Office of the State Auditor

Investigations Division

INVESTIGATIONS DIVISION

STATE AUDITOR

Shad White

Responsible for Investigating

- **FRAUD**
- **IMPROPER PURCHASES**
- **IMPROPER SALE OF GOVERNMENT PROPERTY**
- **MISUSE of ANY PUBLIC PROPERTY**

Supplies, Eqpt. Services, etc..

§ MS CODE 7-7-211

STRUCTURE

- North-Oxford
- Central-Jackson
- South-Biloxi

- 23 Sworn Law Enforcement Agents including Director & Deputy Director

- 3 Sr. Agents/Supervisors

- 2 FBI Public Corruption Taskforce Officers

- 1 Agent that does Computer and Cell Phone Forensics

- 1 Polygraph Examiner

- 2 Attorneys

- **CASES**
  - CRIMINAL
  - CIVIL

- **FOCUS**

- PROACTIVE: Informing New chiefs, sheriffs, other state agencies, and the public about fraud and corruption

- REACTIVE: Investigations of alleged fraud and/or public corruption; Committed to developing sound, prosecutable cases

Fraud Trends

ECRU, MS

TOWN CLERK & POLICE CHIEF

2012 – 2016 **$300,000.00+**

80 Payroll checks
130 fine collections
Town Credit Card- food, clothes, ammo, firearms

Embezzlement
False Representation to Defraud the Government

Traffic Grant Fraud
Falsified records claiming overtime
$59K
346 Fake Tickets when he in fact only issued 74

Blaylock pleaded guilty and was sentenced to 5 years in prison and ordered to pay restitution

Moody pleaded guilty and was sentenced to 5 years of house arrest; paid her portion of restitution

Fraud Trends

MONROE CO, MS

FORMER SHERIFF Cecil Cantrell

INMATE LABOR

- Used Inmate labor for political gain
- Video Evidence
- Social Media surfaces
- News
- Cantrell Press Conference

§47-5-137 – Use of Offenders as Servants Prohibited

Fraud Trends

Mario King

Natasha King

- Mario King was the former Mayor of Moss Point
- Accused of soliciting funds for a benefit gala to support a mental health program for the Moss Point School District
- Their personal business hosted the event
- Business' account had no activity until they announced plans for the benefit gala
- Instead the money was used for personal expenses including a down payment on a new car, cash withdrawals, and making credit card payments used to purchase a designer dog breed
- Arrested on for aiding and abetting wire fraud and conspiracy to defraud the government
- Mario was sentenced to 30 months in federal prison
- Natasha was sentenced to probation

Fraud Trends

Brittany Ransom

- Ransom previously worked as a nurse at the State Veterans Home in Collins
- She was arrested in July 2019 for submitting fraudulent timesheets and claimed over 400 hours in overtime that she did not work.
- She would scan herself as present and leave the nursing facility, then eventually return to scan herself out of the system.
- Bragged to other employees about receiving large payroll checks
- Sentenced to five years probation and ordered to pay $13,000 in restitution

Fraud Trends

Amanda Lewis

- Former Town Clerk of Roxie, MS
- Accused of embezzling over $81,000
- Stole cash and money orders collected from town residents as they paid water bills.
- Without proper oversight, she was able to manipulate the town's accounting software and conceal her scheme from December 2015 to August 2018.
- When she resigned as town clerk in late 2018 to take a new job, Roxie officials identified nearly $10,000 missing from the town's water fund and filed a complaint at the State Auditor's Office.

- After being approached about missing money by local officials, Lewis made payments totaling $9,269.53 to the Town of Roxie.
- Pleaded guilty and was sentenced house arrest and probation.
- Ordered to pay full restitution

Fraud Trends

Milton Rawle

- Former CFO of Columbus, MS
- Accused of embezzling nearly $290,000 by making electronic money transfers to personal bank accounts from December 2016 to December 2018.
- To hide the unauthorized transactions, Rawle used official-sounding labels like "payroll" and "reimbursement."

- The case was investigated after accounting discrepancies were found and reported by a private CPA hired by the City of Columbus to complete a routine, annual audit.
- Sentenced to the maximum of 20 years
- Nearly $250,000 was recovered due to filing against his bond
- Judge order him to pay the remaining loss

Fraud Trends

Maurice Howard

- Former Mayor of Aberdeen, MS
- Accused of embezzling city funds meant to pay for travel expenses related to city business.
- He was paid travel advancements to attend meetings and conferences on behalf of the City of Aberdeen but failed to actually attend the events.
- By depositing the checks into his personal bank account and not returning the unused money, embezzled approximately $3,500

- Sentenced to a 10 year suspended sentence, probation, and ordered to pay restitution
- Judge ordered immediate removal from office

Fraud Trends

Michelle McBride

- Former board member and officer of the Pearl River County Crimestoppers
- Used her position as Secretary/Treasurer to embezzle over $52,000 from PRCCS from January 2014 to April 2019.
- Used the PRCCS debit card for personal rodeo expenses and transferred PRCCS funds to fraudulent non-profit accounts she owned.

- Pleaded guilty to one count of Embezzlement
- Sentenced to 20 (suspended) with 18 months on house-arrest and the remaining18.5 years on Post-Release Supervision.
- Once she serves 5 years on Post-Release Supervision and restitution is paid in full within those 5 years, she will be eligible for early-termination from Post-Release Supervision.
- Ordered to pay restitution in the amount of $52,101.86 and investigative costs of $8,088.96.

Fraud Trends

Tony Macon

- Former employee of the Scott County Road Department
- Macon would purchase fuel with his county issued Fuelman cards and then sell the full to third party individuals
- Indicted and arrested in December 2020 for embezzlement
- Embezzled approximately $47,655 by using Fuelman Cards for personal use

- Macon pled guilty and was sentenced to 5 years in prison, 5 years post-release supervision, and ordered to pay full restitution

Fraud Trends

Mark Hanna

Linda Mannon

- Hanna was the Fire Chief
- Mannon was the Secretary
- Indicted in October 2021 for embezzling over $35,000 from the Red Banks Volunteer Fire Department
- Embezzled both money and equipment from the fire department

- Hanna pled guilty and was sentenced to 10 years, with 10 years suspended, 5 years supervised probation, and restitution
- Mannon pled guilty and was sentenced to 20 years with 20 years suspended, 5 years probation, and ordered to pay restitution

Fraud Trends

Kim Davis

- Davis was a Deputy Municipal Court Clerk in Monticello, MS
- Indicted in November 2020 for embezzlement of approximately $18,000
- Embezzled cash when residents paid their water bills.

- Davis pled guilty and was sentenced to 1 year of house arrest, 6 years post release supervision, and was ordered to pay full restitution

Fraud Trends

Colleen Ladnier

- Former Jackson County Deputy Tax Collector
- Indicted for embezzling approximately $1,500
- Accused of intentionally overcharging residents for vehicle tags, then pocketing the extra cash.
- She would use a "sharpie" to mark and obstruct the amount due on a tag purchase.
- On each of these purchases where the "sharpie" was used, Ladnier would take in excess funds from the customer and not return them at the end of the transaction.
- Pled guilty
- Sentenced to 5 years probation, and ordered to pay full restitution


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PERSONAL PROPERTY

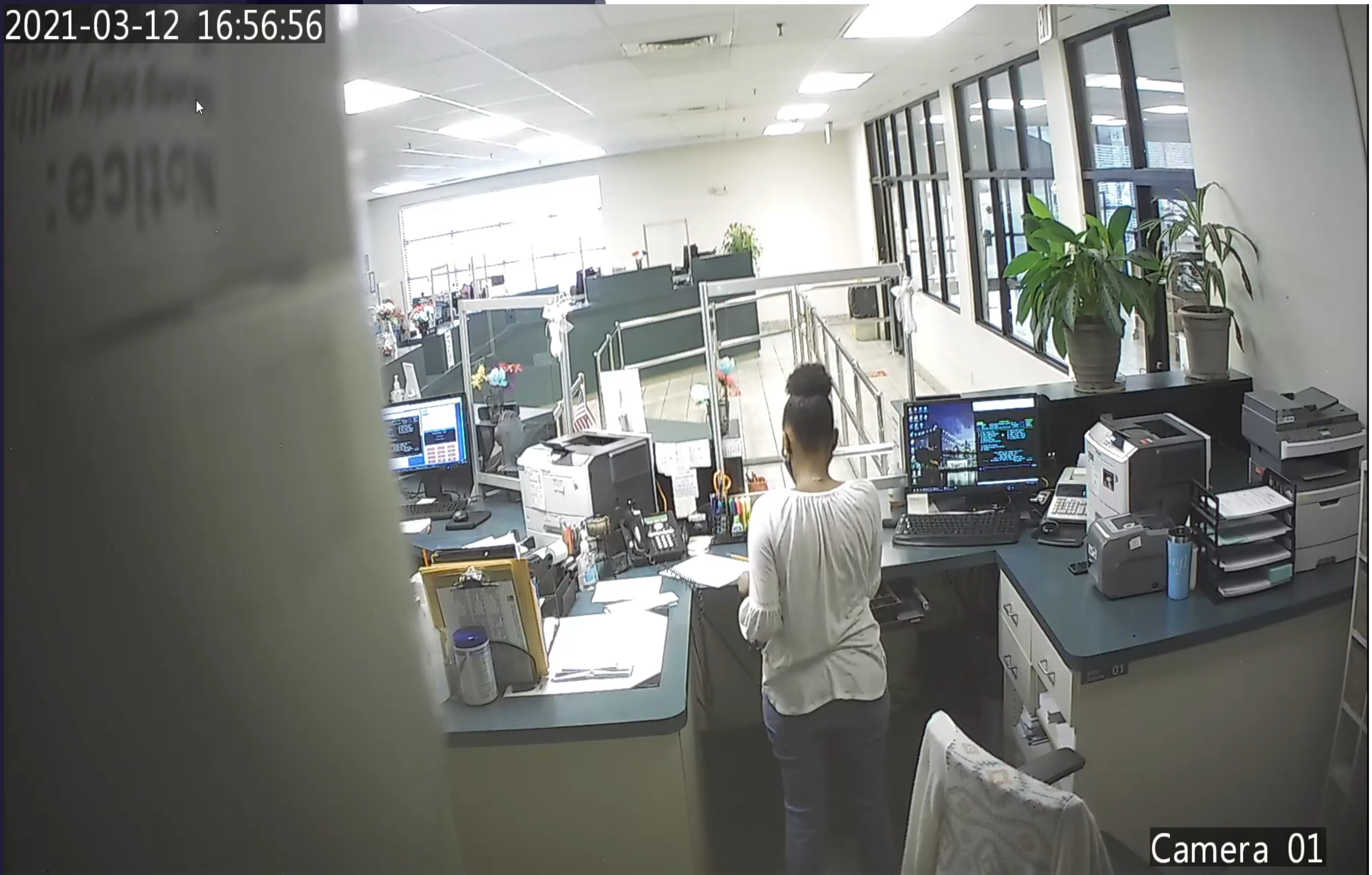
OFFICE OF THE STATE AUDITOR MISSISSIPPI

Fraud Trends

Tiffany Lofton

- Former Deputy Tax Collector
- Indicted for embezzlement in October 2021
- Embezzled approximately $5,940 from residents when they paid cash for county trash collection fees.
- Manipulated the accounting software in an attempt conceal the scheme by crediting residents accounts
  - Ex. New construction; not living at the residence yet

- Lofton pled guilty and was sentenced to 3 years house arrest, 5 years post-release supervision, and ordered to pay restitution.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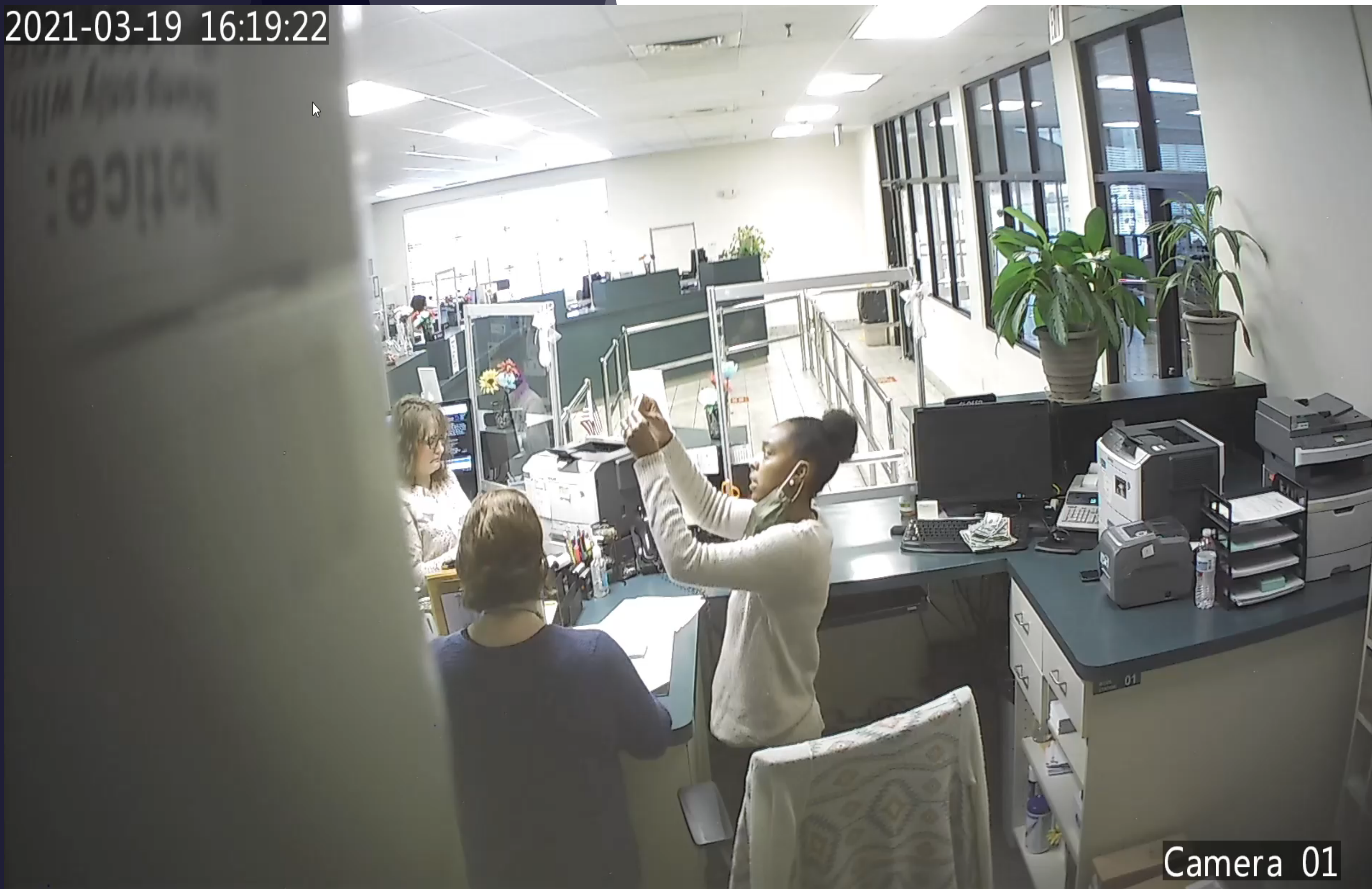
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ACFE Statistics

- Approximately **40%** of fraud cases are caused by a lack of internal controls.
- After an instance of fraud, approximately **80%** of organizations modify internal controls.
- Approximately **90%** of perpetrators have been on the job at least one year. Approximately **50%** have been for six or more years.
- Over **90%** of offenders have no previous charge/conviction for fraud.
- Over **60%** of fraud perpetrators are people aged **36 - 50** .

Ratley, James D. Report to the Nations on Occupational Fraud and Abuse. 2014, Report to the Nations on Occupational Fraud and Abuse.

ACFE Statistics

- Entities with **<u>fewer</u>** employees often experience **<u>more</u>** fraud.

Ex. Universities vs Community Colleges

- Smaller entities also experience higher losses per instance of fraud.

- Over half of government fraud is at the local and state level.

- Nearly half of all fraud cases are detected by a tip.

- **IS MISSISSIPI THE MOST CORRUPT STATE?????????**

Ratley, James D. Report to the Nations on Occupational Fraud and Abuse. 2014, Report to the Nations on Occupational Fraud and Abuse.

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