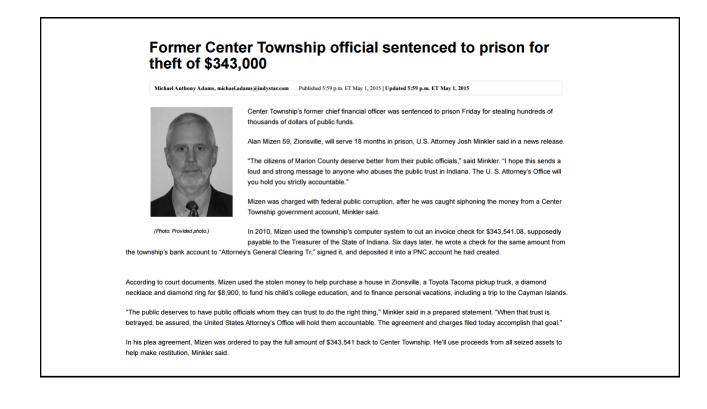
Mark Mahon Director of Special Investigations Indiana State Board of Accounts

BACKGROUND

- U.S. Army veteran
- Retired from the FBI after 20 years of service (Violent Crimes, Terrorism, Cyber, Public Corruption and Fraud Cases)
- Joined the State Board of Accounts in 2016
- Notable fraud/corruption cases:
 - Tim Durham/Fair Finance (\$208 million/5000 investors defrauded)
 - Robert Long/Jason Edwards/James Davis (law enforcement corruption)
 - Lincoln Plowman (City Councilman and IMPD Officer)
 - Alan Mizen



SBOA Special Investigations Role

- Assess situations where there is an indication of fraud or other criminal activity involved (Situations = complaints into the SBoA, issues that come up in routine audits, self referrals, law enforcement referrals)
- Where appropriate, conduct a focused audit/investigation on the activities related to the potential criminal activity
- Coordinate with law enforcement, prosecutors, and the Indiana Attorney General to resolve the matter through the judicial system
- Prevent the misuse of public resources through education and outreach

Prevention = Good Internal Controls

- Ensure no one person has control over all parts of a financial/business transaction. (Help avoid salary overpayments, inappropriate reimbursements, fraudulent check maker schemes, conflict of interest issues)
- Restrict use of agency credit cards and verify all charges made (Help avoid personal charges)
- Protect petty cash funds and other cash funds (Help avoid theft)
- Protect checks against fraudulent use. (Help avoid unauthorized check maker scheme/forgery)
- Protect cash and check collections. (Help avoid skimming schemes)

Separation of Duties May Have Prevented Alan Mizen

- Alan Mizen logged onto the Township's computer system and created an invoice for a check in the amount of \$343,541.08.
- Accounting records were created indicating the check was payable to the Treasurer of the State of Indiana.
- The actual check from the Township's bank account was made payable to "Attorney's General Clearing Tr."
- Mizen endorsed the check and deposited it into an account held by "Alan S Mizen DBA Attorney's General Clearing Tr."
- Thereafter, Mizen transferred the funds to his various personal accounts and used the money to purchase a home in Zionsville, Indiana; purchase a Toyota Tacoma pickup truck; fund his child's college education; finance several personal vacations; purchase a diamond necklace and diamond ring; and make other purchases.

Issues To Look Out for

- Inappropriate Overpayment of Salary (also occur by not withholding taxes and causing the unit to pay for employee's share of withholding)
- Skimming schemes (theft of receipts using varied ways to try to cover it up or no attempt to cover it because controls lacked to catch it)
- Use of unit's credit account to pay for personal purchases
- Fraudulent reimbursement schemes
- Use of position to waive fees/not charge for services/not collect for services
- Kickbacks/Bribery/Pay to Play (Extortion)

What to do if you suspect criminal activity

- IC 5-11-1-27: Requires all local units to report material losses, thefts, or shortages directly to SBoA
- Contact SBoA ASAP. You can contact the SBoA director for your unit or contact me.
- Often officials will also contact ISP and/or FBI.

What to expect from Special Investigations

- In initial call, we will notate the who, what, when, where, and how much with contact info
- Assess the situation to determine if its with SBoA's jurisdiction
- When appropriate, conduct focused audit/investigation
- When appropriate, coordinate with law enforcement (generally ISP and FBI)

CONSIDERATIONS

- The matter will take time to resolve
- Emotions can run high
- Investigations are conducted with the highest level of professionalism
- Mismanagement, sloppiness, and ethical lapses are not criminal

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