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
  - 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 it's within 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