

## Fraud Report

**Fraud #:** F-22-078

**Submission Date:** 03/04/2022

**Entity:** Commerce, Washington State Department of

## Dashboard

**Short Description:** a fraudulent limited landlord relief program payment

**Investigation Status:** Closed

**Assigned Team:** Single Audit

**Assigned PM:**

**PR Request ID's:**

**Public Records Request:** No

**Assignment Notes:**

**Detection Method:** Entity Internal Audit

**Entity:** S103

**Total Budget:**

**Team Budget:**

**Audit Number:**

**Audit Documentation:** Database Only

**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:** No Action - consider risk on next audit

**Closed Date:** 03/07/2022

**Inactivate:** No

**Inactive Notes:**

## Contact

**Created By:**

**Name:** Gena Allen

**Title:** Internal Control Officer

**Phone:** 3604805149

**Email:** gena.allen@commerce.wa.gov

## Assignment Notes:

## Paw and Plan

Loss Notification Date: 03/04/2022

PAW Assignment Date:

Initial Contact with Entity Date:

Assessment Completion Date:

Reviewing Team: Single Audit

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:

Exit conference attendees:

Misappropriation assigned amount:

Name and title of responsible party:

Misappropriation unassigned amount:

Questionable amount:

Misappropriation recovery amount:

Loss Amount:

Cyber recovery Amount:

Final audit cost:

Audit report number:

Audit report issue date:

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
03/07/2022	Fraud updated by sullivan
03/07/2022	Fraud updated by sullivan
03/07/2022	Fraud closed by sullivan

## Initial Loss Report

**Department/area of concern:** Housing Assistance Unit

**What is the suspected loss or illegal activity?** 24320

**Start:** 07/29/2021

**End:** 07/29/2021

**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: Commerce made a Limited Landlord Relief Program payment to Erika Shaw on 7/29/21. The payee submitted the following documentation for the claim: Commerce Payment Approval 1040 2020 Tax Return Rental Lease Agreement Move In Checklist Rental Ledger Security Deposit Return Invoice Commerce made the claim based on their program review of documentation and approval of information submitted. On August 17, 2021, Erika Shaw was notified by the Social Security Association (SSA) that her identify had been stolen as part of a large ID theft in western Washington. It was not known at that time that the payment was fraudulent. Until the victim received a 1099 reporting the payment, it was not know this was a questioned disbursement. Per the program, the funding source for this payment was state funds.

**How was the suspected loss or activity detected?** The victim of the identify theft received a 1099 showing the Limited Landlord Relief Program payment that was reported to the IRS in her name. The 1099 was received by the identity theft victim in 2022, which is when Commerce was notified.

**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?** Commerce met with Unit staff and Nathan Sherrard, Legal Counsel, OFM, to understand the activities that are known to date. Since the payment was made through the state vendor payment system (SVW#), OFM is involved. Once OFM was notified, they froze the bank account the ACH was deposited into. Gena Allen has contacted Matt Lavelle, Special Agent Social Security Administration. Matt shared information about the suspect who was indicted for other fraud schemes last summer/fall. Matt will be sharing victim names with Commerce so Commerce can run a comparison of payment data to determine if there is a "what else". Commerce has not been notified nor is aware of any other fraud in this program, however, we will review the information provided by SSA to verify there were NO other fraudulent payments. We will formally report the fraud to SSA (federal law enforcement) since this is part of an identity theft issue and we will report to our Assistant Attorney General. After consultation, if determination of reporting to a local law enforcement agency is recommended, we will

do so at that time. The Financial Services Division will take a look at internal controls to determine if implementing additional processes are necessary when making direct payments to clients.

**Are there any dedications of employee involvement?** No.

**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?**