office of the State Auditor:</b>   | <b>Substantiation of Complaint:</b>                      |
|----------------------|--|------------------------------|---|---|--|
| 399                  | Complaint alleged illegal vehicle sales  | none; private fraud alleged  | potential unpaid fees may be recovered            | referred to BMV   | to be addressed by BMV                                   |
| 400                  | Complaint alleged improper State Statutes, failure to provide information, and local impropriety     | none; private fraud alleged  | none  | responded directly to complainant referring him to legal counsel, Public Access Ombudsman, State Senator and Representative | Closed complaint based on direct response to complainant |
| 401                  | Complaint alleged wire fraud against local town government   | none; private fraud alleged  | none  | Notified OSC, AG; complainant had notified appropriate Federal agencies   | Closed after notifications                               |
| 402                  | Complaint alleged benefit fraud, improper child support; not following child protective court orders | none; private fraud alleged  | potential inappropriate benefits may be recovered | referred to FIRU, CPS, DSER   | to be addressed by FIRU, CPS, DSER                       |
| 403                  | Complaint alleged phone scam   | none; private fraud alleged  | none  | referred to AG  | to be addressed by AG                                    |
| 404                  | Complaint alleged tax fraud, child support avoidance   | none; private fraud alleged  | potential unpaid taxes may be recovered           | referred to MRS, DSER   | to be addressed by MRS, DSER                             |
| 405                  | Complaint alleged concerns with a local Housing Authority  | none; private fraud alleged  | none  | additional information being gathered   | To be determined once sufficient information is obtained |
| 406                  | Complaint alleged individual collecting but not remitting sales tax                                  | none; private fraud alleged  | potential unpaid taxes may be recovered           | referred to MRS   | to be addressed by MRS                                   |