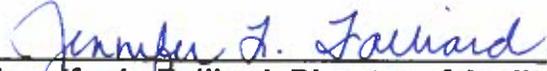


**2020 Annual Report  
Fraud, Waste and  
Abuse Investigations**

**March 2021**

**Milwaukee County Office of the Comptroller  
Audit Services Division**

**Scott B. Manske  
Milwaukee County Comptroller**

  
**Jennifer L. Folliard, Director of Audits  
Molly Pahl, Deputy Director of Audits**

**Audit Forensic Manager:  
Matthew Hart, MBA, CFE**

**Administrative Support Team:  
Cheryl Hosp**



Office of the Comptroller  
Audit Services Division

# Milwaukee County

Jennifer L. Folliard  
Molly Pahl

- Director of Audits
- Deputy Director of Audits

March 17, 2021

To the Honorable Chairwomen  
of the Board of Supervisors  
of the County of Milwaukee

We have completed an annual report concerning operation of the Audit Fraud Hotline and other related investigation activities undertaken by the Office of the Comptroller's Audit Services Division during 2020. Per Milwaukee County General Ordinance 34.095(h), the Audit Services Division is required to report annually to the County Executive and the County Board of Supervisors on the preceding year's activities related to fraud, waste and abuse.

The attached report includes a statistical summary of these activities, as well as a brief narrative that describes the nature of various categories of cases resolved during the year. In addition, some of the more interesting cases investigated during 2020 are presented in greater detail.

The nature of alleged improprieties presented to the Audit Services Division for investigation is often complex and continues to involve inter-agency cooperation with numerous governmental entities. As the Audit Services Division begins its 28<sup>th</sup> year of operating the Hotline, the experience gained from working cooperatively with County departments and offices, the District Attorney's Office, the Office of the Sheriff and other law enforcement agencies has improved the effectiveness of our efforts to combat waste, fraud and abuse in Milwaukee County government. We believe the attached report demonstrates the value of those efforts.

Please refer this report to the Committee on Audit.

Jennifer L. Folliard

JLF/cah

Attachment

cc: Scott B. Manske, CPA, Milwaukee County Comptroller  
Milwaukee County Board of Supervisors  
David Crowley, Milwaukee County Executive  
Mary Jo Meyers, Chief of Staff, County Executive's Office  
Kelly Bablitch, Chief of Staff, Milwaukee County Board  
Sherri Jordan, Interim Director, Department of Administrative Services  
Steve Cady, Research & Policy Director, Office of the Comptroller  
Emily Petersen, Research Analyst, Office of the Comptroller  
Janelle Jensen, Legislative Services Division Manager, Office of the Milwaukee County Clerk

## Background

The Milwaukee County Board of Supervisors approved the establishment of a hotline within the Audit department on September 23, 1993. The hotline was created for concerned citizens and other interested individuals to report allegations of fraud, waste or abuse in County government. Callers are not required to identify themselves and may remain anonymous.

According to the Association of Certified Fraud Examiners,<sup>1</sup> tips are the most common fraud detection method. Tips account for 43% of initial fraud detection, which is nearly three times greater than the next detection method (internal audit; 15%). Tips from employees account for 50% of discovered fraud. Organizations that operate hotlines and other reporting media are more likely to catch fraud by a tip and experience fraud that is nearly 50% smaller than an organization without a hotline. In addition to the hotline, fraud complaints can be made using a dedicated email address and a website-based online reporting form<sup>2</sup>.

The Audit Services Division (ASD) is authorized by Wisconsin state statute § 59.225(i)<sup>3</sup> and Milwaukee County ordinance § 34.095 to investigate allegations of fraud, waste and abuse.

In April 2015, following the approval of both the County Executive and the County Board of Supervisors, ordinance § 34.095 took effect. Under the ordinance, county employees, officials, contractors, vendors and program clients are required to cooperate in an investigation, ASD has increased access to records and premises, retaliation against people who cooperate with an investigation is prohibited and allegations or known instances of fraud, waste and abuse are to be reported to ASD.

The new employee orientation sessions include a segment on fraud, waste and abuse and the ways that an employee can make a report.

ASD and the County Ethics Board formed a relationship in which ASD personnel can act as agents of the Ethics Board when ASD opens an investigation into an alleged violation of the ethics code. This relationship allows ASD personnel limited and specific access to Ethics Board records which would otherwise be unavailable or require notification of disclosure to the filer.

The COVID-19 pandemic which affected normal business, commercial and social operations beginning in March 2020 and continuing today impacted the fraud reporting function. While the number of received complaints remained steady, the number of complaints related to Milwaukee County government were less than the received complaints which were unrelated to County functions. A possible theory is that the pandemic attributed to a rise in fraudulent behavior generally but the disruptions to and closures of County services, particularly to the public, resulted in fewer instances of reportable fraud.

---

<sup>1</sup> 2020 *Report to the Nations*. Copyright 2020 by Association of Certified Fraud Examiners, Inc.

<sup>2</sup> <https://county.milwaukee.gov/EN/Comptroller/Fraud-Waste-Abuse>

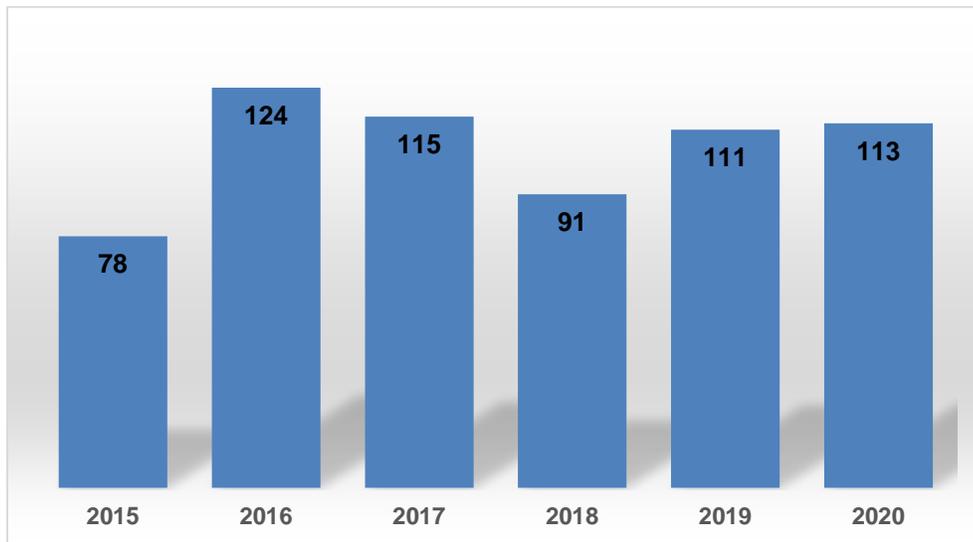
<sup>3</sup> The comptroller shall perform all audit functions related to county government. The comptroller shall also have the duties and all the powers and responsibilities conferred upon the clerk as auditor under s. [59.47 \(1\)](#), and shall perform any additional duties and shall have any additional powers as are imposed and conferred upon him or her from time to time by resolution adopted by the board. Audit functions under this paragraph shall be performed in accordance with governmental auditing standards issued by the comptroller general of the United States and generally accepted auditing standards.

## Summary of 2020 Investigative Activity

### Tips

ASD received 113 complaints (tips) in 2020. In 2019, ASD received 111 complaints; in 2018, 91 complaints. **Figure 1** displays the number of complaints received annually from 2015 to 2020.

**Figure 1**



The 2020 figure, as well as most prior years' figures, do not include contacts with ASD where personnel directed the complainant to a more appropriate agency before a complaint record was created. For example, when a person calls and speaks to ASD personnel about an alleged fraud involving a state Department of Health Services (DHS) program, ASD personnel will provide the person with the telephone number for the DHS Office of Inspector General (OIG) and not make a record of the contact.<sup>4</sup>

These complaints are categorized by source in **Table 1** and presented graphically in **Figure 2**.

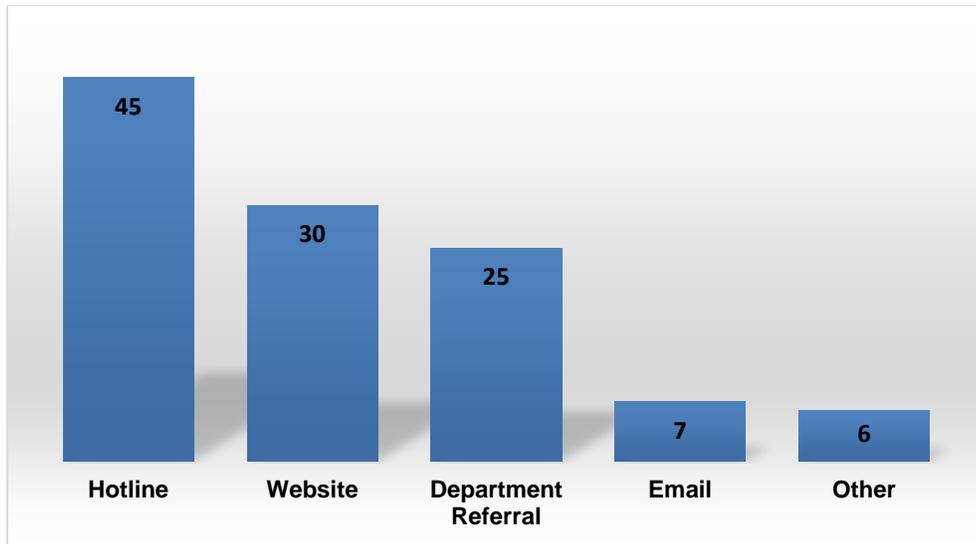
---

<sup>4</sup> ASD personnel will record allegations when the County is involved in the administration of a state program or serves as a pass-through agency for state funding.

**Table 1**  
**Allegations of Fraud, Waste or Abuse Contact Origin**

Hotline	45
Website	30
Department Referral	25
Email	7
Other	6
<b>Total</b>	<b>113</b>

**Figure 2**



The received complaints were assigned to a category based upon the nature of the alleged misconduct. **Table 2** shows the complaints received in 2020 by category.

**Table 2**  
**Allegation Categories**

Non-County	49
Public Assistance Fraud	21
Personnel Misconduct	19
Other Fraud (Plus Counterfeit Checks)	13
Vendor/Provider Fraud	8
Waste	3
<b>Total</b>	<b>113</b>

## Cases Opened

ASD opened 5 cases in 2020. For the remaining 2020 complaints, ASD either 1) referred the information to a more appropriate agency or department for action, 2) declined additional action, 3) determined that no action was required or 4) other appropriate action as dictated by the received information. **Table 3** breaks down the disposition of all recorded complaints in 2019 as whole numbers and a percentage.

**Table 3  
Disposition**

Declined	42	37.17%
Other/Provided Information	11	9.73%
Pending	1	0.88%
Referred	54	47.79%
Case Opened	5	4.42%
<b>Total</b>	<b>113</b>	<b>100.00%</b>

A complaint may be declined because the matter does not involve county government, there is insufficient information to begin an investigation, investigating the matter would be a duplication of efforts or ASD does not have the resources available to sufficiently address the allegation. **Table 4** identifies only the cases opened in 2020 by complaint category.

**Table 4  
Cases Opened**

Personnel Misconduct	2
Public Assistance Fraud	2
Vendor/Provider Fraud	1
<b>Total</b>	<b>5</b>

## Cases Closed

ASD closed 7 cases in 2020. The closed cases started in 2015, 2018, 2019 and 2020.

Generally, a case is closed substantiated when the evidence reasonably proves that a known actor committed misconduct. ASD submits the substantiated case file, which includes reports, evidence collected during the investigation and ASD's analysis and determination, to the actor's department, the Department of Human Resources and the Office of Corporation Counsel. These departments review ASD's investigation and determine the appropriate response. A case may also be closed when the alleged subject leaves County employment or affiliation, the alleged issue is corrected by a department or office or ASD determined that further action is unnecessary.

Likewise, when the evidence cannot support a finding that misconduct occurred, the case is closed unsubstantiated. An “unsubstantiated” finding does not mean that the reported misconduct did not occur, but that ASD determined the available evidence does not support administrative or legal action.

As of year-end 2020, three cases remain active investigations. These cases remain open due to complexity, need to work with other agencies or overall demand of resources.

**Table 5** categorizes the seven cases closed in 2020.

**Table 5  
Cases Closed Findings**

Substantiated	5
Unsubstantiated	2
<b>Total</b>	<b>7</b>

**Case Highlights**

The following are descriptions of some of the cases closed during 2020. These cases are an example of the kinds of allegations which are reported to ASD. These cases also represent the value the County receives from devoting resources to combating fraud, waste and abuse.

Unless referenced by name, investigation subjects will be referred to by masculine pronouns.

**Case # 15005**

In late 2014, ASD received a complaint concerning a possible inappropriate relationship between a vendor, Fidlar Technologies (Fidlar), and the-then Register of Deeds (ROD) John La Fave. In 2015, ASD opened an investigation.

ASD found evidence of schemes between the ROD, Fidlar and another ROD vendor, Superior Support Resources, Inc. (SSR), which were designed to allow the ROD to pool and spend money outside of normal County procedures. ASD found that from at least 2010 through 2018, SSR submitted fraudulent invoices, which La Fave helped construct, to the ROD’s office. ROD staff submitted these invoices to Accounts Payable for processing and payment. These invoices were for services which had not been performed. The funds paid out in response to these invoices, totaling approximately \$2.3 million, were held by SSR for La Fave’s use to buy goods and services from unauthorized vendors including, in some cases, Fidlar. When SSR distributed money from the pooled funds in response to an unauthorized party’s invoice, SSR retained for itself approximately 5% of the amount due to the unauthorized party.

ASD also identified a scheme in which SSR placed the relevant information from unauthorized party invoices, plus 5% of the invoice total, into an acceptable format and submitted those invoices to Accounts Payable for payment.

ASD identified a third scheme in which La Fave had Fidlar hold back revenue due to the County for La Fave's use. Many of Fidlar's products generated revenue for the ROD's office. La Fave had sole revenue disbursement control over several of the Fidlar products. La Fave used these funds to make unauthorized purchases from Fidlar. For example, in 2015, La Fave used SSR held funds and Fidlar held revenue to pay for a \$503,500 Fidlar scanning project. Approximately \$186,000 for the project came from the SSR-held funds; SSR paid itself approximately \$9,300 to pay Fidlar.

In 2016, ASD believed there was possible cause for criminal prosecution and referred this matter to the Milwaukee County District Attorney's (DA's) Office. Following the referral, ASD, the DA's Office and the Federal Bureau of Investigation cooperatively investigated this matter. In June 2020, the US Attorney for the Eastern District of Wisconsin charged La Fave with one count of wire fraud. At that time, La Fave entered into a plea agreement to plead guilty to the charge. As part of the plea, La Fave agreed to restitution of \$89,000. In October 2020, the court accepted La Fave's plea of guilty. The case remains open.

Additionally, the County Board of Supervisors requested ASD conduct an audit of the ROD's office. The audit was completed and presented to the County Board in March 2021.

#### **Case # 19005**

In August 2019, ASD received a complaint concerning wasteful spending. In summary, in 2014, Milwaukee County purchased radios from Motorola as part of capital improvement project to build a digital radio system. ASD was told approximately 200 of the purchased radios remained unused in 2019. These radios were intended for use at the airport, but the airport could not use them. The County could not sell the radios nor return them to Motorola. The radios reportedly cost approximately \$5,000 each. Motorola will reportedly stop supporting the radios in 2023.

In September 2019, ASD opened this investigation. ASD found that the Motorola project contract included a 50% discount on various radio models and lesser discounts on accessories and parts. In 2014, Motorola launched a promotional \$500 discount on each radio. The promotion ended June 2014. The Department of Administrative Services (DAS) – Information Management Services Division (IMSD), the project department, wanted to capitalize on this savings opportunity and in June 2014 placed an order for over 1,000 portable and mobile radios. To take advantage of the discount, IMSD purchased radios in 2014 which it originally planned to purchase in 2015. The purchase included radios intended for General Mitchell International Airport (GMIA). The advertised discount savings was over \$600,000. The order total was approximately \$2.5 million.

Sometime in 2014 after the radios were purchased and delivered, the IMSD project staff was informed that GMIA could not use the radios. The reported reason was the funding did not come from an FAA approved source. ASD could not find any written record to support this assertion; however, this understanding was stated by several people as to why GMIA did not use the radios purchased by IMSD. GMIA ultimately placed its own \$1.03 million order for radios in December 2014. IMSD project staff believed the excess GMIA radios would be used by other departments.

IMSD project staff reportedly considered selling or auctioning off the excess radios. Project staff was told it could not dispose of the radios because the radios were purchased with bonds. ASD found that IMSD intended to purchase the radios with bond funds. In 2014, prior to the June 2014 radio purchase, the Comptroller's Office Capital Finance staff determined that almost all the purchased radios were below the capital threshold (\$2,500). The County Board approved swapping tax levy (cash) for bond funds for the unqualified purchases. Project staff, first under IMSD and then under the 2015 created Office of Emergency Management (OEM), seemed to continue to believe the radios were bond-backed and restricted.

OEM was able to distribute the excess stock of handheld radios; however, the mobile radios were more difficult to put into use and remained in storage for years. As of June 2020, 206 mobile radios, which cost approximately \$387,000, remained unused. OEM reported assigning 111 radios for internal use as spares and in emergency operations centers. Several radios were assigned to the Milwaukee County Department of Transportation and remain in storage. 49 radios, which cost approximately \$92,000, remained as county-wide spares.

ASD recommended to the County Executive's Office, in summary, that all non-real capital purchases include a consultation with the Comptroller's Office prior to purchase and OEM consider selling or auctioning the excess radio inventory. In response, OEM agreed on consulting with Comptroller's Office staff. OEM reported that it was more cost effective to maintain the current inventory of radios for repairs and replacement than to attempt to sell the radio stock.

#### **Case # 20001**

In January 2020, ASD received a complaint which alleged that a current county-wide contractor had in 2017 fired its disadvantaged business entity (DBE) certified subcontractor. The contract continued from 2017 to present. Since 2017, contractor management allegedly told certain staff to pretend or state that the staff were employees of the DBE contractor, if asked.

ASD opened an investigation. ASD learned that in 2017 the contractor and the County started a contract which had a 20% DBE participation goal. In late 2017, the DBE firm requested to be removed from the contract. The contractor made overtures to find another DBE subcontractor firm, but the one subcontractor firm the contractor found was not DBE-certified in the contracted industry. In early 2018, the contractor requested and received confirmation from the then-DAS Community Business Development Partners (CBDP) Director that the contractor had engaged in good faith efforts to find a DBE subcontractor firm. The good faith recognition meant that the contractor could proceed without a qualified DBE certified subcontractor. The contractor stopped doing business with the non-qualifying subcontractor firm. The contractor has not had a DBE subcontractor since the original firm resigned in 2017.

ASD compared the specific sequence of events which resulted in the contractor earning the good faith recognition to federal guidance on determining when a contractor has made a good faith. ASD determined that the immediate situation was deficient when viewed against the suggested indicators of good faith efforts. It was also unclear whether County

stakeholders were aware that the contractor was providing services without a DBE certified subcontractor.

ASD recommended and DAS-CBDP developed standards for recognizing a good faith effort and develop policies and procedures for notifying the relevant parties when DBE participation changes after contract award.

### **Case # 20002**

In February 2020, the Department of Health and Human Services (DHHS) energy assistance program contacted ASD about an alleged fraud. In summary, in October 2019, the Subject allegedly went in person to one of the County's contracted energy assistance program management agencies and applied for energy assistance at a residence (Fake Residence) using another person's (Person A) identifying information. Person A found out that the Subject had used Person A's identifying information after receiving notice for an unpaid WE Energies bill. Person A had previously rented the Fake Residence from the Subject for approximately six months and had vacated the property by the time the Subject applied for energy assistance. Person A provided his identifying information to the Subject as part of the rental process. The Subject also applied for energy assistance at his own, separate place of residence using his own identifying information.

ASD opened an investigation, which included collaborating with WE Energies investigations personnel. WE Energies determined that the Subject set up energy services at the Fake Residence using Person A's identifying information. In addition, ASD found numerous public records which associated the Subject to the Fake Residence, including a Waukesha County criminal case contemporaneous to the energy assistance application, in which the Subject's reported address was the Fake Residence. The Subject also provided the Subject's telephone number on the Person A energy assistance application.

After reviewing the investigation findings, DHHS terminated assistance to the subject. The contracted agency employee who handled the suspicious applications was reassigned to other non-application related responsibilities.

### **Update to Counterfeit Checks**

In 2019, a County-issued check for \$49,500 was intercepted and deposited. Prior to deposit, the check payee was changed without the County's permission or authority from the intended payee.

The Milwaukee County Sheriff's Office (MCSO) investigated the alleged check tampering. MCSO made an arrest and in August 2019, the DA's Office charged the subject, Ricky Anthony Ford, with uttering, a felony. The case number was 2019CF3763. On March 6, 2020, Ford plead guilty and was sentenced to four years imprisonment. The court stayed the sentence and placed Ford on probation for three years.

### **Other Activity**

In addition to receiving and investigating allegations of fraud, waste and abuse, ASD personnel:

- Consult on performance audit fraud risk assessments in accordance with Generally Accepted Government Auditing Standards.
- Assist other local, state and federal agencies in performing their duties related to investigating fraud, waste and abuse.
- By request, provide information for use by County departments and leadership to make better informed responses to issues of real or perceived instances of fraud, waste and abuse.

**Milwaukee County Hotline Savings/Recovery (1994—2020)**

These are the accumulated savings and recoveries for the program since 1994. Industry standards recognize \$1 of indirect savings for every \$1 of direct savings.

- Total Direct = \$5,110,612
- Total Indirect = \$10,221,224

**Audit Services Division Mission Statement**

*Through independent, objective and timely analysis of information, the Milwaukee County Audit Services Division assists both policy makers and program managers in providing high-quality services in a manner that is honest, efficient, effective and accountable to the citizens of Milwaukee County.*



# MILWAUKEE COUNTY GOVERNMENT

# H O T L I N E

**Ph: (414) 93-FRAUD – Fax: (414) 223-1895**  
**(9 3 3 - 7 2 8 3)**

Email: [hotline@4securemail.com](mailto:hotline@4securemail.com) Website: [county.milwaukee.gov/EN/Comptroller/Fraud-Waste-Abuse](http://county.milwaukee.gov/EN/Comptroller/Fraud-Waste-Abuse)  
Write: Fraud Hotline- 633 W. Wisconsin Avenue, Suite 904, Milwaukee, WI 53203



## Milwaukee County Comptroller’s Office Audit Services Division

### For Reporting:

- Incidents of fraud, waste or abuse in County government
- Concerns over inefficient Milwaukee County government operations

**CALLERS NOT REQUIRED TO GIVE THEIR NAMES**

### ----- Other Numbers -----

<b>Milwaukee County:</b>		<b>Sheriff’s Office –</b>	
Aging - Elder Abuse Helpline	414-289-6874	Community Against Pushers (Anonymous Drug Reporting)	414-273-2020
Child Support – Customer Service	414-615-2593	Guns Hotline	414-278-4867
District Attorney – Consumer Fraud Unit	414-278-4585	Internal Affairs	414-278-5399
Public Integrity Unit	414-278-4645	<b>State of Wisconsin:</b>	
Mental Health Crisis Hotline	414-257-7222	Child Abuse or Neglect Referrals	414-220-7233
Crisis Hotline (TTY/TDD)	414-257-6300	DOJ Consumer Protection Unit	1-800-998-0700
Minimum Wage Ordinance	414-278-4206	Wisconsin W-2 Fraud Hotline	1-877-865-3432
Employee Relations	414-278-2000	Wisconsin Child Care Fraud	1-877-302-3728
<b>City of Milwaukee:</b>		Legislative Audit Bureau Hotline	1-877-372-8317
Fraud Hotline	414-286-3440	<b>Federal:</b>	
		Medicare Fraud	1-800-447-8477
		Social Security Fraud	1-800-269-0271
		Federal Funds Fraud (FraudNet)	1-800-424-5454