



# INVESTIGATIVE REPORT

Lori Torres, Inspector General

OFFICE: INDIANA AUDITOR OF STATE

TITLE: CHECK FRAUD

CASE ID: 2018-04-0119

DATE: May 29, 2018

*Inspector General Chief Legal Counsel, Tiffany Mulligan, after an investigation by the Inspector General's Director of Investigations, Darrell D. Boehmer, reports as follows:*

The Indiana General Assembly charged the Office of Inspector General (OIG) with addressing fraud, waste, abuse, and wrongdoing in the executive branch of state government. IC 4-2-7-2(b). The OIG also investigates criminal activity and ethics violations by state workers. IC 4-2-7-3.

On April 9, 2018, the OIG received information from the Auditor of the State (AOS) regarding three counterfeit checks received by the Treasurer of State (TOS) in 2017. The AOS reported that the TOS denied and returned three checks as counterfeit and put a stop to the check warrant numbers. This came to the AOS's attention when the check numbers that were stopped came up in sequence and were issued to state employees for wages earned. A former state employee contacted the AOS after he tried to deposit his check and it bounced. The AOS then contacted the TOS, who provided information on two additional checks that the TOS found to be counterfeit and payment was stopped.

OIG Director of Investigations, Darrell D. Boehmer, conducted an investigation into this matter. Director Boehmer spoke with a representative from the TOS, who indicated that the three checks that had been stopped were counterfeit and had warrant numbers that the State had not yet issued. The real checks were not altered or stolen. The TOS informed Director Boehmer that the State of Indiana did not incur a loss because the bank that handles checks for the TOS denied payment on the checks.

Director Boehmer found that the payee on two of the three checks cashed the checks at Arvest Bank, which operates in Arkansas and Oklahoma. Director Boehmer issued a subpoena to Arvest Bank for any account and business records related to the three counterfeit checks. An Arvest Bank representative replied that they would not respond to a subpoena from the State of Indiana.

Director Boehmer found no evidence to suggest that a state officer, employee, or special state appointee was involved in creating the counterfeit checks. The TOS also did not make payment on the fraudulent checks. As such, the State of Indiana has suffered no financial loss due to the fraudulent checks. Furthermore, Arvest Bank declined to cooperate with the OIG's subpoena, making it difficult to pursue this investigation further. For these reasons, the OIG is closing this case for insufficient cause. Should additional information be brought forward, the OIG may reexamine this initial evaluation.

Dated: May 29, 2018

APPROVED BY:



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Lori Torres, Inspector General