

Fraud Report

Fraud #: F-18-363

Submission Date: 08/08/2018

Entity: Attorney General, Office of

Dashboard

Short Description: questionable disbursements

Investigation Status: Closed

Assigned Team: State Audit Management

Assigned PM:

PR Request ID's:

Public Records Request: No

Assignment Notes:

Detection Method: Entity Management

Entity: S100

Total Budget: 94.5

Team Budget: 94.5

Audit Number: 47377

Audit Documentation: TM File

TM Project Code:

Ok to release/bill time: No

Primary Loss Type: Cash Disbursements

Loss Type Notes or Sub Category:

Cyber Loss Category: --

Cyber Cause: --

This case contains sensitive information: No

Which tab or attachment contains sensitive information?

Results: Full Report

Closed Date: 01/09/2020

Inactivate: No

Inactive Notes:

Contact

Created By:

Name: Stephanie Sullivan

Title:

Phone: 5096620440

Email: sullivan@sao.wa.gov

Assignment Notes:

Paw and Plan

Loss Notification Date: 08/08/2018

PAW Assignment Date:

Initial Contact with Entity Date:

Assessment Completion Date:

Reviewing Team: State Audit Management

Team Review Date:

Fraud Team Review Date:

Please describe, if we did not meet 5 and 10 day requirements:

Action/Next Step:

Outcome

Exit conference date: 03/15/2019

Exit conference attendees:

Misappropriation assigned amount: 199978

Name and title of responsible party: AGO

Misappropriation unassigned amount: 0

Questionable amount: 0

Misappropriation recovery amount: 0

Loss Amount: 0

Cyber recovery Amount: 0

Final audit cost: 23517.05

Audit report number: 1023721

Audit report issue date: 04/29/2019

Other case # s reported with this one:

Restitution

SAO Approval Date:

SAO Approval Initials:

AG Approval Date:

SAO Approval Initials:

Amount Approved:

Point of Contact:

Contacted PA Date:

Post audit PA/LE/FBI contact notes:

Activity Log

Date	Entry
08/08/2018	Fraud updated by sullivan
08/08/2018	No PAW, open investigation and draft plan. We spoke with Mark Melroy (AGO) on 7.19.18 and discussed the reported concerns and agreed to establish an MOU over the work to be performed for this reported case. Team Fraud plans to handle the investigation. (sullivan)
08/08/2018	Fraud updated by sullivan
08/29/2018	Fraud updated by walkers
10/31/2018	TF is currently going through investigation files. Discussed with Mark Melroy plans to conduct interviews in November with WCCVA staff. (sullivan)
10/31/2018	TF is currently going through investigation files. Discussed with Mark Melroy plans to conduct interviews in November with WCCVA staff. (sullivan)
11/28/2018	Second attempt to contact Cody Benson was made today with the new contact numbers. (walkers)
11/28/2018	Fraud updated by walkers
01/23/2019	Fraud updated by sullivan
01/23/2019	Updated AGO Melanie about draft report going through ARL. (sullivan)
02/08/2019	2.5.19-Draft report shared with Mark Melroy, Ed Dicker, Shane Esquibel, Melanie Nevares, Marci Phillips, and Melanie Griffith. From their review, they requested some language edits. (sullivan)
02/08/2019	2.7.19- Received from Mark Melroy proposed edits. TF currently reviewing this information. (sullivan)
02/13/2019	2.13.19- Brainstorm held with Brandi, Sadie, Al, and Sarah to go over the AGO's proposed edits. Working to setup a new meeting with the AGO to go over an updated draft. SAO attendees will include Sadie, Al, and Sarah. (sullivan)
03/18/2019	2.27.19= Meeting held to go over draft report edits with Mark Melroy, Shane Esquibel, Melanie Nevares, Marci Phillips, Ed Dicker, and Melanie Griffith from the AGO. SAO attendees included Sarah Walker, Sadie Armijo, Al Rose, and Stephanie Sullivan (via phone). (sullivan)
03/18/2019	3.6.18 SAO provided a final draft report to the AGO and it was agreed the AGO would provide a response to include into the report by March 21, 2019. (sullivan)
03/18/2019	On 3.11.19, AGO Melanie requested a response extension for April 4, 2019. This was agreed to by SAO. (sullivan)
03/18/2019	On 3.15.19- Shane Esquibel held a meeting with Pat McCarthy about the report. (sullivan)
03/18/2019	3.15.19- Shane Esquibel held a meeting with Pat McCarthy about the report. (sullivan)
01/09/2020	Attachment added
01/09/2020	Attachment deleted
01/09/2020	Attachment added
01/09/2020	Report issued 4/29/19. Case closed. (walkers)
01/09/2020	Fraud updated by walkers
01/09/2020	Fraud closed by walkers

10/21/2022	'Total Budget' field updated from '' to '94.5', 'Team Budget' field updated from '' to '94.5', 'Exit conference date' field updated from '' to '3/15/2019', 'Misappropriation assigned amount' field updated from '' to '199978', 'Name and title of responsible party' field updated from '' to 'AGO', 'Misappropriation unassigned amount' field updated from '' to '0', 'Questionable amount' field updated from '' to '0', 'Misappropriation recovery amount' field updated from '' to '0', 'Loss Amount' field updated from '' to '0', 'Cyber recovery Amount' field updated from '' to '0', 'Final audit cost' field updated from '' to '23517.05', 'Audit report number' field updated from '' to '1023721' by supervilles
------------	---

Initial Loss Report

Department/area of concern: State grant fund loss

What is the suspected loss or illegal activity? 169946

Start: 03/01/2018

End: 03/01/2018

What type of issue are you reporting? Cash Disbursements

What type of cyber concern are you reporting? --

What was the cause of initial attack vector for the cyber loss? --

Please describe the type of issue:

Please describe the amount of loss:

Please describe the suspected loss of illegal activity: SUBMITTED DESCRIPTION: A state grant administered by the AGO and paid to the Washington State Crime Victims Coalition (WCCVA) was identified as having significant mismanagement issues of public funds and is at risk for potential misappropriation.

How was the suspected loss or activity detected? A recent in-depth review of the grant activities and supporting records by the AGO identified concerns that the WCCVA was submitting invoices for reimbursement to the AGO for services that were either later cancelled or never provided. Further, other concerns identified included a lack of required audits, unfiled taxes, and lapsed LLC status with the Secretary of State. At this time the AGO has identified approximately \$169,946 of inappropriately submitted invoices to the AGO by WCCVA for reimbursement.

Is an investigation in progress? No

If an investigation by management, law enforcement or others underway, who is in charge of this investigation?

What actions have you taken to date, if any? Currently the AGO is facilitating direct payments from the grant for some third party expenses (rent for the facility & independent audits).

Are there any dedications of employee involment? The Executive Director (Cody Benson) for WCCVA is the one responsible for preparing the expenditures paid and supporting invoices to be submitted to the AGO for reimbursement. Questionable disbursements paid to the Director have also been identified including questionable disbursements to related parties of the Director.

Name and/or title of employee that have been involved in (responsible for) the loss.

Is this person still employed by the agency? No

Describe the employee's job responsibilities and areas or functions the employee has/had access to:

Have any restitution agreements been signed? No

Has a police report been filed? No

Do you have a copy? No

Who at the entity is aware this concern is being reported?