STATE OF MAINE
OFFICE OF THE STATE AUDITOR

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January 15, 2014

Honorable Paul R. LePage
Governor of the State of Maine

Honorable Justin L. Alfond
President of the Senate

Honorable Mark W. Eves
Speaker of the House

STATE AUDITOR'S FRAUD HOTLINE
http://www.maine.gov/audit/fraud/fraud.htm
December 2013 Semiannual Report
For the Period 7/01/13 to 12/31/13

Total number of complaints received Complaint sequence: Complaints No. 194 through No. 219	26
Number of referrals made to the Office of the Attorney General	6
Complaints investigated by Office of the State Auditor personnel	3
Number of referrals to the Office of Program Evaluation and Government Accountability	none
Complaints about individuals referred to (some to more than one agency):	
Fraud Investigation and Recovery Unit of DHHS (FIRU)	8
Maine State Housing Authority (MSHA)	3
Maine Revenue Service (MRS)	12
Maine Department of Labor (DOL)	1

A listing of the complaints received from July 1, 2013 to December 31, 2013 begins on page 4 of this report.

A legend for the abbreviations used in this report appears on page 3.

Types of complaints the 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, call your local police.
- 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, the Office works with governmental entities that do have enforcement power. This includes the Attorney General's Office and the District Attorneys' Offices.

Agencies receiving referrals:

AG - Office of the Attorney General

DAFS - Department of Administrative and Financial Services

DFPS - Division of Financial and Personnel Services (a division of DAFS)

DHHS - Department of Health and Human Services

DOL – Department of Labor

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

MRS – Maine Revenue Services (a division of DAFS)

OIT – Office of Information Technology (a division of DAFS)

TANF – Temporary Assistance for Needy Families (a division of DHHS)

Com plaint No.	Nature of Complaint	Agency Com-plained of:	Potential Impact on Government:	Recommended Action:	Substantiation of Complaint:
194	Complaint alleged that two individuals who won $50,000 in the lottery may not report the income.	None; private fraud alleged.	None	Taxes are withheld on large lottery winnings.	Unfounded; Facts do not indicate fraud.
195	Complaint alleged that an individual is receiving housing assistance and not reporting that another adult is living in the household. Complaint also alleges extreme abusive behavior by an individual.	None; private fraud alleged.	Improper payments may be recouped.	Referred to MSHA Also, referred to Maine State Police.	To be determined by MSHA.
196	Complaint alleged that an individual who applied for a Walmart gift card over the phone never received it and was hung up on when attempting to follow-up.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.
197	Complaint alleged that an individual who has a facebook page advertising a business is not paying taxes on income.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
198	Complaint alleged that an individual does not file taxes on 1099 income and is issued a personal check rather than a corporate check.	None; private fraud alleged.	Unpaid taxes and penalties may apply	Referred to MRS.	To be determined by MRS.
199	Complaint alleged that an individual operates an unregistered and uninspected food business for cash.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
200	Complaint alleged that an individual applying for food stamps found out that ex-husband was already receiving them apparently claiming child lived with him. Also, complaint alleged improper access to computer information by a DHHS employee.	Private fraud alleged; Also, complaint against DHHS employee.	Improper benefits might be recouped. Potential disciplinary action may apply to employee.	Referred to FIRU.	To be determined by FIRU. OSA to work with FIRU on employee issue.
201	Complaint alleged that an individual posing as a computer service provider for Microsoft solicited personal information via telephone.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.

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Com plaint No.	Nature of Complaint	Agency Com-plained of:	Potential Impact on Government:	Recommended Action:	Substantiation of Complaint:
202	Complaint alleged that they received a letter and a $3,750 check from the National Lottery requesting a payment of $2,920 thru Western Union in order to release the balance of $150,000 in winnings.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.
203	Complaint alleged that an individual was using several EBT cards to purchase groceries for a business.	None; private fraud alleged.	Improper benefits might be recouped.	Referred to FIRU.	To be determined by FIRU.
204	Complaint alleged that an individual receives food stamps and MaineCare for herself and daughter not living with her. Also, the complaint alleges that this individual is not reporting income.	None; private fraud alleged.	Improper benefits might be recouped and unpaid taxes and penalties may apply.	Referred to FIRU and MRS.	To be determined by FIRU and MRS.
205	Inquiry was made as to whether a legal conflict of interest exits if a municipality appoints the same individual as town manager and town treasurer.	None	May involve legal interpretation of municipal laws and regulations.	Provided reference to State statute and to appropriate AG.	Not applicable.
206	Complaint alleged that an individual who receives SSDI, food stamps and heating assistance is not reporting income.	None; private fraud alleged.	Improper benefits might be recouped and unpaid taxes and penalties may apply.	Referred to FIRU, MRS and MSHA.	To be determined by FIRU, MRS and MSHA.
207	Complaint alleged that ex husband and family should not be receiving MaineCare because of income.	None; private fraud alleged.	Improper benefits might be recouped.	Referred to FIRU.	To be determined by FIRU.
208	Complaint alleged that an out of state business was classifying their employees as independent contractors and not paying Maine taxes.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
209	An individual raised concern that Maine statute exempts only bibles and not other holy texts.	None.	None.	None	No fraud alleged; and bibles are no longer exempt.
210	Complaint alleged that individuals who rent out a trailer do not report the income for taxes.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.

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Com plaint No.	Nature of Complaint	Agency Com-plained of:	Potential Impact on Government:	Recommended Action:	Substantiation of Complaint:
211	Complaint alleged that a major corporation with non Maine resident employees performing work in Maine is not withholding income taxes for these nonresident employees.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.
212	Complaint alleged that an individual who was on MaineCare left a trust that should be used to recoup benefits paid.	None; private fraud alleged.	Improper benefits might be recouped.	Referred to FIRU.	To be determined by FIRU.
213	Complaint alleged that an individual receiving MaineCare has not reported income earned.	None; private fraud alleged.	Improper benefits might be recouped and unpaid taxes and penalties may apply.	Referred to FIRU and MRS.	To be determined by FIRU and MRS.
214	Complaint alleged that an individual received a phishing/fraud attempt letter from a banker in a foreign country who was attempting to transfer funds from an estate.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.
215	Complaint alleged that an individual attempting to sell a car on Craig's list was solicited to open a PayPal account.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.
216	Complaint alleged that an individual observed that a co-worker did not have income taxes withheld from their paycheck.	None; private fraud alleged.	Unpaid taxes and/or penalties may apply.	Referred to MRS and Labor.	To be determined by MRS and Labor.
217	Complaint alleged that an individual was not reporting income but was receiving state assistance, food stamps and low income housing.	None; private fraud alleged.	Improper benefits might be recouped and unpaid taxes and penalties may apply.	Referred to FIRU, MSHA and MRS.	To be determined by FIRU, MSHA and MRS.
218	Complaint alleged that identified individuals received cash for work but do not pay taxes.	None; private fraud alleged.	Unpaid taxes and penalties may apply.	Referred to MRS.	To be determined by MRS.

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Com plaint No.	Nature of Complaint	Agency Com-plained of:	Potential Impact on Government:	Recommended Action:	Substantiation of Complaint:
219	Complaint alleged that an individual was solicited through the mail for credit card information.	None; private fraud alleged.	Private complaint against an individual, possible consumer protection issue.	Referred to AG.	To be determined by AG.