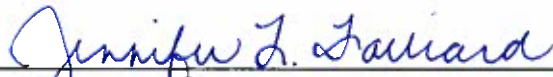


**Former ROD's Willful Disregard  
for County Policies and Procedures  
and Cooperative Vendors Facilitated  
Development of a "Pot of Gold"  
for Improper Use of County Funds**

**February 2021**

**Milwaukee County Office of the Comptroller  
Audit Services Division**

**Scott B. Manske, CPA  
Milwaukee County Comptroller**



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**Jennifer L. Folliard, Director of Audits  
Molly R. Pahl, Deputy Director of Audits**

**Audit Team**

Bruce Landrum, Jr.  
Narcisia (Edie) Bland  
Sandra Swan

**Review Team**

Paul A. Grant, CPA  
Candice Lindstrom

**Administrative Support**

Cheryl A. Hosp



Office of the Comptroller  
Audit Services Division

# Milwaukee County

Jennifer Folliard, Director of Audits  
Molly Pahl, Deputy Director of Audits

To the Honorable Chairwoman  
of the Board of Supervisors  
of the County of Milwaukee

February 19, 2021

We have completed an audit, *Former ROD's Willful Disregard for County Policies and Procedures and Cooperative Vendors Facilitated Development of a "Pot of Gold" for Improper Use of County Funds*. A response from the current ROD Ramón is attached as **Exhibit 2**. The Comptroller has also provided a response to several recommendations, which are countywide in nature. His response is attached as **Exhibit 3**. We greatly appreciated the cooperation extended by ROD Ramón and his staff during the course of this audit.

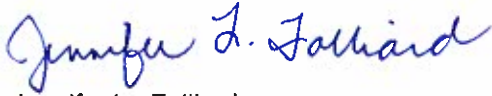
We conducted an investigation into the behavior of the prior ROD and referred the materials to law enforcement in 2016. In June of 2020 former ROD La Fave was charged with one felony count of wire fraud. Our report provides a look at what occurred at the ROD's office. We analyzed what procedures are in place at the county and if they were being followed. We looked to see if there are improvements needed for internal controls and provided detail on how the alleged fraud occurred. Our analysis primarily focused on the time when ROD La Fave served as ROD and included substantial review of internal and external email communication. Due to the pending criminal case and the involvement of vendors, we did not contact the vendors for information directly.

We found that ROD La Fave used a vendor, SSR, to perform ROD functions. As a part of one of the projects SSR submitted, at the direction of La Fave, falsified "pre-pay" invoices to create a funds on account on SSR's books for La Fave to spend at his discretion. We found the highest level of cumulative funds on account at SSR at year end to be \$850,000 in 2014. When the project was completed in 2016, there was over \$350,000 remaining in the "pot of gold" as La Fave referred to the funds. In addition SSR charged project technician fees of approximately \$93,313 where we did not find any evidence of work performed. La Fave's guilty plea includes a restitution payment to Milwaukee County of \$89,000.

In addition, we found that La Fave bypassed state statutes, county ordinances and guidelines in solely executing revenue contracts with another vendor, Fidlar. He directed the improper retention of revenue with Fidlar to establish a funds on account which we estimated held approximately over \$800,000 funds from 2011 to 2018. Fidlar provided gifts of over \$7,800 to La Fave from 2010 to 2018 which were reported on La Fave's Statement of Economic Interest form.

We made ten recommendations that we believe will help the county address the issues raised in the report. Many of the recommendations are countywide in nature. We have been in communication with the appropriate entities regarding their involvement in the recommendations.

Please refer this report to the Audit Committee. The Office of Corporation Counsel has recommended that the item be noticed for possible closed session under Wis. Stat. § 19.85(1)(f).



Jennifer L. Folliard

JLF/mrp

Attachment

cc: Scott B. Manske, CPA, Milwaukee County Comptroller  
Milwaukee County Board of Supervisors  
David Crowley, Milwaukee County Executive  
Israel Ramón, Register of Deeds, Milwaukee County  
Sherri Jordan, Interim Director, Milwaukee County Department of Administrative Services  
Kelly Bablitch, Chief of Staff, Milwaukee County Board Staff  
Margaret Daun, Corporation Counsel, Milwaukee County  
David Cullen, Treasurer, Milwaukee County  
Margo Franklin, Director, Department of Human Resources  
Genaro Baez, Director, HR Talent Acquisition  
Brian Dranzik, Director, General Mitchell International Airport  
Megan Rogers, Director, Risk Management, Milwaukee County DAS  
Adam Gilmore, Administrator, Ethics Board  
Steve Cady, Research & Policy Director, Office of the Comptroller  
Janelle Jensen, Legislative Services Division Manager, Office of the Milwaukee County Clerk  
Emily Petersen, Research Analyst, Officer of the Comptroller



February 2021

## Former ROD's Willful Disregard for County Policies and Procedures and Cooperative Vendors Facilitated Development of a "Pot of Gold" for Improper Use of County Funds

### BACKGROUND

Former Register of Deeds John La Fave was charged with one felony count of wire fraud in June of 2020 and entered into a plea agreement with the U.S. Attorney's office. La Fave pled guilty to allegations that beginning in April of 2011 and continuing through 2017, La Fave and "Business A" executed a scheme to evade the county budgeting and procurement rules and processes in order to give La Fave control over the funds. County Board File No 19-486 requested an audit to determine what occurred and what recommendations exist that could prevent future misuse of county funds.

### OVERALL OBJECTIVE

Our overall objective was to review the county's policies and procedures for purchasing and use of outside vendors, accounts payable process and issuance of revenue contracts. In addition, we analyzed what occurred within the ROD's office under La Fave and two vendors, SSR and Fidlar, to determine if he was following established State Statutes, county ordinances, policies and procedures and guidelines.

### WHAT WE FOUND

- La Fave used SSR to perform ROD functions including a social security number redaction program.
- La Fave used sole source agreements with SSR that prohibited the use of third party vendors. SSR used third party vendors and in order to pay these vendors, SSR used a "funds on account" or submitted invoices to Milwaukee County on SSR letterhead instead of the third party vendor's letterhead. Creating the funds on account was done via the submittal of fake pre pay invoices to the county which allowed La Fave to build and then maintain the funds off the county books and spend at his discretion.
- We found the highest level of cumulative funds on account at SSR at year end to be \$850,000 in 2014.
- By overpaying SSR by \$211,178 in 2014, La Fave ended fiscal year 2014 with a deficit of \$226,795 that would have been nearly eliminated if he paid SSR only for actual work performed.
- County processing software does not remind departments that pre-payment to a vendor is not allowed.
- When asked by a County Supervisor regarding the redaction project balance in 2014, La Fave emailed it was \$100,000 when our review found it to be approximately \$851,988.
- At the point SSR finished the redaction project, there was over \$350,000 remaining in the "pot of gold" as La Fave referred to the funds on account in his email (shown below).
- "Project technician fees" were charged by SSR of over \$142,000. We found \$48,969 in project management charges and \$93,313 in charges where we did not find evidence of any work performed. La Fave's plea agreement includes a restitution to the county of \$89,000 from La Fave.
- It appears in addition to county employees moonlighting on the SSR redaction project that SSR employed both La Fave's wife and daughter.
- Fidlar provides numerous products to the county some of which are revenue based. La Fave executed the revenue contracts as the lone county signature and included language allowing Fidlar to hold county revenue contrary to state and county policies. A lack of review of revenue contracts and revenue deposits meant these actions were not caught prior to our fraud investigation.
- La Fave used the holding of revenue at Fidlar to create a funds on account similar to the one at SSR.
- La Fave manipulated the deposit of revenues from Fidlar to correspond to his budgeted revenue amounts as to not create suspicion.
- La Fave used the funds on account to pay for lodging while attending conferences in addition to suggesting the use of the funds to pay for attendance and food and possible tickets for Brewers games in Milwaukee, Chicago and St. Louis.
- Fidlar gifted La Fave over \$7,800 in gifts from 2010 to 2018 which were reported on his Statement of Economic Interest form to the Ethics Board. Currently no information is included on the forms regarding the relationship of the vendor to the recipient.
- We found that approximately \$800,000 was held in funds on account at Fidlar from 2011 to 2018.
- The current ROD followed county policies when executing a new contract with Fidlar in late 2019.

<b>From:</b>	LaFave, John
<b>Sent:</b>	Monday, January 25, 2016 3:32 PM
<b>To:</b>	msobie@ssr-online.com
<b>Cc:</b>	Sarit Singhal; Eckert, Larry
<b>Subject:</b>	Estimate of \$ on account after PROGRIO completes their indexing

Woo hoo!  
Glad to be done with redaction.

I would still like to receive the monthly report as to how we're spending the pot of gold.  
I guess it can be given a new name, such as ROD Balance on Account.

### Why We Did This Audit

We conducted an investigation into the behavior of the prior ROD and referred the materials to law enforcement in 2016. In June of 2020 former ROD La Fave was charged with one felony count of wire fraud. County File No. 19-486 requested an audit to determine if procedures were being followed and any recommendations to improve internal and external controls along with details on how the alleged fraud occurred and any information about involved vendors.

### What We Recommend

ASD made ten recommendations that, if implemented, will address the issues raised in the audit. Key items include:

- The county should update current policies and procedures, manuals and training to include a reminder to departments that the county does not prepay for services.
- The county should review the conduct of SSR and determine if debarment as a county vendor is an appropriate action.
- DHR should work to create and publish guidelines for departments to use when establishing procedures to follow when employees request to perform work for an outside entity including specific instructions when that outside entity is a vendor under a county contract.
- The ROD should work with DHR to review the conduct of ROD employees who were included on email correspondence discussing the former ROD's scheme and who processed inappropriate invoices on his behalf to determine whether corrective action is appropriate for violation of State Statutes, county ordinances, policies and procedures.
- The Administrator of the Ethics Board should prepare a resolution to be considered by the County Board to modify the Statement of Economic Interest form to include information regarding the status of a vendor's relationship with a department when a gift has been received in excess of \$50.
- The current ROD should request full documentation from Fidlar for the funds on account, prepare a written policies and procedures manual for contract review and signature signoff and issue a RFP for all products currently offered from Fidlar at the county.
- The county should review its cash receipts process and possibly include attestations that all earned revenue has been received.
- The county should update ordinances to reflect current statutory guidelines for contracts and include revenue contracts.
- The county should form a workgroup to finalize and issue an updated AMOP including current and accurate procedures to follow for purchasing contracts.
- The county should form a workgroup to develop a training program and manual for newly elected officials to explain their role and the application/explanation of relevant county policies and procedures.

For more information on this or any of our reports visit <https://county.milwaukee.gov/EN/Comptroller/Reports>

To report county government fraud, waste or abuse call 414-933-7283 or visit <http://county.milwaukee.gov/Audit/Fraud-Reporting-Form.htm>

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# Former ROD’s Willful Disregard for County Policies and Procedures and Cooperative Vendors Facilitated Development of a “Pot of Gold” for Improper Use of County Funds.

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## Summary

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The Milwaukee County Register of Deeds (ROD) is an elected constitutional officer whose mission is to provide timely, secure, accurate, archival accessible and cost-effective record systems and services. The 1848 Wisconsin Constitution established the ROD as a permanent element of the county-level governmental structure. The ROD has two primary functions: working with vital records and land record documents.

In May 2015, the Audit Services Division opened an investigation concerning Milwaukee County ROD John La Fave based upon receipt of a tip to the Audit Services Division's Fraud Hotline. The initial focus of the investigation was on potential violation(s) of the county Code of Ethics by La Fave and/or a county vendor, Fidlar. The investigation then developed evidence of actions by ROD personnel and representatives of Fidlar and another ROD vendor, Superior Support Resources (SSR), which was deemed to have the possibility of rising to criminal misconduct. Due to the potential criminal behavior, Audit Services Division referred the initial investigation materials to law enforcement in 2016. The Federal Bureau of Investigation conducted a lawful search on the ROD's Office on February 6, 2019. ROD John La Fave retired on April 12, 2019. In June of 2020, our office was notified that the U.S. Attorney's Office for the Eastern District of Wisconsin filed a charge against former Milwaukee County Register of Deeds John La Fave.

A portion of our review includes the analysis of emails sent between La Fave and the two vendors. This is due in part to the establishment of funds on account with the vendors which eliminated the typical county records we would use. It should be noted that there were gaps in the information available to us as the FBI seized documents as a part of its investigation.

The current Register of Deeds, Israel Ramón, was appointed by the Governor on May 10, 2019 and elected to the office on November 3, 2020. He replaced John La Fave who was first elected to the office in 2003 and retired in 2019.

**SSR provided services to ROD beginning in 2006 including redacting social security numbers from documents.**

Superior Support Resources, Incorporated (SSR), provided Information Technology related services to the ROD including both a social security redaction program and indexing of documents beginning in 2006. Our review found the last identified payment to SSR from the ROD occurred in June of 2017.

**SSR's agreements were issued as sole source agreements which should have prevented the use of third party vendors. SSR used two methods to pay third party vendors – from a "funds**

**on account” and submitting invoices to Milwaukee County on SSR letterhead for work performed by third parties.**

These agreements were issued as sole source contracts. An exception to the Chapter 32 competitive bidding requirement is a purchase from a sole source. Sole source contracts do not allow for subcontracting as the premise is the vendor awarded the contract is the only viable provider excluding any work done by a Targeted Business Enterprise if required. However, SSR used third party vendors to accomplish certain contract requirements for their work with the ROD's Office and La Fave. La Fave utilized two methods to pay third party vendors performing work for SSR. The first was a “pre-payment” to SSR from Milwaukee County by means of fake invoices. Payments to SSR by fake invoices created a “funds on account” pool to pay third party vendors. The funds on account was a reserve fund maintained on SSR books rather than in the county's financial system. The other method of payment was to submit invoices on SSR letterhead for work performed by the third parties.

**Creating the funds on account at SSR via the submittal of fake pre-pay invoices to Milwaukee County allowed La Fave to pay for services in later years at his discretion and kept the funds off of the county books.**

Using the pre-payment method allowed La Fave to establish funds on account at SSR which he used to pay for services in later years. This is a violation of State Statute 59.60 which requires any county surplus at year end to be lapsed and rolled into the next adopted budget. A review of La Fave emails showed communications from La Fave to SSR directing them to submit invoices in a stated amount to be paid. La Fave was aware of the need to spend all funds before the end of the county fiscal year as he adds in an email to SSR, “Use it or lose it. Holding it with you all is a nice way to deal with it.” Receiving fake invoices from the sole source vendor allowed La Fave to submit the invoices to the centralized county Accounts Payable Division to be paid. Since the invoices followed the master price agreement and were authorized for payment by the ROD, they were processed.

**SSR converted third party invoices into SSR invoices in order to receive payments from Milwaukee County.**

The second method of payments used by La Fave and SSR would be to prepare an SSR invoice that reflected the amount owed to the third party vendor but would be converted to a SSR invoice in order to obtain payment from Milwaukee County's Accounts Payable Division. We found in emails that La Fave would direct SSR as to whether costs should be paid out of the funds on account or have an invoice prepared by SSR to submit to the county and be processed through the county's accounts payable system.

**In 2015 the master price agreement was modified to eliminate nine out of 11 items although work continued on the eliminated items by third party vendors.**

The master price agreement from 2015 contained two line items: consulting service at \$125 per hour and computer services and document indexing completed at \$0.79 for each document. The prior master price agreements had 11 items of work to be performed by SSR. On July 17, 2015, La Fave sent the Procurement Office an email agreeing to remove nine of the 11 line items from the SSR master price agreement. La Fave said that the nine line items were not needed “because that scanning and back indexing project is complete.” A review of emails after July of 2015 show that work on the eliminated items continued. In order to provide payment for work outside of the master price agreement, third party vendors would submit invoices to SSR. After receipt of the third party invoice, SSR would create a SSR invoice in order to receive payment.

**Because the funds were held at SSR and not at Milwaukee County, SSR sent a monthly SIR report to La Fave which was the only record of the funds. Our review found the highest level of the funds on account at the end of a calendar year to be \$850,000 in 2014.**

The SIR report provided by SSR to La Fave containing the information on payments from and deposits into the funds on account was provided monthly via email. Both the redaction and the indexing project were used to accumulate funds on account at SSR. The December report would include the annual amount incurred and accumulated during the relevant year. The reports included payments received since 2010. From that time to 2018, SSR received over \$2.2 million for their work on both projects including payments of approximately \$93,313 for project technician fees that we were unable to justify. We found the highest balance in the funds on account was in 2014 with SSR holding over \$850,000 in county funds to be used at the direction of La Fave. As of January 2018, La Fave had spent down the funds on account to the point where there was a remaining balance of \$3,491. We were provided documentation that a check was received and deposited from SSR in the amount of \$3,491 on March 22, 2019.

**The pre-payment of funds to SSR by La Fave impacted his department’s year end fiscal position. In 2014, he had a departmental deficit of \$226,795 and a net pre-paid amount of \$211,178 to SSR that year. If La Fave had not prepaid SSR, those funds would have nearly eliminated his departmental deficit.**

The amount paid to SSR over the cumulative period eventually equaled the work invoiced, notwithstanding project technician fees, since in later years more work was performed than was invoiced to Milwaukee County. This was due to the overpayment by Milwaukee County in prior years as SSR and La Fave established the funds on account. We wanted to evaluate the annual year end ROD financial position to see if the annual pre-payment to SSR impacted those results. We found the year with the largest impact is 2014 where the department had a year-end deficit of \$226,795 and



had a net pre-payment to SSR for the year of \$211,178. If La Fave had only paid SSR for the work performed that year, the department's deficit for the ROD's Office in 2014 would have been reduced to \$15,617.

**Prior to payment being issued by the Accounts Payable Division, invoices must be signed off as ok to pay, however, there is no language reminding departments that invoices should not be submitted for payment until services have been received and that pre-payment of services is not allowed.**

Currently, training on the financial systems is offered to employees by both the Office of the Comptroller's Accounts Payable Division and the Department of Administrative Services' Procurement Division. The current payment process within the county's financial systems for services provided to the county does not include language or an attestation from the department that the invoices should be paid because all services have already been received.

**In 2014, when asked about the redaction project La Fave misled a County Supervisor regarding the status of the redaction funds.**

During budget deliberations in the fall of 2014, La Fave was questioned by a County Supervisor regarding how much redaction money would remain at the end of the year. La Fave responded, via email, there was \$100,000 in the balance sheet that would be spent on future redaction work. As of December 2014, the current balance of funds on account was \$851,988 or \$751,988 higher than he told the Supervisor based upon the year end SIR report provided by SSR to La Fave via email.

**At the point that SSR had finished the redaction project there was over \$350,000 remaining in the "pot of gold" as La Fave referred to it in an email.**

The redaction project was concluded by January of 2016, at that point, the funds on account at SSR totaled over \$350,000. La Fave in an email refers to the funds as the "pot of gold" and discusses requesting continuous monthly reports on how the funds are being spent.

**In 2017 La Fave suggested the use of the SSR funds on account to fix his personal computer while also paying for a meal with SSR.**

In 2017, La Fave emailed SSR to say that, "we've got a few thousand remaining held in account with SSR and no projects to spend it on. I think we should spend some on consultation with you (lunch out) plus my bringing in my personal laptop if someone in your company can help clean it up, speed it up, etc."

**During the course of the redaction project based upon the documents we had access to SSR charged Milwaukee County over \$142,000 in project technician fees. Often this fee was added to invoices from third party vendors without a clear indication that any work was performed. The plea agreement La Fave entered into included restitution to Milwaukee County of \$89,000.**

A line item within the master price agreement was a \$125 hourly fee for technician consulting. Reviewing the monthly reports we had access to reveal a total payment of \$142,282 in technician consulting fees from 2010 to 2018. We found approximately \$48,969 in project management charges that were for legitimate purposes. For the remaining \$93,313 in charges on the invoices, we did not find evidence that any work was performed by SSR to justify this fee other than the creation of either pre-paid invoices or invoices to pay third party vendors.

**The ROD's relationship with SSR ended in early 2018 however, SSR still advertises the work performed for the ROD on its website. In addition, while ROD La Fave has pled guilty to a plea agreement, SSR still is an available county vendor.**

We found that as of November 2020 the SSR website still lists its work for Milwaukee County's ROD's Office. We reviewed the county's purchasing system for any other departmental use of SSR. We found that since 2012 SSR performed work for other county departments including work of approximately \$58,000 for the Department of Transportation – Airport Division in 2020.

**Milwaukee County includes debarment of contractor language in two of its ordinances for non-compliance or failure to achieve results. The State of Wisconsin includes in its Administrative Code conditions for consideration of debarment including falsification of records.**

Chapter 111 of the Milwaukee County Ordinances includes the discussion of the ability to debar contractors who are in noncompliance of the Minimum Wage Ordinance. Chapter 44 allows for debarment of contractors for failure to achieve project residency goals for public works contracts for up to two years. The Department of Administrative Services has as recently as 2019 recommended debarment of a vendor under Chapter 44. The State of Wisconsin Administrative Code Chapter 24.05 states that the department may debar a contractor for reasons including: Embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property or obstruction of justice; or any other offense indicating a lack of business integrity or of business honesty which offense seriously and directly affects the responsibility of the contractor or subcontractor.

**The redaction project with SSR utilized independent contractors as employees to complete the necessary work. La Fave sought out candidates for the work and it appears from emails that SSR employed both La Fave's wife and daughter on the project.**

On May 30, 2012, John La Fave issued a memo which sought out staff to assist in the social security redaction program. We found in our review of email correspondence between La Fave and SSR that both his wife and daughter pursued working, or had previously worked, for SSR as redactors. During our review we found evidence that La Fave requested SSR to remove his wife from their list of

redactors and begin the process to add his daughter as a redactor. Chapter 9 of the Milwaukee County Code of Ordinances states that, “no county public official or employee shall use his/her public position or office to obtain financial gain or anything of substantial value for the private benefit of himself/herself or his/her immediate family, or for an organization with which he/she is associated.” Chapter 9 defines immediate family as including a spouse or child.

**We found during our review of records that multiple employees of the ROD worked on the redaction project at SSR. In interviews with current employees who performed this work, all stated work was not performed on county time or with county resources. Through our review of records available, we did not find any evidence to dispute this claim.**

In reviewing SSR reports, we found eight county employees who worked on the project. Of those, five are no longer employed at Milwaukee County. We reviewed a sample of payroll records from 2015 and we did not find any evidence within the records that work was performed on county time. Chapter 9 of the Milwaukee County Ethics Code allows for outside employment for county officials and employees. We interviewed the Director of HR Operations and Talent Acquisition from the Department of Human Resources to obtain the county’s procedures on employees working for a county contractor. The Director informed us that Milwaukee County does not currently have a countywide procedure to follow when an employee is moonlighting for a contractor.

**Fidlar has provided services to ROD since 1999 including the Tapestry, Laredo, Monarch and Avid programs.**

Fidlar Technologies, Incorporated (Fidlar) offers a variety of land records software products for the ROD, which allow the public to have electronic access to ROD real estate records. The county began using Fidlar in 1999. Some of Fidlar’s products used by ROD are purchased from Fidlar and others function where revenue is collected and remitted to the ROD from Fidlar.

**La Fave executed revenue contracts with Fidlar as the lone county signature and included language allowing Fidlar to hold county revenue contrary to state and county policies.**

Many of the contracts with Fidlar were revenue based and signed on behalf of the county by La Fave only. Some of the revenue contracts included statements that allowed for Fidlar to retain a portion of the revenue at Fidlar rather than depositing the revenue with Milwaukee County. This is in violation of the Wisconsin state law prohibiting a rainy day fund for the county. In an email to staff at Fidlar in 2015, La Fave acknowledged his awareness that the structure of his agreements with Fidlar were in violation of county policies. He reminds Fidlar to refer to them as an agreement rather than a contract since he was aware that “a real contract would have to go before the county board for approval, plus it would probably require an RFP.”

**Revenue contracts are not currently monitored outside of the issuing department and the practices for depositing of revenue do not contain contract verification, a gap in the county's internal controls. La Fave used this loophole to independently execute contracts allowing for the establishment of funds on account by having Fidler disperse revenue at his request rather than when it was received.**

While the Comptroller issued a memo in 2014 that contained guidelines for how departments should issue revenue contracts, there was no mechanism we found to confirm that a department follows the guidelines. Controls exist for contracts where the county pays a vendor with the Docusign Contract signature system and the accounts payable review that will not process a payment by the county to a vendor providing a service if the contract was not properly executed. According to the Office of Corporation Counsel, revenue contracts are required to go through the Docusign system, however, the execution of revenue contracts are not currently monitored outside of individual departments and the practices for depositing of revenue do not contain contract verification such as occurs with a purchasing contract.

**The lack of an internal control to verify that revenue contracts be routed and approved via the Docusign contract signature system meant La Fave could insert provisions into revenue contracts that were contrary to county policy.**

The county uses a two part verification system in regards to contracts and payments to ensure all contracts have the required review and signature. Step one is the review and signature process in the Docusign system. Step two is the control where a review occurs at the Accounts Payable Division level when a payment is required. When a payment for a vendor is requested, accounts payable staff verifies that the contract under which payment is requested has the appropriate signatures and board action, if required. La Fave signed Fidler revenue contracts with language that included statements such as, "Fidler will disperse revenue accordingly as requested by the county" and "Fidler will hold monthly payment in an account at Fidler." Since there is no issuance of payment out of the county system for a revenue contract the outside review of the contract does not occur. Without a control in place to verify the submittal of revenue contracts through the county's signature system, La Fave was able to skip routing his revenue-based contracts through Docusign undetected.

**La Fave established a funds on account at Fidler through the retention of revenue owed to Milwaukee County that Fidler held.**

La Fave used the contracts he signed with Fidler to establish a funds on account at Fidler that was similar to the funds on account at SSR. However, the system at Fidler was based upon the retention of county revenue by Fidler through their various services that they administered on behalf of the ROD's Office. According to our records he began having Fidler hold revenue on account from the Fidler Tapestry program as least as far back as 2009.

**At times, La Fave held back roughly half of the revenue owed to the county by Fidar in order to avoid the revenue going to the county's general fund. In addition, we found an unsent email to SSR that stated, "Shhh I don't advertise this to our fiscal folks or the county board."**

In an unsent email to SSR in 2015, La Fave explains that he currently has about \$99,000 in his funds on account at Fidar. He also informs SSR he has Fidar pay Milwaukee County just under half of the revenue so that the revenue doesn't go to the county's general fund. La Fave also indicates that Fidar allows him to spend the funds on account on any product or services that have a relationship to Fidar.

**In 2017 La Fave informed other county Register of Deeds that he retained revenue with Fidar rather than depositing it properly with Milwaukee County or as La Fave referred to it, "our county general fund sinkhole."**

In 2017, La Fave sent an email to some of his fellow RODs where he indicated he encouraged customers to use the Fidar Tapestry program since that allowed him to increase his funds on account rather than the Laredo program where the revenue was deposited directly with Milwaukee County. In his email, La Fave complained, "Unfortunately, Laredo revenue just gets deposited into our county general fund sinkhole."

**La Fave understood that Milwaukee County expected revenue deposits from his vendors and manipulated the timing of his deposits to not raise concerns.**

La Fave was aware that the county budgeted an expected amount annually to be received from the Fidar services and he ensured that enough of the revenue be transferred from Fidar to the county to meet or exceed his budget. We found evidence in the emails from La Fave to the ROD Office Coordinator from July of 2018 when he told her, "Not too worry. Very soon I will tell Fidar to not keep any of the Monarch and Tapestry revenue and to send it all to us. Before the end of the year we will reach or surpass the budget amounts."

**La Fave directed the payment of items either from funds on account or by submitting the proper paperwork to pay from Milwaukee County directly. His emails show he clearly understood the risk of exposure associated with an invoice sent by mistake to Milwaukee County.**

During the period of review La Fave used the funds to pay for items for the ROD's Office either from the funds on account or from Milwaukee County directly by submitting an invoice to accounts payable to be processed. In 2014, La Fave became upset when, by mistake, an invoice was submitted to the county's centralized Accounts Payable Division rather than paying for items from the funds on account. An email chain between La Fave and the ROD Office Coordinator demonstrates that both

La Fave and his staff were aware of the potential problems that would result if invoices were mistakenly submitted to Accounts Payable. In an email the Office Coordinator stated she would appreciate it if Fidler send a credit memo to ensure that the paper trail is “nice and clean (so questions don’t arise in the future).”

**La Fave used funds on account from Fidler to pay for lodging while attending conferences rather than use county funds which requires completion of a Travel Expense report and copies of receipts. He at times used multiple methods to pay for travel.**

In addition to using the funds to pay for services and commodities for the operation of the ROD’s Office, La Fave used the funds on account for travel expenses for himself and his staff primarily to attend conferences. In 2013, La Fave attended the Property Records Industry Association conference in Washington D.C. In an email he sent to Fidler on February 18, 2013, he used county funds to pay for the lodging. He indicated in the email signing a sales order to allow for the use of funds on account to pay for his airfare. He also requested that a Fidler expense account be used to provide him with a meal or two while at the conference.

**La Fave also directed Fidler to pay for the expenses of the Deputy ROD and his wife to attend the Property Insurance Records Industry Association Conference.**

In 2009, the Deputy ROD attended the Property Records Industry Association conference. La Fave emailed his deputy, that he hoped Fidler would treat them to a good time. And stated, “remember to put hotel meals (and massages or whatever...) On to your hotel ROOM bill so that Tapestry covers them!” We conducted an interview with the Deputy ROD who said he did not remember how travel he conducted had been paid for possibly due to the length of time since the travel. He said it was not typical for him to travel and not pay it through the normal county process.

**La Fave did not limit his use of the funds on account for travel for conferences. We found evidence that the funds on account may have been used for attendance and food at baseball games and possibly for the purchase of tickets.**

In an email, La Fave proposed using the funds on account to pay for entertainment items such as lodging to see a baseball game in St. Louis. The email was not clear as to whether funds on account were to be used to pay for the game tickets or if Fidler would pay. A separate email from May 28, 2014, shows the confirmation by La Fave that he, his wife, the Deputy ROD and his wife would be attending a baseball game at Wrigley Field in Chicago. La Fave asks in the email, “If there’s any chance that you could finagle having the Tapestry credit cover the lodging too that would be nice.” La Fave reported on his annual 2014 Statement of Economic Interest receiving gifts from Fidler totaling \$332.72 with the descriptions of dinner, ballgame, food and lodging at Wrigley Field.

**Chapter 9 of the Milwaukee County Code of Ordinances establishes the Ethics Code providing guidance to employees and officers of Milwaukee County to avoid conflicts of interest. More scrutiny is required of Statements of Economic Interest to flag potential conflicts.**

Chapter 9 of the Milwaukee County Code of Ordinances contains the Ethics Code which seeks to provide a code of ethics for the guidance of county public officials and county employees to help them avoid conflicts between their personal interests and their public responsibilities. In addition, the Chapter states that, “the ethical county public official or employee should not...Accept anything of value from any source that is offered to influence his or her action as a public official.” Chapter 9 establishes the requirements for certain county officials or employees to file a statement of economic interest and specifies that those whose duties and responsibilities include the awarding or execution of contracts shall file the statement. Included in the Statement of Economic Interest form is a section that requires employees filling out the form to indicate whether they had received any gifts with a value in excess of \$50. We reviewed La Fave’s reports from 2010 to 2018. During that time period La Fave reported receiving \$7,976 worth of gifts. Of that amount \$7,826 was from gifts from Fidlar. All Statement of Economic Interest forms are available to the public from the Ethics Board to ensure transparency according to the Administrator of the Ethics Board. The current version of the form does not require any disclosure of whether a vendor that has given a gift to an official or an employee has a contract with the department official who is filling out the form. The lack of that information limits the effectiveness of the form since it then requires a reader to be aware of all vendor relationships within a department when reviewing the form.

**Funds on account being held by a vendor rather than on the County’s financial system hindered our ability to research expenses. We used emails which show that at least approximately \$800,000 was held in funds on account at Fidlar from 2011 to 2018.**

We reviewed email exchanges between Fidlar and La Fave to attempt to determine the amount that was held in the funds on account at Fidlar from 2011 to 2018. We found an email exchange between La Fave and Fidlar that contained an itemized listing in 2015 of all expenses from the funds on account since October of 2011. Due to a lack of records after that point, we found evidence that the balance grew to \$165,327 as of 2018.

**ROD Ramón followed County policies and procedures when establishing a new master price agreement with Fidlar in the fall of 2019 and added new reporting requirements of Fidlar.**

The newly elected ROD Ramón informed us that Fidlar had paid in full all outstanding funds on account as of December 2019. In addition, a new contract with Fidlar was executed in the fall of 2019 which requires the submission of invoices to ROD, the county’s Information Management Services Division and the Milwaukee County Accounts Payable Division. In an interview with ROD Ramón he indicated he had implemented a new review process upon assuming the position of ROD.

**According to the county's Central Accounts Payable Department Liaison the paying of vendors at Milwaukee County is, "complicated, there is no other way to say it."**

We conducted numerous interviews with multiple staff members who are responsible for various aspects of Milwaukee County paying its vendors. According to Accounts Payable staff, there is not one particular document throughout the county which would explain how the departments connect regarding the procedure and process of paying invoices, the dollar amount, and whom is responsible for what.

**Per State Statute Milwaukee County is required to roll each annual surplus into the following year's budget rather than establish an operating rainy day fund as is allowed for municipalities.**

State Statute 59.60 requires that the one-time annual surplus of the county be applied against the tax levy requirements of the subsequent year's budget. This results in any leftover funds within a given year being required to be rolled into the county's general fund and applied toward the next property tax levy amount. This prohibits a department from holding onto funds for use in a subsequent year as La Fave did with both SSR and Fidar. Annually the County Board adopts a resolution transferring the annual surplus (or deficit) into the subsequent adopted budget.

**State Statutes dictate that all county officers, employees and any other body that collects or receives revenue on behalf of the county deposit it with the Milwaukee County Treasurer.**

While the ROD is an elected official of Milwaukee County, statutes and ordinances governing contracts and purchasing apply. State Statutes call for the payment of all revenue to the County Treasurer at the time that is prescribed by law. Revenue deposits or cash receipts in the county's financial system, Advantage, does not currently contain any language reminding departments of this statutory requirement. In addition, there is currently no detailed review of revenue deposits beyond verification of a deposit at the bank conducted by an entity outside of the department making the deposit such as that which occurs with the Accounts Payable Division at the county when payments are made to vendors.

**Milwaukee County has two ordinances that deal primarily with contracts and purchasing at Milwaukee County. State Statute changes modified contractual requirements, however, Milwaukee County has not updated its ordinances to reflect State Statute.**

The Milwaukee County Code of Ordinances contain two sections that primarily deal with contracting and purchasing at Milwaukee County. Chapter 56.30 deals with contracts and professional services while Chapter 32 deals with procurement of services. There are additional ordinances that deal with specific types of contracting such as purchase of services or public works. Professional Services are services the value of which is substantially measured by the professional competence of the person



performing them, and which are not susceptible to realistic competition by cost of services alone. Milwaukee County Chapter 56.30 of its Code of Ordinance establishes the policies for Professional Service Contracts at Milwaukee County. The County Board approval requirements in the ordinance for contracts are no longer valid or accurate due to the standards established via State Statute. Chapter 32 subchapter 2 of the Milwaukee County Code of Ordinance establishes and defines the role of the Department of Administrative Services which includes the Procurement Division. While Chapter 32 provides the guidelines for the purchase of commodities it also has jurisdiction over certain service contracts. It provides the foundational definition of a service contract as “an agreement primarily related to staff services including, but not limited to, housekeeping, security, landscaping, maintenance, clerical services, food services, and other non-professional services.”

**To provide clarity to employees on how to be in compliance with existing ordinances and statutes, Milwaukee County has issued memos, Office of Corporation Counsel opinions and developed an Administrative Manual of Operating Procedures (AMOPs).**

In a continued attempt to provide clarity regarding county contracting, the Office of Corporation Counsel and the Comptroller have issued multiple opinions and memos to help to establish guidelines for Milwaukee County staff in the proper execution of contracts.

The Department of Administrative Services provides an Administrative Manual of Operating Procedures and policies that guide the operation of Milwaukee County government, in compliance with federal, state, and local law. It is a resource for staff, citizens and those who work with county government.

**Elected Officials at the county maintain some autonomy in terms of spending ability but must follow all relevant State Statutes and county ordinances. Guidance for new Elected Officials appears lacking in providing clarification of the level of autonomy available by position.**

Milwaukee County’s structure includes a number of independently elected positions. While the County Board adopts the annual budget, there is a certain level of financial independence granted to the departments that are run by elected officials. These entities are given expenditure authority with more freedom to run their departments at their discretion. However, they must comply with all applicable State Statutes, county ordinances, policies and procedures. Even in the case of the Sheriff, whose constitutional powers in Wisconsin are recognized as broader than other officers, his department conforms to standard county procedures.

Every organization has the risk of fraud occurring. In recognition of this, most organizations employ controls and mechanisms to minimize the risk or opportunity for fraud to occur. The Milwaukee County Board approved the establishment of a fraud hotline within the Audit Department in 1993. A

hotline is one of the most common fraud detection methods. However, detecting fraud after it occurs is only part of the solution. Enhancing controls within the organization to make the opportunity for fraud more difficult should be the goal of every organization.

The majority of Milwaukee County employees we encounter in our work take pride in working for the county, and understand the responsibility which accompanies public sector work. The county has controls which are designed to ensure processes run smoothly, to catch errors, and also inappropriate behavior. But no control system will completely eliminate fraud (particularly in cases of collusion or cooperation). Consequences for misuse of public office are significant due to this responsibility and bad actors have reaped these consequences. The county needs to hold vendors who do not abide by its values accountable.

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## Background

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The Milwaukee County Register of Deeds (ROD) is an elected constitutional officer whose powers are established in State Statutes 59.43, 69.05 and 69.07. The mission of the ROD is to provide timely, secure, accurate, archival accessible and cost-effective record systems and services that are delivered in a prompt and courteous manner. The 1848 Wisconsin Constitution established the ROD as a permanent element of the county-level governmental structure. Each county in Wisconsin has a Register of Deeds. The ROD has two primary functions: working with vital records and land record documents. The Register of Deeds files, records, and issues instruments and documents of significance both to the community as a whole and to its individual citizens. Vital records document the span of our lives from birth to death. Land records documenting title in Wisconsin are maintained. The time of the act or transaction is often an important element in rights or relationships. The ROD records the time when, in effect, the public record is established.

Vital Statistics maintains files on birth, death and marriage records, declarations of domestic partnerships, and change of name orders according to State Statute 69.05 and 69.07. Certified copies of vital records are sold to the general public. Finally, the public may research birth records from the 1850's to present, death records from 1872 to present and marriage records from the 1830's to present.

The Register of Deeds indexes key fields of information found on real estate documents, such as grantor, grantee, legal description, and parcel ID number. Indexed data is necessary to allow title searchers and the general public to successfully search for a recorded document. The ROD contracts with numerous outside entities to provide its services to the residents of Milwaukee County.

In the 2021 Adopted Budget the ROD was anticipating expenditures of \$1.1 million and revenues of \$4.6 million. As of October 2020, the breakdown of the staff by racial group was 20% from the Black or African American racial group, 13% from the Hispanic racial group and 67% from the white racial group. The staff of the ROD's Office was 73% female.

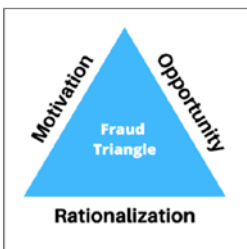
In May 2015, the Audit Services Division opened an investigation concerning Milwaukee County ROD John La Fave based upon receipt of a tip to the Audit Services Division's Fraud Hotline. The investigation was predicated on photographs La Fave posted to his publicly available Facebook page of him and described "business associates" attending a professional baseball game between the Milwaukee Brewers and the Chicago Cubs in Chicago, Illinois in September 2014. The business

associates were representatives of Fidlar Technologies, Incorporated. Fidlar is a software vendor for the ROD's Office. The initial focus of the investigation was on potential violation(s) of the county Code of Ethics by La Fave and/or Fidlal. The investigation then developed evidence of actions by ROD personnel and representatives of Fidlal and another ROD vendor, Superior Support Resources (SSR), which was deemed to have the possibility of rising to criminal misconduct. Due to the potential criminal behavior, Audit Services Division referred the initial investigation materials to law enforcement in 2016.

The Federal Bureau of Investigation conducted a lawful search on the ROD's Office on February 6, 2019. ROD La Fave retired on April 12, 2019. In June of 2020, our office was notified that the U.S. Attorney's Office for the Eastern District of Wisconsin filed a charge against former Milwaukee County Register of Deeds John La Fave. Mr. La Fave was charged with one felony count of wire fraud. Also in June of 2020, La Fave entered into a plea agreement with the U.S. Attorney's Office which included the following synopsis of the allegations that La Fave pled guilty to:

Beginning at least by April of 2011 and continuing through at least December of 2017, La Fave and employees of Business A executed a scheme to evade the county budgeting and procurement rules and processes. The scheme was designed to give La Fave control over funds belonging to Milwaukee County outside of the budgeting and procurement process. In his capacity as ROD, La Fave was subject to county budgeting and procurement rules and regulations. In interviews with investigators and the prosecution team, La Fave advised that he directed the disposition of money outside the county procurement process, and manipulated the ROD budget, so as to avoid having to go to the County Board for purchases and decisions on vendors.

### The Fraud Triangle



Among the theories of why individuals may choose to engage in fraudulent activities, the 'fraud triangle' seeks to lay out some of the motivating factors. Drawing on criminological research, the fraud triangle was coined to model conditions that lead to a higher risk of fraud. According to the National Whistleblower Center, the fraud triangle states that "individuals are motivated to commit fraud when three elements come together: some kind of perceived pressure, some perceived opportunity and some way to rationalize the fraud as not being inconsistent with one's values."

According to the Association of Certified Fraud Examiners, the first leg of the fraud triangle represents pressure or incentive. This is what motivates the crime in the first place. The individual has some financial problem that they are unable to solve through legitimate means, so they begin to consider

committing an illegal act such as stealing cash or falsifying a financial statement, as a way to solve the problem. In the case for La Fave, we find evidence that the restrictions placed on him by State law and county policies and procedures prevented him from spending funds as he wanted, and in the timeframe he desired, which motivated him to find alternate means to control and establish funds “off the county books” and outside of the established controls and review process at the county.

The second leg of the Fraud Triangle is perceived opportunity which defines the method by which the crime can be committed. The person must see some way they can use their position of trust to solve their financial problem with a low perceived risk of getting caught. In the case of La Fave, he was caught due to photos posted to his Facebook account of attending a baseball game with “business associates” in Chicago which led to a Fraud hotline complaint about potential improper receipt of gifts. While scrutinizing that allegation, the division’s Fraud Investigator found the creation of “funds on account” with two vendors who had contracts for services for the ROD’s Office. The ensuing investigation by the division’s Fraud Investigator found that La Fave surrounded himself with county and non-county parties who obliged and facilitated his skirting of statutes, ordinances and policies. The end result led to the FBI investigation and eventual felony wire fraud charge.

The final leg of the Fraud Triangle is rationalization. The vast majority of fraudsters are first-time offenders with no criminal past. The fraudster must justify the crime to himself in a way that makes it an acceptable or justifiable act. While we do not know how the rationalization may have occurred, the improperly used funds were primarily used to procure county services. However, these services were obtained in a manner that violated State Statutes, circumvented the county processes and denied the County Board its right to determine how county funds would be allocated.

The audit of the Register of Deeds was initiated in response to a request by the Milwaukee County Board of Supervisors under Resolution File No. 19-486, which states, in part:

That Milwaukee County requests the Audit Services Division (ASD), Office of the Comptroller (Comptroller) perform an audit of the Register of Deeds Office to determine if Milwaukee County (the County) procedures are being followed and any recommendations to improve internal and external controls and prevent future misuse of funds; and...the audit should address the alleged misuse of public monies and any other factor that would assist in understanding how the alleged fraud occurred, including but not limited to details about any vendors that may have helped perpetrate the malfeasance.

In order to understand what occurred under La Fave at the ROD’s Office, the audit was designed to provide a discussion of La Fave’s relationships with two of his primary vendors and review existing

policies, procedures and internal controls at the county. Sections 1 and 2 detail the relationship between ROD La Fave and SSR and Fidler and analyzes what occurred within, and in disregard of, existing State and county guidelines. Section 3 maps out the county's policies and procedures for purchasing along with changes that occurred during ROD La Fave's tenure.

A portion of our review includes the analysis of emails sent between La Fave and the two vendors. This is due in part to the establishment of funds on account with the vendors which eliminated typical county records we would use. It should be noted that there were gaps in the information available to us as the FBI seized documents as a part of its investigation. We have noted in our discussion when these gaps in information impacted our analysis or results. Because our focus was based primarily on the behavior of county officials and employees and due to the ongoing criminal proceedings, we did not talk to the vendors that La Fave used during his tenure as the Register of Deeds, though we did review documentation provided to the current ROD and Office of Corporation Counsel from Fidler.

The current Register of Deeds, Israel Ramón, was appointed by the Governor on May 10, 2019 and elected to the office on November 3, 2020. He replaced John La Fave who was first elected to the office in 2003 and retired in 2019.

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**Section 1: Superior Support Resources, Incorporated worked with ROD La Fave to submit fake invoices to create a reserve fund at SSR, intermittently billed and collected for a technician fee without performing services, and improperly invoiced for third party work.**

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**SSR provided services to ROD beginning in 2006 including redacting social security numbers from documents.**

**SSR provided services to the ROD beginning in 2006.**

Superior Support Resources, Incorporated (SSR), based out of Brookfield, Wisconsin, provided Information Technology related services to the ROD including both a social security redaction program and indexing of documents during the period of our review. Beginning in 2006, SSR began providing services to ROD under a master price agreement that was issued under Chapter 32 of the Milwaukee County Code of Ordinances. SSR was a sole source price vendor to the ROD since 2010. Our review found the last identified payment to SSR from the ROD occurred in June of 2017.

**In May of 2010, the State began a program to redact social security numbers on ROD documents and authorized a \$5 fee. ROD used SSR to perform the task.**

In May of 2010, Wisconsin 2009 Act 314 created the requirement of the State's Register of Deeds to no longer include social security numbers on their documents and required the offices to redact social security numbers on existing documents. To offset the cost for this project, the legislation authorized a \$5 document recording fee on top of the existing \$25 fee. In July of 2013, the portion of the act that designated the additional \$5 fee for redaction was repealed but the increase to the fee remained and Milwaukee County continued its redaction program until early 2016. Per

current State Statute, the fee remains at \$30. La Fave used SSR to perform the redaction project.

**SSR's agreements were issued as sole source agreements which should have prevented the use of third party vendors. SSR used two methods to pay third party vendors – from a “funds on account” and submitting invoices to Milwaukee County on SSR letterhead for work performed by third parties.**

**Sole source contracts do not allow for subcontracting. It is presumed the vendor awarded the contract is the only viable provider.**

These agreements were issued as sole source contracts. An exception to the Chapter 32 competitive bidding requirement is a purchase from a sole source. The ordinance states that sole source purchases “by their nature, are not adapted to award by competitive bidding as determined by the procurement director or his or her designee and approved by the purchasing standardization committee.” The affidavit provided by Procurement to departments to request sole source contracts includes the statement that, “...items that are sole source in the true sense of the words. They are not legally available from any other source.” Sole source contracts do not allow for subcontracting as the premise is the vendor awarded the contract is the only viable provider excluding any work done by a Targeted Business Enterprise subcontractor if required.

**SSR and La Fave used two methods to pay third party vendors – out of a funds on account at SSR created using fake invoices and converting third party invoices on SSR letterhead.**

However, SSR used third party vendors to accomplish certain contract requirements for their work with the ROD's Office and La Fave. In order to pay third party vendors because the Accounts Payable Division would not honor invoices from entities not under contract with Milwaukee County, SSR and La Fave utilized two methods. The first was a “pre-payment” to SSR from Milwaukee County by means of fake invoices. Payments to SSR by fake invoices created a “funds on account” pool to pay third party vendors. The funds on



account was a reserve fund maintained on SSR books rather than in the county's financial system.

The other method of payment was to submit invoices on SSR letterhead for work performed by the third parties. These invoices also included a payment to SSR for a "technician" even though these services were not performed for Milwaukee County. According to the Procurement Director, there is never a case when it would be acceptable to pre-pay for an item or service, with the exception of a purchase just made for the pandemic.

**Creating the funds on account at SSR via the submittal of fake pre-pay invoices to Milwaukee County allowed La Fave to pay for services in later years at his discretion and kept the funds off of the county books.**

**La Fave directed SSR to submit fake invoices in order to pre-pay them and create the funds on account.**

**State Statute 59.60 requires any county surplus at year end to roll into the next adopted budget. Creating the funds on account at SSR allowed La Fave to avoid that as he stated in an email to SSR "Use it or lose it. Holding it with you all is a nice way to deal with it."**

Using the pre-payment method allowed La Fave to establish funds on account at SSR which he used to pay for services in later years. This is a violation of State Statute 59.60 which requires any county surplus at year end to be lapsed and rolled into the next adopted budget. A review of La Fave emails showed communications from La Fave to SSR directing them to submit invoices in a stated amount to be paid. Figure 1 shows an email from December of 2014 from La Fave to the Director of Finance and Operations for SSR with a copy sent to the ROD's Office Coordinator. In the email La Fave directs SSR to submit the "pre-pay" invoice to avoid the lapsing of funds at year end. La Fave is aware of the need to spend all funds before the end of the county fiscal year as he adds in the email, "Use it or lose it. Holding it with you all is a nice way to deal with it."

**Figure 1**  
**Email from La Fave to SSR requesting “Pre-pay” Invoice**

<b>From:</b>	LaFave, John
<b>Sent:</b>	Monday, December 01, 2014 4:07 PM
<b>To:</b>	Mike Sobie
<b>Cc:</b>	Samowski, Teresa
<b>Subject:</b>	FYI ~ I'm going to send you a request for one more 'pre-pay' invoice very soon

Mike,

I'm going to send you a request for one more 'pre-pay' invoice very soon. Then please invoice Milwaukee County right away. This is to spend up funds we have remaining in a dozen accounts. Use it or lose it. Holding it with you all is a nice way to deal with it.

John La Fave  
Register of Deeds

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018.

**La Fave at times provided SSR with the detail for invoices including quantity and price.**

At other times, La Fave emailed SSR to create invoices based upon the items in the master price agreement to submit for payment from Milwaukee County. Receiving fake invoices from the sole source vendor allowed La Fave to submit the invoices to the centralized county Accounts Payable Division to be paid. Since the invoices followed the master price agreement and were authorized for payment by the ROD's Office, they were processed. Figure 2 shows an email from June of 2014 from La Fave to the Director of Finance and Operations for SSR with a copy sent to the ROD's Office Coordinator. In the email La Fave provides the detail including quantity and price for SSR to generate an invoice to be submitted to the Milwaukee County Accounts Payable Division for payment.

**Figure 2**  
**Email from La Fave to SSR requesting Creation of Invoice**

<b>From:</b>	LaFave, John
<b>Sent:</b>	Thursday, June 26, 2014 3:41 PM
<b>To:</b>	Mike Sobie
<b>Cc:</b>	Sarnowski, Teresa
<b>Subject:</b>	Create an invoice

Mike,

At your convenience, please send an invoice using the detail below.

Qty.	Description	Ea. Price	Total
248,350	SSN Redaction - Removal of SS numbers from old documents	0.09 =	\$22,351.15
56,300	Real Estate Documents indexed	0.79 =	\$44,477.00
<b>Grand Total = \$66,828.15</b>			

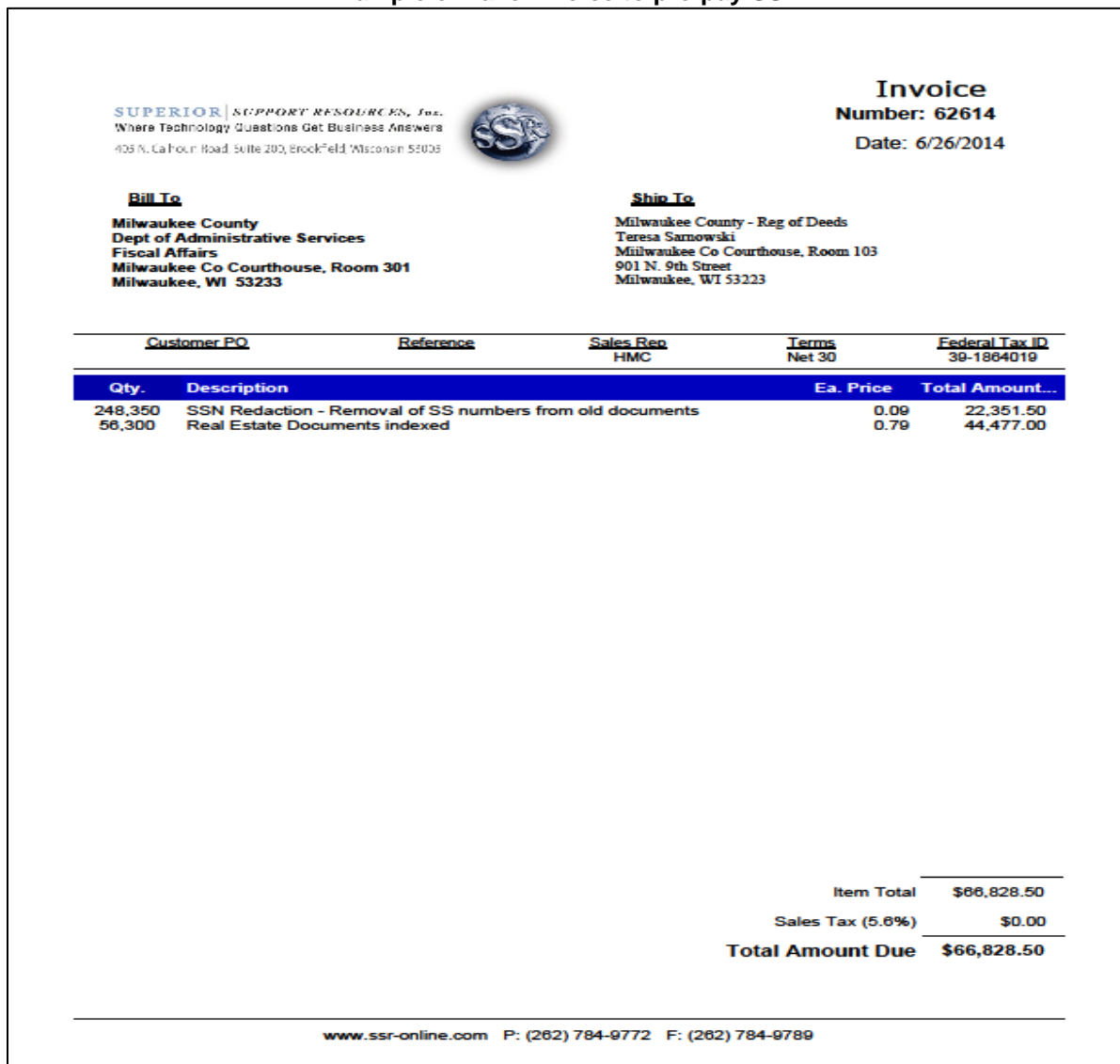
John La Fave  
Register of Deeds  
Milwaukee County

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018.

**Pre-pay or fake SSR invoices had invoice numbers that matched the date. Verified SSR invoices did not.**

In reviewing the invoices it was noted that the “pre-paid” invoices generally had an invoice number that was simply the date. In the example in Figure 3, the invoice number is 62614 since the date of the invoice was issued on June 26, 2014. Legitimate SSR invoice numbers did not match the date of the invoice. Figure 3 is an example of a “pre-paid” invoice.

**Figure 3**  
**Example of Fake Invoice to pre-pay SSR**




Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018.

**SSR converted third party invoices into SSR invoices in order to receive payments from Milwaukee County.**

The second method of payments used by La Fave and SSR would be to prepare an SSR invoice that reflected the amount owed to the third party vendor but would be

converted to a SSR invoice in order to obtain payment from Milwaukee County's Accounts Payables Division. In addition, SSR added 5% of the invoice total, disguised as a 'technician fee' at \$125 per hour as listed in the master price agreement, for the processing of the invoice. Figure 4 contains an invoice from a third party vendor dated March 28, 2014, sent to the Director of Finance and Operations at SSR with a total cost of \$7,496.84 for document, party, legal and associated document indexing.

**Figure 4**  
**Example of Third Party Invoice to SSR**

		American Cadastre, LLC 1710 Whittimore St Rock Island, IL 61201		<b>Invoice</b>					
<b>Bill To</b> Mike Sobie 333 Bishops Way #124 Brookfield, WI 53005		<table border="1"> <tr> <th>Date</th> <th>Invoice #</th> </tr> <tr> <td>3/28/2014</td> <td>ADC-1703</td> </tr> </table>		Date	Invoice #	3/28/2014	ADC-1703		
Date	Invoice #								
3/28/2014	ADC-1703								
		<table border="1"> <tr> <th>P.O. No.</th> <th>Terms</th> </tr> <tr> <td></td> <td></td> </tr> </table>		P.O. No.	Terms				
P.O. No.	Terms								
Description		Qty	Rate	Amount					
Batch Name: Mar-14									
Document Type Indexing - Document Number 04813359-04813775 thru 04799359-04800358		14,417	0.11	1,585.87					
Party Indexing - Document Number 04813359-04813775 thru 04799359-04800358		14,417	0.11	1,585.87					
Legal Indexing - Document Number 04813359-04813775 thru 04799359-04800358		14,417	0.25	3,604.25					
Associated Document Indexing - Document Number 04813359-04813775 thru 04799359-04800358		14,417	0.05	720.85					
Remittance Address: American Cadastre, LLC 13650 Dulles Technology Drive, Suite 400 Herndon, VA 20171			<b>Total</b>		\$7,496.84				


Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018.

Figure 5 contains an invoice dated March 31, 2014 found in La Fave's email from SSR to Milwaukee County in the

**Emails dated four days apart show a third party vendor invoicing SSR who then invoices Milwaukee County and adds \$375 worth of project technician costs.**

amount of \$7,871.84. This invoice is higher than the third party vendor's invoice by \$375. The SSR invoice includes three hours of project technician costs at \$125 per hour for a total cost of \$375. Also of note is that since this invoice is not a "pre-paid" invoice, the invoice number is 64389 and does not match the date like the "pre-paid" invoices do. This invoice was submitted by SSR to Milwaukee County for payment directly.

**Figure 5  
Example of SSR created Invoice off of Third Party**

<b>SUPERIOR   SUPPORT RESOURCES, Inc.</b> Where Technology Questions Get Business Answers 405 N. Calhoun Road, Suite 200, Brookfield, Wisconsin 53005			<b>Invoice</b> <b>Number: 64389</b> Date: 3/31/2014	
<b>Bill-To</b> <b>Milwaukee County</b> <b>Dept of Administration, Fiscal Affairs</b> <b>901 N 9th Street, Room 301</b> <b>Milwaukee, WI 53233</b>		<b>Ship-To</b> Attn: Teresa Sarnowski Milwaukee County Reg of Deeds Milwaukee County Courthouse, Room103 901 N 9th Street Milwaukee, WI 53223		
<u>Customer PO</u>	<u>Reference</u>	<u>Sales Rep</u>	<u>Terms</u>	<u>Federal Tax ID</u>
54425	Mar 2014	HMC .	Net 30	39-1864019
Qty.	Description	S.O. #	Ea. Price	Total
28,834	Grantee Index Name	27511	\$0.11	\$3,171.74 <sup>T</sup>
14,417	Verified Document	27511	\$0.25	\$3,604.25 <sup>T</sup>
14,417	Document Indexing Mortgage Indexing	27511	\$0.05	\$720.85 <sup>T</sup>
3.00	Project Technician 03/14	27511	\$125.00	\$375.00
			Item Total:	\$7,871.84
			Sales Tax:	\$0.00
<b>Total Amount Due:</b>				<b>\$7,871.84</b>

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018.

As can be seen in the email from July 1, 2015 in Figure 6, La Fave would direct SSR as to whether costs should be paid out of the funds on account or have an invoice prepared by SSR to submit to the county and be

processed through the county's accounts payable system. In this email La Fave states, "this time send an invoice to our Accounts Payable. We will pay from our budget."

**Figure 6**  
**Email showing La Fave paid for services from funds on account or from the county directly**

**From:** LaFave, John  
**Sent:** Wednesday, July 01, 2015 3:50 PM  
**To:** msobie@ssr-online.com  
**Cc:** Samowski, Teresa  
**Subject:** Send us an Invoice for the 2015-306 from Progrio LLC  
**Attachments:** Inv\_2015306\_from\_Progrio\_LLC\_169060.pdf

Mike,

For the invoice from PROGRIO, this time send an invoice to our Accounts Payable.  
 We will pay from our budget.  
 Have a wonderful weekend.  
 I'll be in two parades Saturday afternoon, Brown Deer and Shorewood.

Teresa,  
 When Mike sends their SSR invoice, please pay it from

6080	POSTAGE	\$40,000.00	\$6,352.83	\$0.00	\$33,647.17
------	---------	-------------	------------	--------	-------------

John

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**From:** LaFave, John  
**Sent:** Wednesday, July 01, 2015 11:55 AM  
**To:** Mike Sobie  
**Subject:** FURTHER COMMENT !!! ~~~~~ Re: Invoice 2015-306 from Progrio LLC  
**Importance:** High

Mike,

I approve the invoice but I'm going to analyze my budget and decide whether we will pay from our county budget or 'funds on account'.  
 I'll let you know no later than tomorrow.

Thanks.

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018.

**In 2015 the master price agreement was modified to eliminate nine out of 11 items although work continued on the eliminated items by third party vendors.**

The master price agreement from 2015 contained two line items: consulting service at \$125 per hour and computer services – document indexing completed at \$0.79 for each document. The prior master price agreements had 11 items of work to be performed by SSR. On July 17, 2015, La Fave sent the Procurement

Office an email agreeing to remove nine of the 11 line items from the SSR master price agreement. La Fave said that the nine line items were not needed “because that scanning and back indexing project is complete.” The July 2015 extension eliminated 9 of 11 line items. Figure 7 shows the email from La Fave to the Director of the Procurement Division agreeing to change to master price agreement.

**Figure 7**  
**Email from La Fave to Procurement Division on SSR Master Price Agreement Lines**

<b>From:</b> LaFave, John				
<b>Sent:</b> Friday, July 17, 2015 10:41 AM				
<b>To:</b> Lee, Patrick				
<b>Cc:</b> Peterson, Carsten; Panella, Laurie				
<b>Subject:</b> RE: RX 340-48625 Renew PA 54425 Superior Support Resources Computer Services for Register of Deeds				
Patrick,				
As I mentioned in a voice mail message to you a few minutes ago, I agree to remove 9 of the 11 items from our Milwaukee County Price Agreement with SSR. We don't need those nine because that scanning and back indexing project is complete.				
The two lines that I wish to keep and would like to discuss with you are lines 4 and 6.				
4	Hour	1	APPLICATIONS SPECIALIST IV	\$125.000
6	Each	1	DOCUMENT INDEXING COMPLETE	\$ 0.790
Sincerely,				
John La Fave Register of Deeds				

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018.



Table 1 shows the items included in the master price agreement prior to and after 2015.

<b>Table 1</b>		
<b>Items included in SSR's Master Price Agreement pre and post 2015</b>		
<u>Item</u>	<u>Master Price Agreement</u>	
	<u>Pre 2015</u>	<u>Post 2015</u>
Consulting Service	\$125/hour	\$125/hour
Document Indexing	\$0.79 each	\$0.79/item
Document Digital Image	\$0.06 each	Eliminated
Grantee Index Name	\$0.11 each	Eliminated
Verified Document	\$0.25 each	Eliminated
Temporary Service OT	\$187.50/hour	Eliminated
Document Indexing without Party Names	\$0.85 each	Eliminated
Document Indexing Mortgage Indexing	\$0.05 each	Eliminated
Computer Services	\$40 each	Eliminated
SSN Redaction	\$0.09 each	Eliminated
Indexing Real Estate Docs without legal description	\$0.63 each	Eliminated

Source: Audit Services Division created table based on selected emails sent by La Fave From 2010 – 2018.


**Emails show work on eliminated items from the price agreement continued by third party vendors who invoiced SSR.**

A review of emails after July of 2015 show that work on the eliminated items continued. In order to provide payment for work outside of the master price agreement, third party vendors would submit invoices to SSR. Most of these services and prices corresponded to line items which were deleted from the master price agreement between Milwaukee County and SSR. As noted above a master price agreement awarded as a “sole source” does not allow for the use of sub-contractors or third party vendors. After receipt of the third party invoice, SSR would create a SSR invoice to receive payment.

Figure 8 is a January 29, 2016 invoice from a third party to SSR detailing work performed. All of the items listed are items that were eliminated in the new 2015 Master Price Agreement between Milwaukee County and SSR.

Figure 8

Third Party Invoice submitted to SSR for payment under sole source Price Agreement

<b>Progrio LLC</b> 1710 Whittemore St Rock Island IL 61201				<b>Invoice</b>																											
		<table border="1"> <tr> <th>Date</th> <th>Invoice #</th> </tr> <tr> <td>1/29/2016</td> <td>2016-601</td> </tr> </table>		Date	Invoice #	1/29/2016	2016-601																								
Date	Invoice #																														
1/29/2016	2016-601																														
<table border="1"> <tr> <td> <b>Bill To</b>                      Milwaukee County                      Attn: Mike Sobie                      405 N Calhoun Rd Suite 200                      Brookfield, WI 53005                 </td> <td>                     Please contact with questions                      Gabrielle Goemaat                      ggoemaat@progrio.com                      309-786-5800 ext 224                 </td> </tr> </table>		<b>Bill To</b> Milwaukee County Attn: Mike Sobie 405 N Calhoun Rd Suite 200 Brookfield, WI 53005	Please contact with questions Gabrielle Goemaat ggoemaat@progrio.com 309-786-5800 ext 224																												
<b>Bill To</b> Milwaukee County Attn: Mike Sobie 405 N Calhoun Rd Suite 200 Brookfield, WI 53005	Please contact with questions Gabrielle Goemaat ggoemaat@progrio.com 309-786-5800 ext 224																														
		<table border="1"> <tr> <th>Contract Number</th> <th>P.O. Number</th> <th>Payment Terms</th> <th>Due Date</th> </tr> <tr> <td>025.21.307</td> <td></td> <td>Net 30</td> <td><b>2/28/2016</b></td> </tr> </table>		Contract Number	P.O. Number	Payment Terms	Due Date	025.21.307		Net 30	<b>2/28/2016</b>																				
Contract Number	P.O. Number	Payment Terms	Due Date																												
025.21.307		Net 30	<b>2/28/2016</b>																												
<table border="1"> <thead> <tr> <th>Description</th> <th>Qty</th> <th>Rate</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Document Type Indexing</td> <td>49,916</td> <td>0.11</td> <td>5,490.76</td> </tr> <tr> <td>Party Indexing</td> <td>49,916</td> <td>0.11</td> <td>5,490.76</td> </tr> <tr> <td>Legal Indexing</td> <td>49,916</td> <td>0.25</td> <td>12,479.00</td> </tr> <tr> <td>Associated Document Indexing</td> <td>49,916</td> <td>0.05</td> <td>2,495.80</td> </tr> <tr> <td colspan="4">                     January 2016 (1965 &amp; 1964 images)                      Document Number 04174368-04175367 thru 04125437-04126436                 </td> </tr> <tr> <td colspan="2"></td> <td><b>Total</b></td> <td><b>\$25,956.32</b></td> </tr> </tbody> </table>		Description	Qty	Rate	Amount	Document Type Indexing	49,916	0.11	5,490.76	Party Indexing	49,916	0.11	5,490.76	Legal Indexing	49,916	0.25	12,479.00	Associated Document Indexing	49,916	0.05	2,495.80	January 2016 (1965 & 1964 images) Document Number 04174368-04175367 thru 04125437-04126436						<b>Total</b>	<b>\$25,956.32</b>		
Description	Qty	Rate	Amount																												
Document Type Indexing	49,916	0.11	5,490.76																												
Party Indexing	49,916	0.11	5,490.76																												
Legal Indexing	49,916	0.25	12,479.00																												
Associated Document Indexing	49,916	0.05	2,495.80																												
January 2016 (1965 & 1964 images) Document Number 04174368-04175367 thru 04125437-04126436																															
		<b>Total</b>	<b>\$25,956.32</b>																												
Remittance Address Progrio LLC 1710 Whittemore St Rock Island IL 61201		Transfer to: Bank of America NA 100 West 33rd St New York, NY 10001		For Account of: Account Name: Progrio LLC ACH DMT Routine #: 011000138																											


Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**Evidence that this invoice was paid out of funds on account is the statement on the invoices that it was paid on the same day as the invoice date.**

Figure 9 shows the SSR created invoice, dated January 29, 2016, was to be used to process payment from the funds on account at SSR. The statement on the invoice, “This Invoice was paid on 1/29/2016” which is the same date as the invoice date provides an indication that it was not submitted to Milwaukee County for payment as

it is paid the day it was issued. In addition, SSR provided via email a monthly spreadsheet for the ROD project called the Superior Information and Redaction (SIR), listing all payments from the funds on account to La Fave. Invoice 73291 is listed on the SIR report.

**Figure 9**  
**SSR created Invoice from third party invoice to be paid out of funds on account due to elimination of the work items from the Master Price Agreement**

<b>SUPERIOR</b>   SUPPORT RESOURCES, Inc. Where Technology Questions Get Business Answers 405 N. Calhoun Road, Suite 200, Brookfield, Wisconsin 53005			<b>Invoice</b> <b>Number: 73291</b> <b>Date: 1/29/2016</b>	
<b>This Invoice was paid on 1/29/2016</b>				
<b>Bill-To</b> <b>Milwaukee County</b> <b>Dept of Administration, Fiscal Affairs</b> <b>901 N 9th Street, Room 301</b> <b>Milwaukee, WI 53233</b>		<b>Ship-To</b> Attn: Teresa Sarnowski Milwaukee County Reg of Deeds Milwaukee County Courthouse, Room103 901 N 9th Street Milwaukee, WI 53223		
<u>Customer PO</u>	<u>Reference</u>	<u>Sales Rep</u>	<u>Terms</u>	<u>Federal Tax ID</u>
	Jan 2016	HMC .	Net 30	39-1864019
Qty.	Description	S.O. #	Ea. Price	Total
99,832	Grantee Index Name	39205	\$0.11	\$10,981.52 <sup>†</sup>
49,916	Verified Document	39205	\$0.25	\$12,479.00 <sup>†</sup>
49,916	Document Indexing Mortgage Indexing	39205	\$0.05	\$2,495.80 <sup>†</sup>
10.50	Project Technician 01/16	39205	\$125.00	\$1,312.50
			Item Total:	\$27,268.82
			Sales Tax:	\$0.00
			<b>SubTotal:</b>	<b>\$27,268.82</b>
			Deposit:	(\$27,268.82)
			<b>Total Amount Due:</b>	<b>\$0.00</b>
<i>Service Details:</i>				
2015-507				
Web: www.ssr-online.com P: (262) 784-9772 F: (262) 784-9789				Page 1

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**Because the funds were held at SSR and not at Milwaukee County, the monthly SIR report from SSR to La Fave was the only record of the funds. Our review found the highest level of the funds on account at the end of a calendar year to be \$850,000 in 2014.**

**From 2010 to 2018 SSR received over \$2.2 million for their work on both projects including payments of approximately \$93,313 for project technician fees that our review was unable to justify.**

The SIR report provided by SSR to La Fave containing the information on payments from and deposits into the funds on account was provided monthly via email. Both the redaction and the indexing project were used to accumulate funds on account at SSR. The December report would include the annual amount incurred and accumulated during the relevant year. The reports included payments received since 2010. From that time to 2018, SSR received over \$2.2 million for their work on both projects including payments of approximately \$93,313 for project technician fees that we were unable to justify.

During our review we were able to find most of the annual reports dated as of December 31, however, some of the reports were missing and possibly were taken as a part of the search warrant by the FBI. We compiled the data we were able to analyze. Table 2 and Chart 1 show:

- the annual amounts we found that SSR was prepaid for work
- the annual amount of work performed by SSR including project technician fees
- the annual net of payments less work performed (in standard practice this amount should be zero)
- the cumulative funds on account

The highest balance in the funds on account we found was in 2014 with SSR holding over \$850,000 in county funds to be used at the direction of La Fave. As of

January 2018, La Fave had spent down the funds on account to the point where there was a remaining balance of \$3,491. We were provided documentation that a check was received and deposited from SSR in the amount of \$3,491 on March 22, 2019.

**Table 2**  
**Annual SSR Redaction Invoices, Payments and Funds on Account**

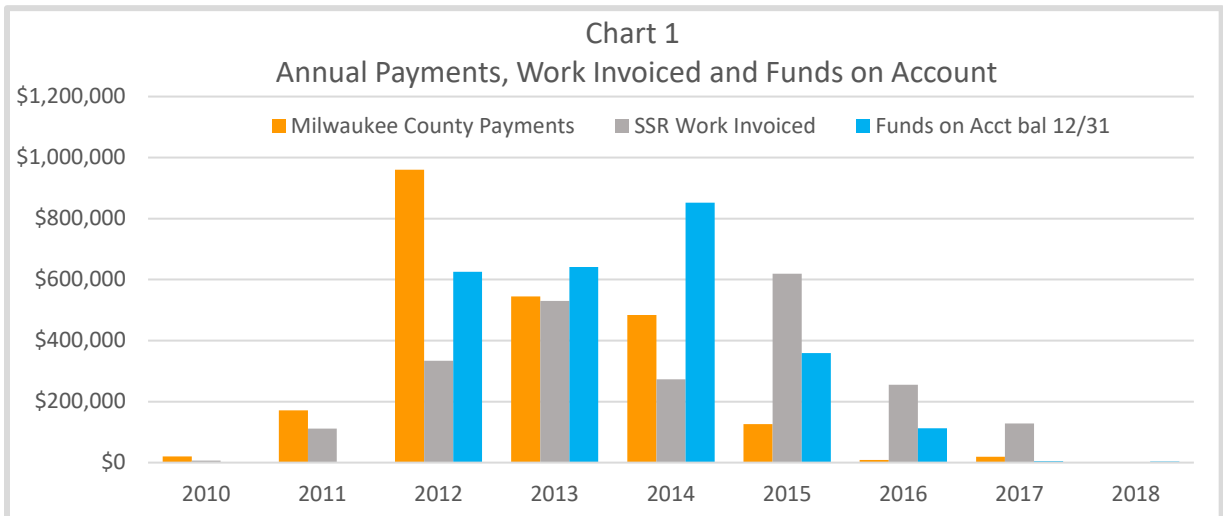
	<u>Milwaukee County Payments</u>	<u>SSR Work Invoiced</u>	<u>MC Payments less SSR Work Invoiced</u>	<u>Funds on Acct. Balance as of 12/31</u>
2010*	\$20,000	\$7,071	\$12,929	Unknown
2011*	\$171,190	\$111,172	\$60,018	Unknown
2012	\$960,049	\$334,364	\$625,685	\$625,685
2013	\$544,961	\$529,836	\$15,125	\$640,810
2014	\$484,110	\$272,932	\$211,178	\$851,988
2015	\$126,006	\$618,997	\$(492,991)	\$358,997
2016	\$9,006	\$255,068	\$(246,062)	\$112,935
2017	\$19,590	\$128,418	\$(108,828)	\$4,107
2018	\$0	\$615	(\$615)	\$3,491**
<b>Total</b>	<b>\$2,334,912</b>	<b>\$2,258,473</b>		

\* In complete data from 2010 and 2011.

\*\* Amounts are rounded in the table.

Source: Audit Services Division created table based on review of selected emails sent by La Fave from 2010 – 2018.

If a department and a vendor are following county policies and procedures, there should be no variance between the work invoiced and payments issued by Milwaukee County within a year. Chart 1 shows the data from Table 2. The orange column which represents the payments by Milwaukee County should be equal to the grey column which represents the work performed by SSR within a given year. If policies and procedures were followed no blue column would exist which is the funds on account balance because the county would only pay for services that have already been performed.



Source: Audit Services Division created chart based on selected emails sent by La Fave from 2010 – 2018

**The pre-payment of funds to SSR by La Fave impacted his department’s year end fiscal position. In 2014, he had a departmental deficit of \$226,795 and a net pre-paid amount of \$211,178 to SSR that year. If La Fave hadn’t prepaid SSR, the funds would have nearly eliminated his departmental deficit.**

The amount paid to SSR over the cumulative period eventually equaled the work invoiced notwithstanding project technician fees, since in later years more work was performed than was invoiced to Milwaukee County. This was due to the overpayment by Milwaukee County in prior years as SSR and La Fave established the funds on account.

We wanted to evaluate the annual year end ROD financial position to see if the annual pre-payment to SSR impacted those results. We found the year with the largest impact is 2014 where the department had a year-end deficit of \$226,795 and had a net pre-payment to SSR for the year of \$211,178. If La Fave had only paid SSR for the work performed that year, the department’s deficit for the ROD’s Office in 2014 would have been reduced to \$15,617.

**Pre-payment of invoices to SSR led to county funds not being available to offset or decrease deficits within the ROD's Office.**

Table 3 shows the year end position for expenditures, revenues and tax levy for 2010 to 2017 for the ROD along with the annual net amount of work performed versus payment to SSR. Finally it adjusts the annual tax levy position based upon the annual net of work performed versus payment to SSR.

	<b><u>ROD Year End Expenditures Surplus/(Deficit)</u></b>	<b><u>ROD Year End Revenue Surplus/(Deficit)</u></b>	<b><u>ROD Year End Tax Levy Surplus/(Deficit)</u></b>	<b><u>MC Payments Less SSR Work Invoiced</u></b>	<b><u>Adjusted Year End Property Tax Levy Surplus/(Deficit)</u></b>
2010	\$325,762	(\$331,404)	(\$5,642)	\$12,929	\$7,287
2011	\$502,323	(\$724,609)	(\$222,286)	\$60,018	(\$162,268)
2012	\$117,656	\$463,535	\$581,191	\$625,685	\$1,206,876
2013	\$85,286	(\$293,457)	(\$208,171)	\$15,125	(\$193,046)
2014	\$301,589	(\$528,384)	(\$226,795)	\$211,178	(\$15,617)
2015	(\$135,990)	\$225,813	\$89,823	\$(492,991)	(\$403,168)
2016	\$157,761	\$330,544	\$488,305	\$(246,062)	\$242,243
2017	\$167,971	\$244,613	\$412,584	\$(108,828)	\$303,756

Source: Audit Services Division created table based selected emails sent by La Fave from 2010 – 2018 and reports out of the County's financial website.

**Prior to payment being issued by the Accounts Payable Division, invoices must be signed off as ok to pay, however, there is no language reminding departments that invoices should not be submitted for payment until services have been received and that pre-payment of services is not allowed.**

Currently, training on the financial systems is offered to employees by both the Office of the Comptroller's Accounts Payable Division and the Department of Administrative Services Procurement Division. The current payment process within the county's financial systems for services provided to the county does not include language or an attestation from the department that the invoices should be paid because all services have already been received, therefore, we recommend:

1. *The Comptroller and the Department of Administrative Services:*

- a. *Update the current policies and procedures including any financial system instructional manuals to include a reminder to departments that the County does not pre-pay for services.*
- b. *Update any current and any new training on payment systems to include a reminder that the County does not pre-pay for services.*
- c. *Explore the possibility of adding a pop up reminder to any new financial systems implemented at the county that the county does not pre-pay for services.*

**In 2014, when asked about the redaction project La Fave misled a county supervisor regarding the status of the redaction funds.**

The work performed by SSR on the redaction project established by the State was not an unknown project beyond his office. During budget deliberations in the fall of 2014, La Fave was questioned by a County Supervisor regarding how much redaction money would remain at the end of the year. La Fave responded, via email, there was \$100,000 in the balance sheet and it would be spent on future redaction work. As of December 2014, the current balance of funds on account was \$851,988 or \$751,988 higher than he told the Supervisor based upon the year end SIR report provided by SSR to La Fave via email.

**La Fave emailed a Supervisor that the current balance in the redaction fund was \$100,000 in September of 2014. SSR records show a funds on account balance of \$851,988 as of December 2014.**

**La Fave also implied the funds were being held at the county in a balance sheet.**

In addition, La Fave refers to the funds as “in a balance sheet” which implies that the funds are housed at Milwaukee County in a dedicated fund for use on the redaction project rather than being held by SSR. The county uses balance sheets in a very limited capacity for funds that are typically held in trust or with restrictions which allows for an exemption to the State law prohibiting a rainy day fund.



Figures 10 and 11 show the emails sent from La Fave to the County Board Supervisor and an email from La Fave to SSR regarding the Supervisor's inquiry.

**Figure 10**  
**Email chain La Fave implies excess funds are held properly in a county balance sheet**

**From:** LaFave, John  
**Sent:** Wednesday, October 15, 2014 5:10 PM  
**To:** Jursik, Patricia  
**Subject:** Redaction funds

Supervisor Jursik,

You asked for an estimate of how much redaction money will remain at the end of the year. Guesstimating how many more documents may be recorded and what the invoices will be, my best guess is that on January 1, 2015 there will be about \$100,000 in the balance sheet for our redaction program.

As I mentioned in the hearing today, our redaction program activities will continue into the future and these funds will be spent to complete the program.

John La Fave  
Register of Deeds  
Milwaukee County

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**Figure 11**

**From:** Sarit Singhal <ssinghal@ssr-online.com>  
**Sent:** Wednesday, October 15, 2014 10:44 AM  
**To:** LaFave, John; Mike Sobie  
**Subject:** RE: FYI

Good to hear John...good luck with the committee. I understand the IT budget from one of our department clients was taken from them and shifted to IMSD this past go around.

**Sarit Singhal**  
President & CEO

**Superior Support Resources, Inc.**  
*Where Technology Questions Get Business Answers*

405 N. Calhoun Road, Suite 200, Brookfield, WI 53005  
P: 262-784-9772 ext. 105 F: 262-784-9789 E: [ssinghal@ssr-online.com](mailto:ssinghal@ssr-online.com)

Learn: [www.SSR-online.com](http://www.SSR-online.com)  
Connect & Get TechBytes @ [Facebook](#) | [Twitter](#) | [LinkedIn](#)  
Winner: Inc. 5000, MMAC Future 50, Biz Journal 2014 Computer Consulting Firms

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**From:** LaFave, John [mailto:John.Lafave@milwaukeecountywi.gov]  
**Sent:** Wednesday, October 15, 2014 10:36 AM  
**To:** Sarit Singhal; Mike Sobie  
**Subject:** FYI

This morning the County Board Finance Committee held their hearing on my 2015 budget. No problems, things went smoothly.

One of the committee members asked about how much redaction money remains. I explained that whatever is left carries over into the future and I will spend it up for our project. She still wants to get a good estimate as to what that amount will be. This might just be innocent information seeking on her part. Then again I wouldn't put it past this particular person to try to take it. I'm glad that there won't be much of the pot of money left here.....

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**La Fave emailed SSR in 2016 at the conclusion of the redaction project with the following comment, “Woo hoo! Glad to be done with redaction. I would still like to receive the monthly report as to how we’re spending the pot of gold.”**

The redaction project was concluded by January of 2016 as seen in the email in Figure 12. At that point, the funds on account at SSR totaled over \$350,000. La Fave in the email refers to the funds as the “pot of gold” and discusses requesting continuous monthly reports on how the funds are being spent. At the time of this email, La Fave estimates that the costs remaining to be paid to a third party vendor for their indexing work was \$120,000 leaving an anticipated remaining balance of over \$230,000.

**Figure 12**  
**Email detail remaining funds after the conclusion of the redaction project with SSR**

<b>From:</b>	LaFave, John
<b>Sent:</b>	Monday, January 25, 2016 3:32 PM
<b>To:</b>	msobie@ssr-online.com
<b>Cc:</b>	Sarit Singhal;Eckert, Larry
<b>Subject:</b>	Estimate of \$ on account after PROGRIO completes their indexing

Woo hoo!  
Glad to be done with redaction.

I would still like to receive the monthly report as to how we’re spending the pot of gold.  
I guess it can be given a new name, such as ROD Balance on Account.

I like the balance in the January SIR report.  
\$354,852.25

My estimate for how much will remain *after* PROGRIO has completed their indexing of our redacted documents is \$233K.

It will be fun finding productive ways to spend that down.

John

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

Between 2016 and January of 2018, La Fave and SSR continued to pay third party vendors for work out of the funds on account. In January of 2019, as shown in Figure 13, La Fave received an email from SSR which indicated the current balance was \$3,794. In addition, La Fave complained about the presentation of an item on the invoice that was attached. The invoice listed an

**La Fave informed SSR he would like the report to not show Expenses – the Knick...\$302.25. According to La Fave it should be described as consulting.**

item as “Expenses – The Knick...\$302.25.” La Fave informed SSR that, “The proper way to write this line item is to describe it as consulting and detailing out the price per hour, the time involved and the total.” La Fave provided an example of how he would like the item to appear which effectively disguises the item as consulting costs versus dining expenses.

**Figure 13**  
**2019 Email showing the near elimination of the SSR funds on account**

**Hart, Matthew**

---

**From:** LaFave, John  
**Sent:** Tuesday, January 01, 2019 6:42 PM  
**To:** Amanda Prior  
**Cc:** Sarit Singhal  
**Subject:** FW: SSR Invoice #87389  
**Attachments:** ROD Balance Report - 2017-18.xlsx; Invoice82547 -11-30-17.pdf; Invoice87389.pdf

**Importance:** High

Amanda,  
I have attached what I think was the most recent report of money “on account” with SSR dated 1/31/18 that I received from Mike Sobie.  
It states we still had \$3,793.71 remaining “on account” with SSR.  
All invoices with Milwaukee County Register of Deeds should be paid from that account.  
*I was rather surprised and did not like that the invoice you sent stated:*  
*1 Expenses - The Knick 54732 \$302.25*  
The proper way to write this line item is to describe it as consulting and detailing out the price per hour, the time involved and the total.  
I would like to see the time involved and that cost.  
Here is pasted an example from a consulting meeting with Sarit from the attached invoice dated 11-30-17.

2.00 (hours) Sarit Singhal - Consulting service 50728 - \$200.00 each = \$400.00  
Item Total: \$400.00  
Sales Tax: \$0.00  
SubTotal: \$400.00  
Deposit: (\$400.00)  
Paid with money on account **Total Amount Due: \$0.00**

Again, after deducting the money from our account, please revise the “money on account” report and send me a copy. Thank you.

Sincerely,  
*John La Fave*  
Register of Deeds  
Milwaukee County

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**In 2017 La Fave suggested the use of the SSR funds on account to fix his personal computer while also paying for a meal with SSR.**

**In 2017, La Fave floated the plan of spending funds on account on lunch and having an SSR employee fix his personal laptop.**

In 2017, La Fave emailed SSR, as shown in Figure 14, to say that, “we’ve got a few thousand remaining held in account with SSR and no projects to spend it on. I think we should spend some on consultation with you (lunch out) plus my bringing in my personal laptop if someone in your company can help clean it up, speed it up, etc.”

**Figure 14**  
**Email from La Fave requesting use of SSR funds on account to fix personal laptop**

**From:** LaFave, John  
**Sent:** Tuesday, September 12, 2017 9:18 PM  
**To:** SaritSinghal  
**Subject:** Requesting lunch and some assistance

Hello Sarit,

As you might know, we've got a few thousand remaining held in account with SSR and no projects to spend it on. I think we should spend some on consultation with you (lunch out) plus my bringing in my personal lap top if someone in your company can help clean it up, speed it up, etc.

It's a Dell Inspiron 17 / 5000 series. When I wanted to finally get my own laptop a year or so ago I sought advice from IMSD. Someone there recommended this one. Maybe I should have spoken to you. It's got way more features than I need. It's become slower than molasses lately. That surprises me because I haven't saved much to it. My internet connection at home is fine.

I could come out to Brookfield and we could do lunch at McCormick's or some other nice place. I'm thinking after lunch and I sit with whoever is working on it. I've got some questions regarding browser, why it doesn't always want to show videos and would like to hear his/her comments and learn how I messed it up and recommendations for proper use.

Until I get my lap top improved I will bring my work laptop home whenever I know I want to use a laptop. I never have problems with that one.

My availability this month is:  
- This Friday the 15th  
- next week Tuesday 19th through Friday the 22nd  
- following week Tuesday 26th through Friday the 29th

John La Fave  
Register of Deeds  
Milwaukee County

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018


**The plea agreement that La Fave entered into included restitution to Milwaukee County of \$89,000.**

**During the course of the redaction project based upon the documents we had access to SSR charged Milwaukee County over \$142,000 in project technician fees. Often this fee was added to invoices from third party vendors without a clear indication that any work was performed. The plea agreement La Fave entered into included restitution to Milwaukee County of \$89,000.**

A line item within the master price agreement was a \$125 hourly fee for technician consulting. This fee was included in all the invoices paid through both the funds on account and Milwaukee County accounts payable.

Figure 15 is an example of an invoice with a line item for project technician fees of \$1,031.25

**Figure 15**  
**Example of SSR invoice with the Project Technician Fee**

<p><b>SUPERIOR SUPPORT RESOURCES, Inc.</b>          Where Technology Questions Get Business Answers          405 N. Calhoun Road, Suite 100, Brookfield, Wisconsin 53005</p>		<p><b>Invoice</b>  <b>Number: 70394</b>  <b>Date: 6/30/2015</b></p>
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<p><b>Bill-To</b>  <b>Milwaukee County</b>  <b>Dept of Administration, Fiscal Affairs</b>  <b>901 N 9th Street, Room 301</b>  <b>Milwaukee, WI 53233</b></p>	<p><b>Ship-To</b>          Attn: Teresa Samowski          Milwaukee County Reg of Deeds          Milwaukee County Courthouse, Room103          901 N 9th Street          Milwaukee, WI 53223</p>
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<u>Customer PO</u>	<u>Reference</u>	<u>Sales Rep</u>	<u>Terms</u>	<u>Federal Tax ID</u>
	Jun 2015	HMC .	Net 30	39-1064019

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Qty.	Description	S.O. #	Ea. Price	Total
79,732	Grantee Index Name	35419	\$0.11	\$8,770.52 *
39,866	Verified Document	35419	\$0.25	\$9,966.50 *
39,866	Document Indexing Mortgage Indexing	35419	\$0.05	\$1,993.30 *
8.25	Project Technician 06/15	35419	\$125.00	\$1,031.25
Item Total:				\$21,761.57
Sales Tax:				\$0.00
<b>Total Amount Due:</b>				<b>\$21,761.57</b>

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*Service Details:*

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2015-306

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Web: [www.ssr-online.com](http://www.ssr-online.com) P: (262) 784-9772 F: (262) 784-9789

Page 1

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**Total project technician fees of \$142,282 were paid with legitimate items totaling \$48,969. Fees of \$93,313 lack evidence that any work was performed.**

Reviewing the monthly reports we had access to reveal a total payment of \$142,282 in technician consulting fees from 2010 to 2018. We found approximately \$48,969 in project management charges that were for legitimate purposes. For the remaining \$93,313 in charges on the invoices, we did not find evidence that any work was performed by SSR to justify this fee other than the creation of either pre-paid invoices or invoices to pay third party vendors.

**The plea agreement includes a statement that, “La Fave knew, Business A had not actually performed that work.”**

The plea agreement pending before the court includes a restitution amount from La Fave to Milwaukee County of \$89,000 due to the conclusion that, “As a result of his scheme, La Fave fraudulently obtained and attempted to obtain at least \$89,000.” It also includes the following statement:

the essence of La Fave’s scheme was to defraud Milwaukee County and to obtain money by directing Individual A to create fraudulent invoices that falsely made it appear that Business A had done specified work for the Milwaukee County Register of Deeds Office, when as La Fave knew, Business A had not actually performed that work.

Table 4 contains the annual amount paid by Milwaukee County for Project Technician Fees to SSR from both accounts payable invoices and invoices from the funds on account held at SSR.

**Table 4**  
**Annual Technician Fee Charged to Milwaukee County**

2010	\$3,250
2011	\$18,156
2012	\$27,281
2013	\$27,875
2014	\$11,906
2015	\$28,313
2016	\$16,375
2017	\$8,511
2018	\$615
<b>Total</b>	<b>\$142,282</b>
Allowable Costs	(\$48,969)
<b>SSR Mark Up</b>	<b>\$93,313</b>

Source: Audit Services Division created table based on emails sent by La Fave from 2010 – 2018.

**The ROD’s relationship with SSR ended in early 2018 however, SSR still advertises the work performed for the ROD on its website. In addition, while ROD La Fave has pled guilty to a plea agreement, SSR still is an available county vendor.**

**SSR lists the work it performed for the ROD on its website.**

We found that as of November 2020 the SSR website still lists its work for Milwaukee County’s ROD’s Office as noted below.

SSR has delivered a variety of IT services and solutions for public sector organizations, including:

- Provided on-site employees, including a developer and a network engineer, through a staffing agreement.
- Designed and implemented a disaster recovery solution for the Milwaukee Police Department, protecting business data and including a site disaster solution.
- Designed the specialized land records software system for Milwaukee County’s Register of Deeds and the platform the software runs on, including the indexing and redaction of personal data to protect consumer privacy.

We reviewed the county’s purchasing system for any other departmental use of SSR. We found that since 2012 SSR performed work for other county departments

including work of approximately \$58,000 for the Department of Transportation – Airport Division in 2020.

**Milwaukee County includes debarment of contractor language in two of its ordinances for non-compliance or failure to achieve results. The State of Wisconsin includes in its Administrative code conditions for consideration of debarment including falsification of records.**

Chapter 111 of the Milwaukee County Ordinances includes discussion of the ability to debar contractors who are in noncompliance of the Minimum Wage Ordinance. Chapter 44 allows for debarment of contractors for failure to achieve project residency goals for public works contracts for up to two years. The Department of Administrative Services has as recently as 2019 recommended debarment of a vendor under Chapter 44.

The State of Wisconsin Administrative Code Chapter 24.05 states that the department may debar a contractor for reasons including: Embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property or obstruction of justice; or any other offense indicating a lack of business integrity or of business honesty which offense seriously and directly affects the responsibility of the contractor or subcontractor.

The Office of Corporation Counsel is the county's legal department and the Department of Administrative Services has previously reviewed vendor behavior and recommended debarment. Due to the submittal by SSR to Milwaukee County of falsified invoices, we recommend:



2. *The Department of Administrative Services and the Office of Corporation Counsel review the conduct of SSR and determine if debarment as a county vendor is an appropriate action.*

**The redaction project with SSR utilized independent contractors as employees to complete the necessary work. La Fave sought out candidates for the work and it appears from emails that SSR employed both La Fave's wife and daughter on the project.**

La Fave used SSR to perform the redaction program. On May 30, 2012, John La Fave issued a memo, seen in Figure 16, which sought out staff to assist in the social security redaction program.

**Figure 16**

**Email attachment from La Fave seeking contractors to work for SSR on Redaction**

To: Potential indexers of real estate documents  
From: John La Fave, Register of Deeds, Milwaukee County  
Re: Opportunity to work from home indexing real estate documents

Milwaukee County Register of Deeds is using the services of a Milwaukee area technology company to index our historical documents from digital images.

Superior Support Resources is contracting with qualified persons working as self-employed persons to index our documents. Contractors work from home using their own computer and monitor equipment.

Payment is piece rate, 60 cents per document indexed.

To explore this possibility to earn extra money in your spare time, respond to the job posting below.

<http://www.milwaukeejobs.com/j/t-Real-Estate-Indexing-Contractor-e-Superior-Support-Resources-Inc-l-Milwaukee,-WI-jobs-j2741235.html>

I also invite you to contact me personally with any questions at [john.lafave@milwcnty.com](mailto:john.lafave@milwcnty.com) or by calling the Register of Deeds office at 414-278-4011 and ask for me.

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**La Fave emailed SSR in 2012 to remove his wife and add his daughter as a redactor.**

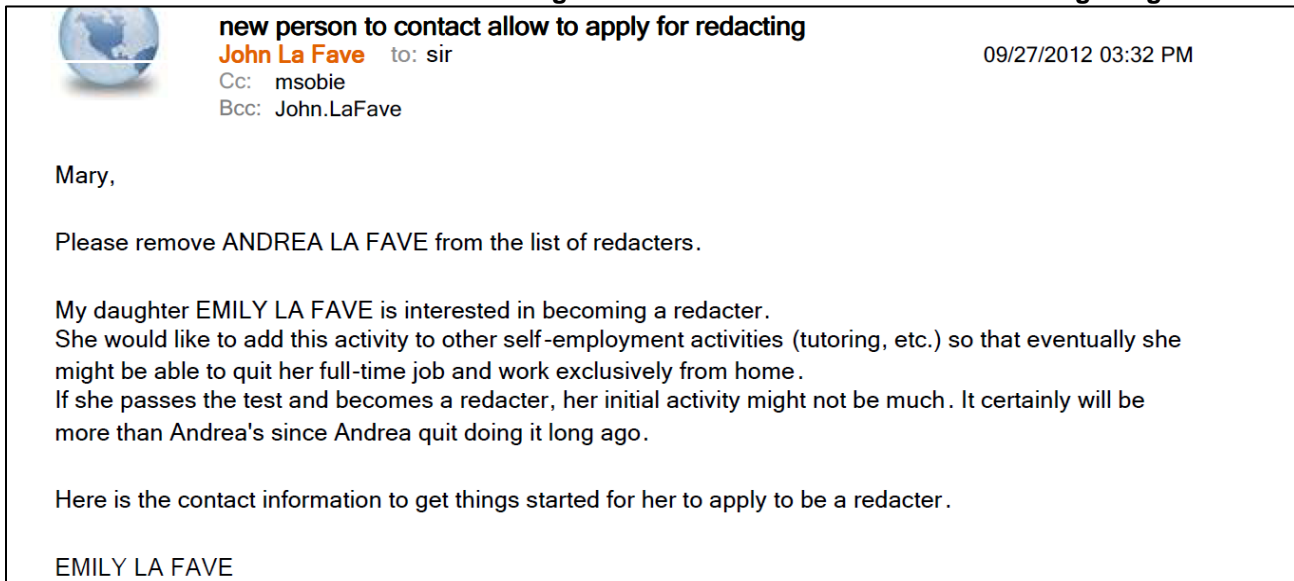
We found in our review of email correspondence between La Fave and SSR that both his wife and daughter pursued working, or had previously worked, for SSR as redactors. During our review we found evidence that La Fave requested SSR to remove his wife from their list of redactors and begin the process to add his daughter as a redactor.

Chapter 9 of the Milwaukee County Code of Ordinances contains the Ethics Code that seeks to provide a code of ethics for the guidance of county public officials and county employees. It states that, “no county public official or employee shall use his/her public position or office to obtain financial gain or anything of substantial value for the private benefit of himself/herself or his/her immediate family, or for an organization with which he/she is associated.” Chapter 9 defines immediate family as including a spouse or child.

Figure 17 shows an email from September 27, 2012 where La Fave requests SSR to remove his wife from their list of redactors and begin the process to add his daughter as a redactor. We were unable to confirm or deny whether either performed any work on the project.

Figure 17

Email from La Fave to SSR removing his wife from list of redactors but adding daughter



Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018.

**We found during our review of records that multiple employees of the ROD worked on the redaction project. Milwaukee County does not currently have a policy prohibiting this practice. In interviews with current employees who performed this work, all stated work was not performed on county time or with county resources. Through our review of records available, we did not find any evidence to dispute these claims.**

SSR submitted monthly reports to La Fave on work performed by the contracted employees. In reviewing these reports, we found eight county employees who worked on the project. Of those, five are no longer employed at Milwaukee County. We conducted interviews of the remaining employees and the supervisor of the relevant area as well.

Consistent across our interviews were statements that:

- the program was open to all employees of the ROD.
- the work was at a lower cost because it was not performed using overtime.
- the work was not performed on county property.
- individuals used their own equipment not county equipment.

We reviewed a sample of payroll records from 2015 for employees who worked on the redaction project to see if there were any abnormalities that would raise concerns of work performed on county time. We looked to see if the employees that were working on the redaction project had overtime amounts that were not in line with coworkers who were not employed on the redaction project. We also looked to see if there was any indication of off time being used in a manner that was not consistent with co-workers. We did not find any outliers within the records we had although, the length of time since the project was performed hindered our analysis.

We did find during the course of our review that a procurement driven RFP and contract for ROD services with a different vendor does prohibit using county employees. The ROD's contract with US Imaging states, "Staffing: Such personnel shall not be the employees of, or have any other contractual relationship with the county."

We interviewed the Director of HR Operations and Talent Acquisition from the Department of Human Resources to obtain the county's procedures on employees working for a county contractor. Chapter 9 of the County Ethics Code allows for outside employment for county officials and employees. The Director informed us that Milwaukee County does not currently have a countywide procedure to follow when an employee is moonlighting for a contractor. The Director believed that while employees do moonlight, it is typically not related to their county job, though when briefed on the situation which occurred under the former ROD, he agreed that additional guidance may be

needed to prevent potential conflicts of interest. We believe there is a need for updated county procedures or ordinances to resolve and guide managers when employees seek to moonlight. We recommend:

- 3. The Department of Human Resources work to create and publish guidelines for departments to use when establishing procedures to follow when employees request to perform work for an outside entity including specific instructions when that outside entity is a vendor under a county contract.*

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**Section 2: La Fave executed revenue contracts with Fidlar Technologies with his sole signature that enabled the creation of a funds on account at Fidlar. He also received over \$7,000 in gifts from Fidlar from 2010 to 2018.**

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**Fidlar has provided services to ROD since 1999 including the Tapestry, Laredo, Monarch and Avid programs.**

Fidlar Technologies, Incorporated (Fidlar) is based out of Davenport, Iowa and provides technology and services for the management of public information. Fidlar offers a variety of land records software products for the ROD, which allow the public to have electronic access to ROD real estate records. The county began using Fidlar in 1999. Fidlar offers a variety of products used by ROD some of which ROD purchases from Fidlar and others where revenue is collected and remitted to the ROD from Fidlar. The major products used under La Fave included:

**Fidlar has four main products used by the ROD – Tapestry, Laredo, Monarch and Avid. He used revenue contracts with Fidlar where he was the lone county signature.**

- Tapestry – single web destination for land records professional to access images. Not used for large companies. Fidlar charges users and pays ROD based upon searches and pages printed.
- Laredo – land records document search engine. Fidlar charges users and pays ROD based upon a paid quarterly subscription fee.
- Monarch – access for large companies to access ROD images and indexes. Fidlar charges users and pays ROD based upon executed Master Service Agreements.
- AVID – contract for land record software with support from Fidlar. ROD pays Fidlar a fixed amount based upon a signed contract.

**La Fave executed revenue contracts with Fidlar as the lone county signature and included language allowing Fidlar to hold county revenue contrary to state and county policies.**

**The Comptroller would not sign a contract that contains a financial provision that allows a private vendor to hold onto county revenue.**

Many of the contracts with Fidler were revenue based and signed on behalf of the county by La Fave only. Some of the revenue contracts included statements that allowed for Fidler to retain a portion of the revenue at Fidler rather than depositing the revenue with Milwaukee County. This is in violation of the Wisconsin state law prohibiting a rainy day fund for the county. After the passage of Wisconsin Act 14 in 2013, one of the required signatures on all contracts is the signature of County Comptroller. The Comptroller functions as the Chief Financial Officer and is charged with keeping the county in compliance with the rainy day fund requirement. We interviewed the County Comptroller who indicated he would not sign a contract that contained such a financial provision.

**La Fave chided Fidler to remember to call their deals “agreements” since, “a real contract would have to go before the County Board for approval, plus it would probably require an RFP.”**

In an email to staff at Fidler in 2015, La Fave acknowledged his awareness that the structure of his agreements with Fidler were in violation of county policies. He reminds Fidler to refer to them as an agreement rather than a contract since he was aware that “a real contract would have to go before the county board for approval, plus it would probably require an RFP.” Figure 18 shows the email from April 28, 2015.

**Figure 18**

**Email from La Fave reminding Fidler to call it an agreement not contract to avoid RFP process**

**From:** LaFave, John [mailto:John.Lafave@milwaukeecountywi.gov]  
**Sent:** Tuesday, April 28, 2015 12:49 PM  
**To:** Scott Moore  
**Cc:** Ellen Arguellez; Mark Lystiuk; Mark Schwarting; Eckert, Larry  
**Subject:** RE: Milwaukee needs ACTION on our Scanning Project !

Scott,

Thank you. Just a reminder that we should refer to this as an agreement of some sort, not a “contract”.  
A Real Contract would have to go before the county board for approval, plus it would probably require an RFP.  
☺

Ellen and I hope to get together Wednesday over lunch or later to discuss things.

John

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**Revenue contracts are not currently monitored outside of the issuing department and the practices for depositing of revenue do not contain contract verification, a gap in the County's internal controls. La Fave used this loophole to independently execute contracts allowing for the establishment of funds on account by having Fidler disperse revenue at his request rather than when it was received.**

While the Comptroller issued a memo in 2014 that contained guidelines for how departments should issue revenue contracts, there was no mechanism we found to confirm that a department follows the guidelines. Controls exist for contracts where the county pays a vendor with the DocuSign Contract signature system and the accounts payable review that will not process a payment by the county to a vendor providing a service if the contract was not properly executed. According to the Office of Corporation Counsel, revenue contracts are required to go through the DocuSign system. However, the execution of revenue contracts are not currently monitored outside of the issuing department and the practices for depositing of revenue do not contain contract verification such as occurs with a purchasing contract.

Figure 19 contains a copy of the signature page within DocuSign which lists all the required signatures on a properly executed contract.



**Figure 19**  
**2019 DocuSign Screenshot of Required Signatures on properly executed contracts**

WHEREOF, the parties hereto have executed this agreement on the day, month, and year above written:

<b>FOR MILWAUKEE COUNTY:</b>  BY: _____ DATE: _____  NAME: _____  TITLE: _____  DEPARTMENT: _____	<b>FOR _____</b>  BY: _____ DATE: _____  NAME: _____  TITLE: _____  TAXPAYER ID No.: _____  IF PRINCIPAL IS A CORPORATION, IMPRINT CORPORATE SEAL.
<b>REVIEWED AS TO INSURANCE          REQUIREMENTS:</b>  BY: _____ DATE: _____  <b>Risk Manager</b> Office of Risk Management	<b>APPROVED WITH REGARDS TO COUNTY          ORDINANCE CHAPTER 42:</b>  BY: _____ DATE: _____  <b>Director</b> Community Business Development Partners
<b>APPROVED AS TO FUNDS AVAILABLE PER          WISCONSIN STATUTES §59.255(2)(e):</b>  BY: _____ DATE: _____  <b>Milwaukee County Comptroller</b> Office of the Comptroller	<b>APPROVED REGARDING FORM AND          INDEPENDENT CONTRACTOR STATUS:</b>  BY: _____ DATE: _____  <b>Corporation Counsel</b> Office of Corporation Counsel
<b>REVIEWED AND APPROVED BY THE COUNTY          EXECUTIVE:</b>  BY: _____ DATE: _____  <b>County Executive</b> Office of the County Executive	<b>APPROVED AS COMPLIANT UNDER §59.42(2)          (b)5, STATS.:</b>  BY: _____ DATE: _____  <b>Corporation Counsel</b> Office of Corporation Counsel

Source: Copy of DocuSign provided by the Office of the Comptroller's Financial Analyst.

We conducted a review of the monthly contracts report provided to the County Board from the Office of the Comptroller to determine if other county departments were following the guidelines for revenue contracts. Our review of those reports from 2013 to 2020 found

**Other county departments executed their revenue contracts with all required signatures and were included in the Comptroller's report to the County Board on contracts.**

that while it is not as common an occurrence for the county to be the provider of a service versus the purchaser, examples did exist. All of the revenue contracts that were found in the Comptroller's report to the Board followed the procedures described in the memo which includes obtaining all required signatures and Board approval when required.

**The lack of a control to verify that revenue contracts be routed and approved via the Docusign contract signature system helped enable La Fave to insert provisions into revenue contracts that were contrary to county policy.**

The county uses a two part verification system in regards to contracts and payments to ensure all contracts have the required review and signature. Step one is the review and signature process in the Docusign system. Step two is the control where a review at the Accounts Payable Division level when a payment is required. When a payment for a vendor is requested, accounts payable staff verifies that the contract under which payment is requested has the appropriate signatures and board action, if required. Since there is no issuance of payment out of the county system for a revenue contract the outside review of the contract does not occur. Lacking this control enables departments to skip routing their contracts through Docusign which is the case for revenue contracts with Fidlar that La Fave entered into.

**A 2018 contract signed solely by La Fave stated, "Fidlar will disperse revenue accordingly as requested by the county."**

Figure 20 shows the signature page from a contract signed in 2018 which includes the statement that, "Fidlar will disperse revenue accordingly as requested by the county in the amount of 0.10 per document image." Revenue should be dispensed as it is received or in a reasonable time frame such as monthly. Lacking the

review by both the Office of the Comptroller and the Office of Corporation Counsel allowed for this contract to be executed in October of 2018 with language that allows for the establishment of a funds on account by Fidar. La Fave was the sole county signature on the document.

**Figure 20**  
**2018 Revenue Contract signed by La Fave allowing for revenue dispersed at his request.**

**Billing and Payment to County:**

-FIDLAR will bill WISCONSIN TITLE on a monthly basis for the previous month's activity; invoices will be due 30 days net on CLIENT's behalf.

-FIDLAR will disperse revenue accordingly as requested by the county in the amount of

.10 per DOCUMENT IMAGE

The CLIENT understands that it is empowered to charge reasonable fees to end users pursuant to Wisconsin Code section 59.43 and other applicable law and hereby assigns to FIDLAR the above portions of end user fees as an actual cost to the CLIENT during the term of this Agreement. The CLIENT has determined that the fees charged to end users are reasonable.

This Agreement has been executed by the parties as of the aforementioned date.

**ACCEPTED:**

MILWAUKEE COUNTY, WI

Name John La Fave

Title Register of Deeds

Date 10/29/18

Source: Audit Services revenue of selected emails sent by La Fave from 2010 – 2018.

**A 2016 contract signed solely by La Fave stated, "Fidlar will hold monthly payment in an account at Fidlar."**

In a contract signed in 2016 with Fidlar the following language was included, "Fidlar will hold monthly payment in an account at Fidlar .07 per document image." The language has a line drawn through it but it is unclear at what point that occurred and by whom. Similar to the contract in 2018, La Fave was the lone county signature on the document. Figure 21 shows the signature page for the county for the 2016 contract.

**Figure 21  
2016 Revenue Contract signed by La Fave allowing for revenue dispersed at his request.**

~~-FIDLAR will bill NATIONWIDE TAX CONSULTING on a monthly basis for the previous month's activity; invoices will be due 30 days net on CLIENT's behalf.~~

~~-FIDLAR will hold monthly payments in an account at Fidlar~~

~~.07 per DOCUMENT IMAGE~~ *sm*

The CLIENT understands that it is empowered to charge reasonable fees to end users pursuant to Wisconsin Code section 59.43 and other applicable law and hereby assigns to FIDLAR the above portions of end user fees as an actual cost to the CLIENT during the term of this Agreement. The CLIENT has determined that the fees charged to end users are reasonable.

This Agreement has been executed by the parties as of the aforementioned date.

ACCEPTED *John La Fave*

MILWAUKEE COUNTY, WI

Name JOHN LAFAVE

Title Register of Deeds

Date 8/9/16

Source: Audit Services revenue of selected emails sent by La Fave from 2010 – 2018.

**La Fave established a funds on account at Fidlar through the retention of revenue owed to Milwaukee County that Fidlar held.**

La Fave used the contracts he signed with Fidlar to establish a funds on account at Fidlar that was similar to the funds on account at SSR. However, the system at Fidlar was based upon the retention of county revenue by Fidlar through their various services that they administered on behalf of the ROD's Office.

Beginning in 2014, La Fave informed Fidlar that he would like to add the revenue from the Monarch program to be partially held on account at Fidlar similar to the existing funds on account system he has with Fidlar for the Tapestry program. According to our records he began having Fidlar hold revenue on account from Tapestry at least as far back as 2009. Figure 22 is a copy of an email from 2014 where La Fave tells Fidlar, "For a temporary period, I ask that you stop sending us a monthly check for the Monarch revenue. Until further notice, please hold it as a Monarch credit account similarly to what we do with Tapestry."

**Figure 22**  
**Email from La Fave directing Fidlar to hold revenues on account**

<b>From:</b>	LaFave, John
<b>Sent:</b>	Wednesday, August 13, 2014 12:21 PM
<b>To:</b>	MarkSchwartz;Kathy Perales
<b>Cc:</b>	Scott Moore;Eckert, Larry;Sarnowski, Teresa
<b>Subject:</b>	Please hold Monarch revenue as a credit

Fidlar:

For a temporary period, I ask that you stop sending us a monthly check for the Monarch revenue.  
**Until further notice please hold it as a Monarch credit account similarly to what we do with Tapestry.**

That will provide this office with a good chunk of money to help pay for our new hardware infrastructure that I hope to be able to purchase through Fidlar.

Please continue to send me a monthly pdf regarding the Monarch revenue, just don't cut a check.

Thank you.

John La Fave  
Register of Deeds  
Milwaukee County

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**At times, La Fave held back roughly half of the revenue owed to the county by Fidlal in order to avoid the revenue going to the county’s general fund. In addition, we found an unsent email to SSR that stated, “Shhh I don’t advertise this to our fiscal folks or the county board.”**

**In 2015 in an unsent email to SSR La Fave informs them of his funds on account with Fidlal and concludes his email by saying, “Shhh, I don’t advertise this to our fiscal folks or the county board.”**

In an unsent email to SSR in 2015, shown in Figure 23, La Fave explains that he currently has about \$99,000 in his funds on account at Fidlal. He also informs SSR he has Fidlal pay Milwaukee County just under half of the revenue so that the revenue doesn’t go to the county’s general fund. This is in violation of State Statute 59.61 which states that Officers of the county shall, “Pay all such money into the county treasury at the time that is prescribed by law, or if not so prescribed daily or at the intervals that are prescribed by the board.” La Fave also indicates that Fidlal allows him to spend the funds on account on any product or services that have a relationship to Fidlal.

**Figure 23  
Email from La Fave to SSR explaining funds on account at Fidlal**

<b>Sent:</b>	Monday, April 27, 2015 1:49 PM
<b>To:</b>	Sarit Singhal
<b>Subject:</b>	RE: Balance on Account

Sarit,

Yes, at a meeting last year with you and IMSD I offered to pick up the cost of new servers, whatever. Just last week Becky mentioned to me about purchasing two servers and I again said yes ROD can pay for them.

I also have a credit built up of \$99K with Fidlal. Our Internet access program via Fidlal known as Tapestry is revenue producing, with just under half the revenue going to Milwaukee County. Rather than they automatically sending us a check which would simply go into the County general fund, I have them hold it as a credit.

Periodically I will ask for a revenue check to the County but I like to have most if it held as a credit. Fidlal allows me to spend the credit on any product or service that has a relationship to Fidlal. It's nice, our credit is about \$25K per quarter. Shhh, I don't advertise this to our fiscal folks or the county board!

John

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

By 2017, La Fave indicated that \$7,000 of the quarterly revenue from the Tapestry program be

held back to replenish the fund on account and that \$3,000 monthly from the Monarch revenue be held back as well. Figure 24 contains a copy of the email.

**Figure 24**  
**Email from La Fave in 2017 adjusting hold back amounts at Fidler**

**From:** LaFave, John  
**Sent:** Thursday, January 12, 2017 4:01 PM  
**To:** FidlerKathyP Perales (kathyp@fidlar.com)  
**Cc:** Cheryl McCarthy;marks@fidlar.com;Sarnowski, Teresa;Eckert, Larry  
**Subject:** Holdong back some of our Tapestry & Monarch to accumulate as The Credit

Fidler:

Please make note of this.  
Until further notice, after any outstanding obligation has been taken care of, I request that for every:

Quarterly TAPESTRY revenue: You hold back \$7,000. The remainder of the Tapestry revenue should be mailed to us as a check.  
Monthly MONARCH revenue: You hold back \$3,000. The remainder of the Monarch revenue should be mailed to us as a check.

Thank you,

John La Fave  
Register of Deeds  
Milwaukee County

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**In 2017 La Fave informed other Register of Deeds that he retained revenue with Fidler rather than depositing it properly with Milwaukee County or as La Fave referred to it, “our county general fund sinkhole.”**

**La Fave emailed his fellow RODs to explain that he preferred his customers to use the Fidler programs where he controlled the revenue.**

In 2017, La Fave sent an email to some of his fellow RODs where he indicated he encouraged customers to use the Fidler Tapestry program since that allowed him to increase his funds on account rather than the Laredo program where the revenue was deposited directly with Milwaukee County. In his email, La Fave complained, “Unfortunately, Laredo revenue just gets deposited into

our county general fund sinkhole.” Figure 25 is a copy of the email from La Fave to other Wisconsin RODs.

**Figure 25**

**Email from La Fave to other RODs explaining why he established the funds on account at Fidlar**

<b>From:</b>	LaFave, John
<b>Sent:</b>	Thursday, March 30, 2017 3:34 PM
<b>To:</b>	Jodi M. Helgeson;sguenther@co.green-lake.wi.us;cmcbride@lacrossecounty.org;BARRON ROD ;BROWN ROD ;BUFFALO ROD;CHIPPEWA ROD;Chlebowski, Kristi;CRAWFORD ROD;GREEN LAKE ROD ;GREEN ROD;LACROSSE ROD;LAFAYETTE ROD;Eckert, Larry;PORTAGE ROD;ROCK ROD;ST CROIX ROD;WAUSHARA ROD ;WOOD ROD
<b>Subject:</b>	RE: tapestry increase

I really prefer my customers going with Tapestry. The result is the Tapestry account which in my case I have some control over.  
Unfortunately Laredo revenue just gets deposited into our county general fund sinkhole.

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**La Fave directed payments from Fidlar to remain in line with his budgeted revenue.**

**La Fave understood that Milwaukee County expected revenue deposits from his vendors and manipulated the timing of his deposits to not raise concerns.**

La Fave was aware that the county budgeted an expected amount annually to be received from the Fidlar services and he ensured that enough of the revenue be transferred from Fidlar to the county to meet or exceed his budget. We found evidence in the email in Figure 26 from La Fave to the ROD Office Coordinator from July of 2018 when he told her, “Not too worry. Very soon I will tell Fidlar to not keep any of the Monarch and Tapestry revenue and to send it all to us. Before the end of the year we will reach or surpass the budget amounts.”



**Figure 26**

**Email from La Fave discussing depositing enough revenue back into the county Books**

**From:** LaFave, John  
**Sent:** Tuesday, July 10, 2018 2:18 PM  
**To:** Sarnowski, Teresa <[Teresa.Sarnowski@milwaukeecountywi.gov](mailto:Teresa.Sarnowski@milwaukeecountywi.gov)>  
**Subject:** RE: 3526 DIGITAL IMAGES and 3527 INDEXED DATA revenue

I meant we must keep 6082 DOCUMENT INDEX padded.

Revenue accounts 3526 DIGITAL IMAGES and 3527 INDEXED DATA look bad right now.  
That's because I've been having Fidlar hang on to it to build up the credit account to be able to pay for the FINAL major project which U.S. Imaging is beginning now.

Not too worry. Very soon I will tell Fidlar to not keep any of the Monarch and Tapestry revenue and to send it all to us.  
Before the end of the year we will reach or surpass the budget amounts.

😊

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**La Fave directed the payment of items either from funds on account or by submitting the proper paperwork to pay from Milwaukee County directly. His emails show he clearly understood the risk of exposure associated with an invoice sent by mistake to Milwaukee County.**

During the period of review La Fave used the funds to pay for items for the ROD's Office either from the funds on account or from Milwaukee County directly by submitting an invoice to accounts payable to be processed. In 2014, La Fave became upset when, by mistake, an invoice was submitted to the county's centralized Accounts Payable Division rather than paying for items from the funds on account as the following emails, shown in Figure 27, between La Fave, the ROD Office Coordinator and Fidlar demonstrate.

**Figure 27**

**Email chain about a mistake when Fidlar sent invoice to Accounts payable instead of paying from funds on account**

**From:** LaFave, John  
**Sent:** Wednesday, November 26, 2014 3:20 PM  
**To:** Sarnowski, Teresa  
**Cc:** Kathy Perales; Ellen Arguellez; Mark Schwarting  
**Subject:** Re: INVOICES - OK to pay?

Yeah, Fidlar blew it. When I spoke to Ellen on Sept. 12th to order the 3 Epson printers I made it clear that they were to be paid from our Tapestry credit.

John La Fave  
Register of Deeds  
Milwaukee County

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**From:** Sarnowski, Teresa  
**Sent:** Wednesday, November 26, 2014 3:18 PM  
**To:** LaFave, John  
**Cc:** Kathy Perales; Ellen Arguellez; Mark Schwarting  
**Subject:** Re: INVOICES - OK to pay?

That's what I thought John.  
This copy came from Accounts Payable, so yes Fidlar sent it there.

Teresa Sarnowski  
Register of Deeds Coordinator  
414-278-4011

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**From:** LaFave, John  
**Sent:** Wednesday, November 26, 2014 3:16 PM  
**To:** Sarnowski, Teresa  
**Cc:** Kathy Perales; Ellen Arguellez; Mark Schwarting  
**Subject:** Fw: INVOICES - OK to pay?

Teresa,

No, do not pay the invoice from Fidlar. The Epson machines were to be paid from our Tapestry account. Fidlar knew that and I sure hope they didn't send a paper invoice to our Accounts Payable.

As for the other non-Fidlar invoice, I'll respond separately.

John La Fave  
Register of Deeds  
Milwaukee County

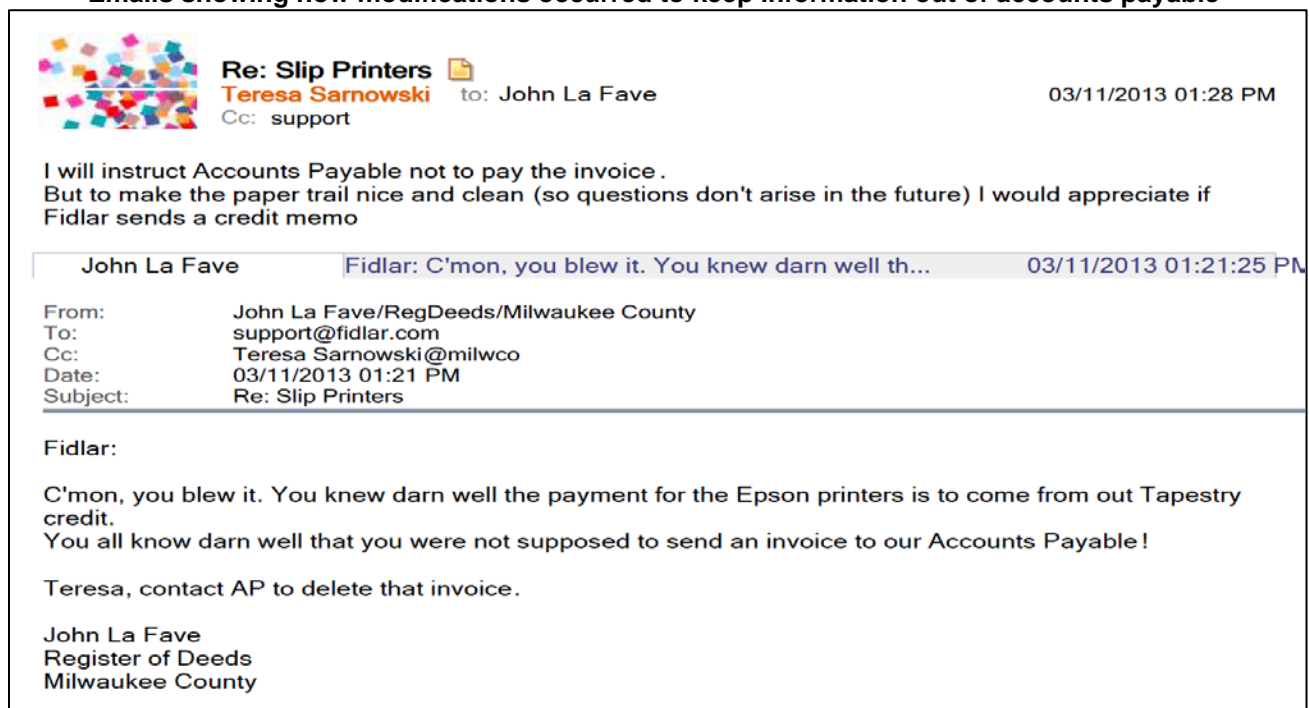
Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**In addition to avoiding submitting paperwork to Milwaukee County's Accounts Payable Division, La Fave and the ROD Office Coordinator worked to minimize risk of exposure.**

**La Fave complained to Fidlar and copied the ROD Office Coordinator, “C’mon, you blew it. You knew darn well the payment for the Epson printers is to come from our Tapestry credit. You all know darn well that you were not supposed to send an invoice to our Accounts Payable!”**

The email chain between La Fave and the ROD Office Coordinator in Figure 28 demonstrates that both La Fave and his staff were aware of the potential problems that would result if invoices were mistakenly submitted to Accounts Payable. The email states that the Office Coordinator would appreciate it if Fidlar send a credit memo to ensure that the paper trail is “nice and clean (so questions don’t arise in the future).”

**Figure 28**  
**Emails showing how modifications occurred to keep information out of accounts payable**



Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**La Fave used funds on account from Fidlar to pay for lodging while attending conferences rather than use county funds which requires completion of a Travel Expense report and copies of receipts.**

Section 7.12 of the county’s Administrative Manual of Operating Procedures details the required reporting by employees and elected officials to be reimbursed for travel expenses for county related work. Of note, the procedure states:

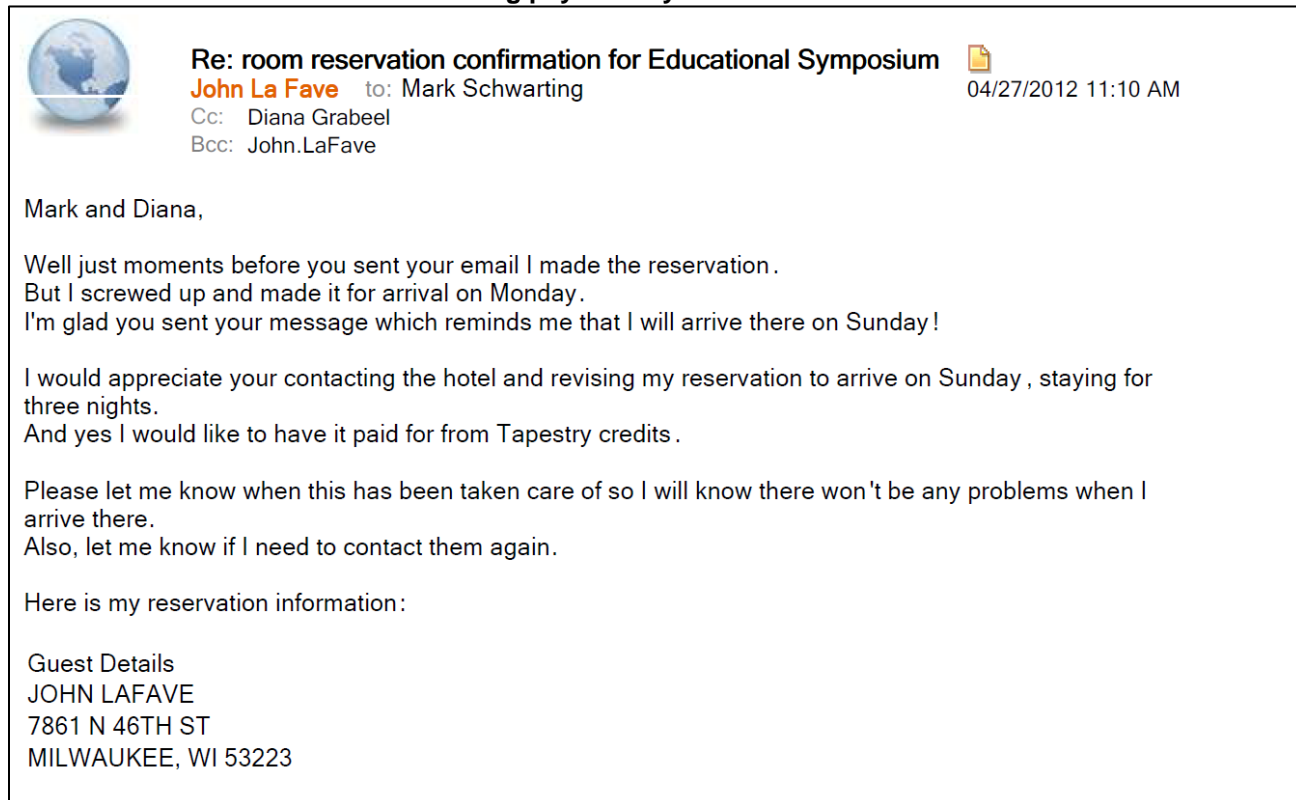
- All elected officials, officers and employees of Milwaukee County are required to follow these procedures for the authorization and reimbursement of travel expenses.
- All claims for overnight accommodations must be substantiated by paid original receipts.
- All public modes of transportation must be substantiated by original ticket stubs.
- Meals, including tips, are reimbursable at actual cost upon submission of paid receipts.
- Registration fees for conventions, conferences and seminars are reimbursable when supported by paid receipts.

**La Fave used Fidar funds on account to pay for work related travel.**

In addition to using the funds to pay for services and commodities for the operation of the ROD's Office, La Fave used the funds on account for travel expenses for himself and his staff primarily to attend conferences. In an email from 2012, La Fave arranges to have his lodging paid for out of Tapestry credits as shown in Figure 29.

Figure 29

Email from La Fave demonstrating payment by Fidlar for travel from the funds on account



Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

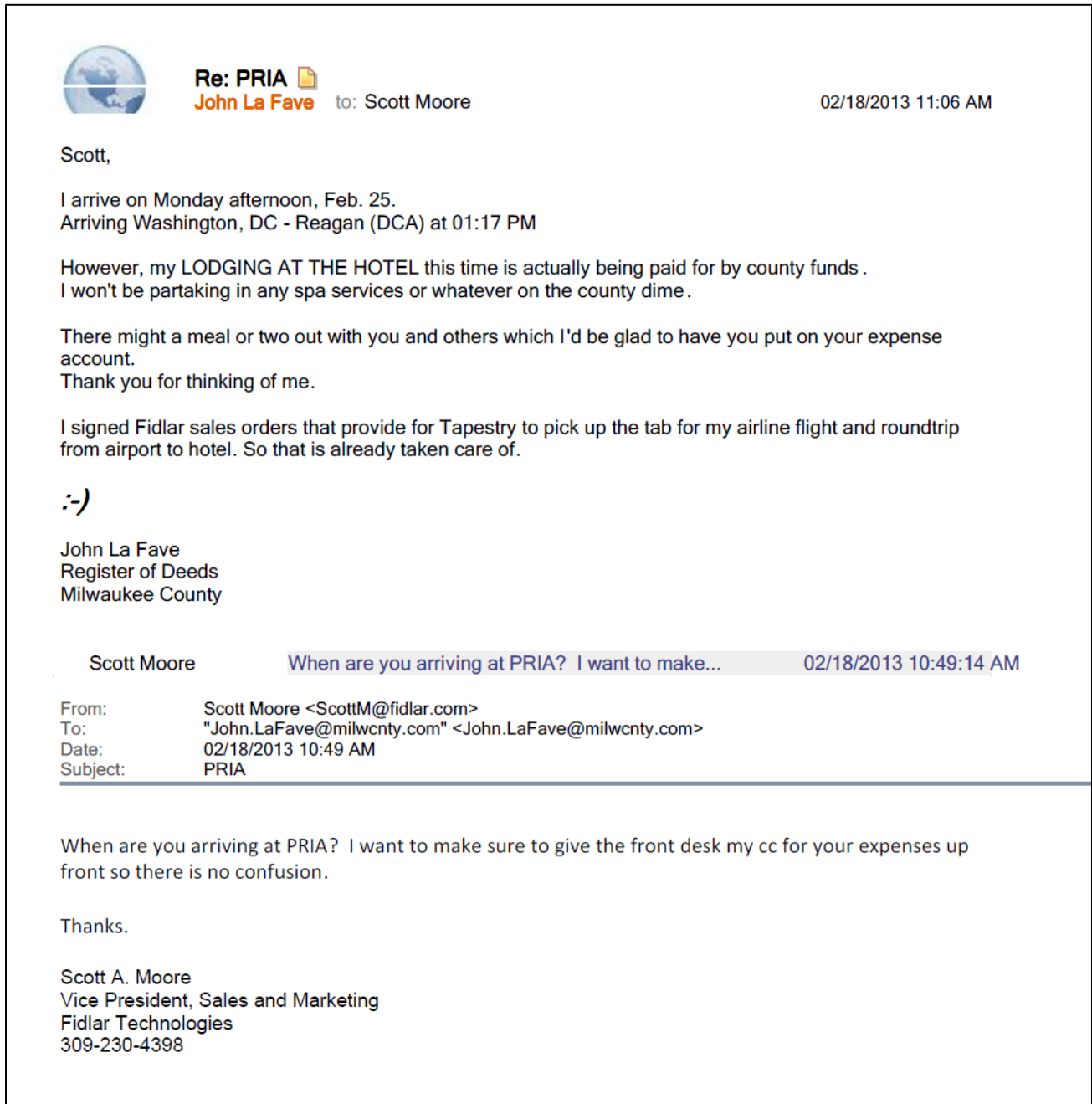
**At other times, La Fave covered the cost of his travel by accessing multiple methods. In 2013, he proposed using Funds on account, a Fidlar expense account and county funds for one conference.**

In 2013, La Fave attended the Property Records Industry Association conference in Washington D.C. As noted in the email he sent to Fidlar on February 18, 2013, he used county funds to pay for the lodging. He indicated in the email signing a sales order to allow for the use of funds on account to pay for his airfare. He also requested in the email shown in Figure 30 that a Fidlar expense account be used to provide him with a meal or two while at the conference.

**La Fave noted in one travel email that he, “won’t be partaking in any spa services or whatever on the county dime.”**

Figure 30

Email from La Fave demonstrating payment by Fidlar for travel from the funds on account



Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**La Fave also directed Fidlar to pay for the expenses of the Deputy ROD and his wife to attend the Property Insurance Records Industry Association Conference.**

In 2009, the Deputy ROD attended the Property Records Industry Association conference. La Fave

**La Fave encouraged his Deputy ROD to use the funds on account at Fidler for, “hotel meals (and massages or whatever...).”**

emailed, as shown in Figure 31, that he hoped Fidler would treat them to a good time. And stated, “remember to put hotel meals (and massages or whatever...) On to your hotel ROOM bill so that Tapestry covers them!”

We conducted an interview with the Deputy ROD who said he did not remember how travel he conducted had been paid for possibly due to the length of time since the travel. He said it was not typical for him to travel and not pay it through the normal county process. He indicated his understanding was that the funds on account were used to pay for bills that otherwise would have been paid for by Milwaukee County if the revenue had been deposited at Milwaukee County.

Chapter 9 of the Milwaukee County Code of Ethics states that, “the ethical county public official or employee should not...Accept anything of value from any source that is offered to influence his or her action as a public official.” Chapter 9 establishes the requirements for certain county officials or employees to file a statement of economic interest and specifies that those whose duties and responsibilities include the awarding or execution of contracts shall file the statement. The annual filing of the Statement of Economic Interest is determined by each department head, according to an interview with the Administrator of the Ethics Board. The Deputy ROD was not required by the then ROD to fill out a Statement of Economic Interest.

**Figure 31**

**Email from La Fave demonstrating payment by Fidlar for the Deputy ROD for travel from the funds on account**

 **John La Fave/RegDeeds/Milwaukee County**  
03/03/2009 02:58 PM

To: Larry Eckert/RegDeeds/Milwaukee County@MILWCO  
cc  
Subject: Re: Have fun 📎

I hope you and Cindy can get treated to a good time by Fidlar.

Also remember to put hotel meals (and massages or whatever...) On to your hotel ROOM bill so that Tapestry covers them!  
Larry Eckert

----- Original Message -----  
**From:** Larry Eckert  
**Sent:** 03/03/2009 02:55 PM CST  
**To:** John La Fave  
**Subject:** Re: Have fun

Thanks for the well wishes. I will be leaving shortly to finish packing and heading to the airport. We are both looking forward to a couple of days out of the office and of course, I am looking forward to spending my time at the conference.....

See you on March 10th.

John La Fave/RegDeeds/Milwaukee County

 **John La Fave/RegDeeds/Milwaukee County**  
03/03/2009 02:42 PM

To: "Larry Eckert" <Larry.Eckert@milwcnty.com>  
cc  
Subject: Have fun

If you haven't left yet and you get to read this, I wish you a safe and problem-free travel to DC. I hope you both have a good time and you find the PRIA conference worthwhile.

Source: Audit Services Division review of selected emails sent by La Fave from 2009 – 2018

In both this section and Section 1, we have included many, but not all of the emails, in which the prior ROD communicated instructions to outside vendors and his staff regarding his scheme. These emails represent a small portion of the communication which occurred from 2009 to 2019. Staff members were carbon copied on many, but not all of the emails. In addition, staff was sent direct emails from La Fave such as one in March of 2012 where the Office Coordinator inquired about paying an invoice and received a reply from La Fave to her alone that stated, "These are actually paid from \$\$ they hold



from prepaid invoices.” La Fave relied on the cooperation of vendors. He also relied on the cooperation of staff to either look the other way or actively process payments from fake and pre-pay invoices in violation of County policy, at his direction. In an interview with the Deputy Register of Deeds he admitted he was aware of the funds on account but believed since La Fave was spending it on county items it was not a problem. Without the support of his staff, it was unlikely that he would have been able to carry out his scheme for the duration that he did.

The County discusses expected conduct of employees in many places, including, County Ordinances, the Ethics Code, Civil Service Rules, Employee Handbook, and department work rules. There are also resources for employees including an Employee Relations Hotline, Employee Assistance Program, and the Fraud, Waste, and Abuse Hotline our office supports. In recent years, many county rules, including the Ethics Code, have been incorporated in training via the county’s online training program, and through various county-wide communications.

This report includes recommendations related to the vendors. We also believe that it’s important that the county evaluate the conduct of active employees who were included on communications related to the scheme and who processed payments on behalf of La Fave. Therefore, we recommend:

- 4. The ROD should work with the Department of Human Resources to review the conduct of ROD employees who were included on email correspondence discussing the former ROD’s scheme and who processed inappropriate invoices on his behalf to determine whether corrective action*

*is appropriate for violation of State Statutes, county ordinances, policies and procedures.*

**La Fave did not limit his use of the funds on account for travel for conferences. We found evidence that the funds on account may have been used for attendance and food at baseball games and possibly for the purchase of tickets.**

In the email shown in Figure 32, La Fave proposed using the funds on account to pay for entertainment items such as lodging to see a baseball game in St. Louis as evidenced in the following email. The email is not clear as to whether funds on account were to be used to pay for the game tickets or if Fidler would pay.

Figure 32

Email from La Fave exploring use of funds on account for baseball games in St. Louis

**From:** LaFave, John  
**Sent:** Tuesday, May 06, 2014 3:46 PM  
**To:** Mark Schwarting  
**Subject:** Baseball!!!!!!!!!!!!

Mark,

Sorry about the delayed response.

Here's my #1 crazy idea.

Let's go to a Brewers game **AT St. Louis Cardinals!**

With a game in St. Louis, you could consider inviting some of your St. Louis and area customers.

Maybe you could allow Sully to go too. :-)

I'm thinking that my lodging could be paid for by our Tapestry credit if we also arranged to have a visit to the Recorder's office in St. Louis that has AVID. (or as one of my daughter's was fond of saying, "Let's not, and say we did.") I would try to get my wife to go too. Most likely we would drive. One game could be with Fiddlar and I'd want to stay longer to see at least one more in the series.

**Brewers @St. Louis:**

**August**

Friday the 1st, 7:15 PM

Saturday the 2nd, 6:15 PM

Sunday the 3rd, 1:15 PM

**September**

Tuesday through Thursday, 16 - 18, all games at 7:15 PM

If that doesn't work, how about Brewers **at Cubs** ?

There's an August series but I cannot yet commit until I nail down the dates of an August biking vacation visit to Bloomington MN with my daughter's family. I will be up there this weekend and will try to get the vaca dates chosen.

Anyway, here's the dates of Brewers **@Wrigley/Cubs:**

**August**

Monday - Wednesday, 11, 12, 13, all at 7:05 PM

Thursday the 14th, 1:20 PM

**September**

Monday (Labor Day), the 1st, 1:20 PM

Tuesday, Wednesday, 2nd and 3rd, 7:05 PM

Brewers still have best record in MLB!

John

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

A separate email from May 28, 2014, in Figure 33, shows the confirmation by La Fave that he, his wife, the Deputy ROD and his wife would be attending a baseball game at Wrigley Field in Chicago. La Fave asks in the

email, "If there's any chance that you could finagle having the Tapestry credit cover the lodging too that would be nice." La Fave reported on his annual Statement of Economic Interest receiving gifts from Fidlar totaling \$332.72 with the descriptions of dinner, ballgame, food and lodging at Wrigley Field.

**Figure 33**  
**Email from La Fave exploring use of funds on account for lodging in Chicago**

**From:** LaFave, John  
**Sent:** Wednesday, May 28, 2014 2:48 PM  
**To:** Mark Schwarting  
**Cc:** Scott Moore  
**Subject:** RE: Brewers at Wrigley

Count from Milwaukee is four (4). Me, Larry and our wives.  
Either night is okay.

My wife only agreed to go when I said we would stay in a motel after the game.  
If there's any chance that you could finagle having the Tapestry credit cover the lodging too that would be nice.  
If not, that's okay.

John La Fave  
Register of Deeds  
Milwaukee County

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**Chapter 9 of the Milwaukee County Code of Ordinances establishes the Ethics Code providing guidance to employees and officers of Milwaukee County to avoid conflicts of interest. More scrutiny is required of Statements of Economic Interest to flag potential conflicts.**

Chapter 9 of the Milwaukee County Code of Ordinances contains the Ethics Code which seeks to provide a code of ethics for the guidance of county public officials and county employees to help them avoid conflicts between their personal interests and their public responsibilities. It states that public offices should not be used for personal gain. The code provides the process by which determinations are made that public officials or

employees have acted in ways which are incompatible with the best interests of county government and of the people of Milwaukee County.

**The County Ethics Code seeks to provide guidance to employees and states that an ethical county public official or employee should not accept anything of value from any source that is offered to influence his or her action as a public official.**

In addition, the Chapter states that, “the ethical county public official or employee should not...Accept anything of value from any source that is offered to influence his or her action as a public official.” Chapter 9 establishes the requirements for certain county officials or employees to file a statement of economic interest and specifies that those whose duties and responsibilities include the awarding or execution of contracts shall file the statement. Annual statements are due to the Ethics Board within thirty days of the closing of each calendar year.

**Annual Statement of Economic Impact forms are required for top department heads and elected officials to report receipt of any gifts in excess of \$50.**

Our review of Chapter 9 found that there was no clear direction on review of the statements that are filed. Processes are clearly established when an accusation of violation of the code occurs. We interviewed the current Administrator of the Ethics Board to understand the review process of the annual Statements of Economic Interest. He informed us that the Ethics Board primarily functions as an advisory board and provides guidance to elected officials and employees regarding items within the Ethics Code.

**La Fave reported receiving over \$7,000 worth of gifts from Fidler from 2010 to 2017 ranging from professional memberships to Chocolate of the Month in 2016 worth over \$350.**

Included in the Statement of Economic Interest form is a section that requires employees filling out the form to indicate whether they had received any gifts with a value in excess of \$50. We reviewed La Fave’s reports from 2010 to 2018. During that time period La Fave reported receiving \$7,976 worth of gifts. Of that amount \$7,826 was from gifts from Fidler. All Statement of Economic Interest forms are available to the public from the Ethics

Board to ensure transparency according to the Administrator of the Ethics Board. Table 5 details by year the gifts as reported on La Fave's annual Statements of Economic Interest.

<b>Year</b>	<b>Vendor</b>	<b>Item</b>	<b>Amount</b>
2018		No gifts reported	\$0
2017	Fidlar	Tickets and Food at Miller Park	\$207.00
2017	Fidlar	Tickets and Food at Miller Park	\$65.00
2017	Fidlar	Food and Bev for La Fave and wife at Fidlar Educational Symposium	\$70.00
2016	Fidlar	Chocolate of the Month	\$359.40
2016	Fidlar	Food	\$160.00
2015		No gifts reported	\$0
2014	Fidlar	Fleece Vest	\$20.00
2014	Fidlar	Dinner and Ballgame at Wrigley Field – Chicago	\$79.00
2014	Fidlar	Lodging and parking in Chicago, IL.	\$253.72
2013	Fidlar	2 tickets for Brewers game at Wrigley Field-Chicago	\$150.00
2012	Fidlar	Food & Lodging at Fidlar Conference in Rock Island, IL.	\$370.00
2012	Fidlar	Registration for WI Register of Deeds Association (WRDA) conference in Stevens Point, WI.	\$100.00
2012	Fidlar	Lodging at WRDA conference in Stevens Point, WI.	\$210.00
2012	Fidlar	Annual Membership in Property Records Industry Association	\$385.00
2012	Fidlar	Food and Lodging at PRIA Conference in Memphis, TN.	\$764.68
2012	Fidlar	Transportation to/from PRIA Conference in Memphis, TN.	\$273.20
2012	Fidlar	Registration Fee for PRIA conference in Memphis, TN.	\$300.00
2012	Fidlar	Registration fee for WRDA in Spring Green, WI.	\$100.00
2012	Fidlar	Lodging cost for WRDA in Spring Green, WI.	\$154.00
2012	Fidlar	National Association of County Recorders, Election Officials and Clerks (NACRC) Membership renewal	\$250.00
2011	SSR	Gift Basket with assorted items	\$150.00
2011	Fidlar	Bike jersey and Shorts	\$75.00
2011	Fidlar	Lodging at WRDA conference in Madison, WI.	\$206.10
2011	Fidlar	Baseball game at Wrigley Field Chicago, IL.	\$75.00
2010	Fidlar	Annual Membership in NACRC	\$250.00
2010	Fidlar	Flight to DC for NACRC of PRIA conference	\$204.90
2010	Fidlar	Bus from airport to hotel in D.C.	\$27.00
2010	Fidlar	Conference registration for NACRC in D.C.	\$250.00
2010	Fidlar	Conference registration for PRIA in D.C.	\$300.00
2010	Fidlar	Lodging & Meals for NACRC & PRIA conference	\$1,537.61
2010	Fidlar	Lodging for Fidlar Educational Conference Rock Island, IL.	\$159.50
2010	Fidlar	Registration for WRDA conference	\$192.00
2010	Fidlar	Lodging for WRDA conference	\$150.00
2010	Fidlar	Baseball game at Wrigley Field	\$128.15
		<b>TOTAL</b>	<b>\$7,976.26</b>

Source: Audit Services Division created table based on review of annual Statement of Economic Interest reports.

The current version of the form does not require any disclosure of whether a vendor that has given a gift to an official or an employee has a contract with the

department official who is filling out the form. The lack of that information limits the effectiveness of the form since it then requires a reader to be aware of all vendor relationships within a department when reviewing the form. According to the Administrator of the Ethics Board, County Board action is required to modify the existing forms, therefore, we recommend:

5. *The Administrator of the Ethics Board prepare a resolution to be considered by the County Board to modify the Statement of Economic Interest form to include information regarding the status of vendor's relationship with a department when a gift has been received in excess of \$50.*

**We also found evidence of repayment of gifts from La Fave in order to eliminate the need to report the gifts on his Statement of Economic Impact form.**

The Ethics Code states that, "A county public official or employee need not report on his/her statement of economic interests under paragraph (a) any compensation, reimbursement, or payment which: the county public official or employee returns to the payer within thirty (30) days of receipt."

We found that in 2015 La Fave paid Fidler back for the purchase of Brewers tickets to avoid having to report the item on his Statement of Economic Interest. He includes his interpretation in the email that it is legal for him to receive the gifts, but they must be reported. He stated in the email due to the upcoming election, he wished to have no gifts to report on his Statement of Economic Interest form which required the repayment of the Brewers tickets. However, he failed to do so within the 30 day window as required under the Ethics Code. Figure 34 contains a copy of the email where he expresses his need to issue a personal check to Fidler to reimburse them for the Brewers tickets.

### Figure 34

#### Email from La Fave explaining the need to reimburse vendor to avoid reporting gift.

**From:** LaFave, John  
**Sent:** Tuesday, August 18, 2015 1:48 PM  
**To:** MonarchEllenArguellez (ellena@fidlar.com)  
**Subject:** I have an unusual request  
**Attachments:** STATEMENT OF ECONOMIC INTEREST - J.LaFave - 12-24-14.pdf

Ellen,

Every year I am required to file a "Statement of Economic Interests" with the Milwaukee County Ethics Board detailing all gifts I have received over \$50 that relate to my employment. It is legal to receive the gifts, but they must be reported.

Going into my re-election next year, I've decided that I really would like my report for 2015 (this year) to list no gifts. To do that, I will need to reimburse Fidar for the \$100 ticket to the Brewers game that I attended with you on 6/16/15.

So this week on Thursday I would like to hand over to you a personal check for \$100 that I assume I should be made out to Fidar Technologies. Please double check on that.

FYI, I've attached my Statement for 2014 so you can see what it looks like. Look at page 5.

John La Fave  
Register of Deeds  
Milwaukee County

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**Funds on account being held by a vendor rather than on the County's financial system hindered our ability to research expenses. We used emails which show that at least approximately \$800,000 was held in funds on account at Fidar from 2011 to 2018.**

We reviewed email exchanges between Fidar and La Fave to attempt to determine the amount of funds that were held in the funds on account at Fidar from 2011 to 2018. We found an email exchange between La Fave and Fidar that contained an itemized listing in 2015 of all expenses from the funds on account since October of 2011. Due to a lack of records after that point, we found evidence that the balance grew to \$100,673 in 2016 and up to \$165,327 as of 2018 as shown in Figures 35 and 36.

The newly elected ROD Ramón informed us that Fidar had paid in full all outstanding funds on account as of



December 2019. In addition, ROD Ramón requested and was provided from Fidlar a high level accounting of the credits and debits into the funds on account. This report did not contain the itemized listing of the payments out of the funds on account detail similar to what we found in La Fave's email. For example, the listing found in La Fave's email included travel items. The listing provided by Fidlar did not itemize these expenses. This results in a gap of knowledge of what La Fave spent the funds on from 2015 to 2019. Therefore, we recommend:

6. *The ROD request full documentation from Fidlar of the debits from the funds on account from 2010 to 2019 including any documentation provided by La Fave; prepare a written policies and procedures manual to document new contract review and signature signoff implemented in the office and issue a Request for Proposals for all products currently offered from Fidlar at Milwaukee County.*

**Figure 35**  
**Email from 2016 with balance of Fidlar fund on account**

**From:** Kathy Perales <KathyP@fidlar.com>  
**Sent:** Friday, April 08, 2016 3:49 PM  
**To:** LaFave, John  
**Subject:** RE: Monarch Credit - March 2016

Hello, John –

As of today, your unused credit balance is \$100,673.32. If you need a reconciliation completed, I'll get that done for you next week.

Congratulations on your AVID accomplishment! Hope all goes well!

Kathy

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**Figure 36**  
**Email from 2018 with balance of Fidlar fund on account**

**From:** Jean Roos <JeanR@fidlar.com>  
**Sent:** Wednesday, March 14, 2018 3:06 PM  
**To:** LaFave, John  
**Subject:** RE: Holding Tapestry/Monarch credits for Milwaukee County

Hi John,

As of today's date, the total credit balance on your account is \$165,326.93.

Source: Audit Services Division review of selected emails sent by La Fave from 2010 – 2018

**ROD Ramón followed County policies and procedures when establishing a new master price agreement with Fidlar in the fall of 2019 and added new reporting requirements of Fidlar.**

A new contract with Fidlar was executed in the fall of 2019 which requires the submission of invoices to ROD, the county's Information Management Services Division and the Milwaukee County Accounts Payable Division and requires the invoice to include: the amount being credited or paid to the county, a listing of the services and products provided or type of revenue being shared and, how each line was calculated. In an interview with ROD Ramón he indicated he had implemented a new review process upon assuming the position of ROD.

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### **Section 3: Contracting policies and procedures at Milwaukee County are complicated, ordinances do not match State Statutes and controls over revenue contracts remain elusive.**

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**According to an interview with Accounts Payable staff, there is not one particular document throughout the county which would explain how the departments connect regarding the procedures and process of paying invoices.**

**According to the county’s Central Accounts Payable Department Liaison the paying of vendors at Milwaukee County is, “*complicated, there is no other way to say it.*”**

We conducted numerous interviews with multiple staff members who are responsible for various aspects of Milwaukee County paying its vendors. According to Accounts Payable staff, there is not one particular document throughout the county which would explain how the departments connect regarding the procedure and process of paying invoices, the dollar amount, and whom is responsible for what. In this section we attempt to provide a quick high level guide to the policies and procedures that drive county purchasing and contracting business. We have noted where behavior by La Fave was in direct conflict.

In terms of approving payments, Milwaukee County does employ a three way matching system for payments through the accounts payable process. Three-way matching is a common accounting procedure for processing a vendor invoice to ensure that a payment is complete and accurate. The goal of three-way matching is used to highlight any discrepancies in three important documents in the purchasing process – purchase orders, order receipts/packing slips, and invoices. At Milwaukee County once the three-way match has been confirmed, then departmental authorization occurs for payment and a payment goes out. According to

accounts payable staff, in all payments scenarios, departments are responsible for determining if goods or services are received.

We have summarized below a simplified version of the state of contracts and payments at Milwaukee County. Table 6 contains the multiple layers of authority that drive Milwaukee County purchasing and contracts.

<b>Table 6</b>	
<b>Layer of Authority for Milwaukee County Purchasing</b>	
1.	Wisconsin Constitution
2.	State Statutes
3.	County Ordinances
4.	Adopted County Resolutions and Action Items
5.	Office of Corporation Counsel Opinions (Issued related to contractual requirements and authority)
6.	County Administrative Manual of Operating Procedures

Milwaukee County is an entity of the State of Wisconsin which means the county can establish its own policies and procedures in areas where State Statutes are silent. However, State Statutes must be followed and take precedence over actions by Milwaukee County when in place. In the State of Wisconsin, counties are considered to be an administrative arm of the State unlike municipalities who under the Wisconsin Constitution have home rule power. There have been numerous acts adopted by the State Legislature in recent years that impact county purchasing and contract rules. Acts 14, 55 and 203 resulted in changes to county contract requirements specifically.

**In addition to contract language, there are additional State Statutes that La Fave violated. Per State Statue Milwaukee County is required to roll each annual surplus into the following year's budget rather than establish an operating rainy day fund as is allowed for municipalities.**

State Statute 59.60 requires that the one-time annual surplus of the county be applied against the tax levy requirements of the subsequent year's budget. This results in any leftover expenditure authority within a given year being required to be rolled into the county's general fund and applied toward the next property tax levy amount. This prohibits a department from holding onto funds for use in a subsequent year as La Fave did with both SSR and Fidlar. Annually the County Board adopts a resolution transferring the annual surplus (or deficit) into the subsequent adopted budget.

**La Fave violated State Statutes regarding revenues since State Statutes dictate that all county officers, employees and any other body that collects or receives revenue on behalf of the county deposit it with the Milwaukee County Treasurer.**

While the Register of Deeds is an elected official of Milwaukee County, statutes and ordinances governing contracts and purchasing apply. State Statute 59.61 calls for the payment of all revenue to the County Treasurer at the time that is prescribed by law and the prohibition in the State Statutes noted above requires the county to not delay depositing of revenue to create a reserve fund. La Fave executed revenue contracts with Fidlar that allowed for the release of the revenue at the request of La Fave which conflicts with the intent of the statute.

Revenue deposits or cash receipts in the county's financial system, Advantage, do not currently contain any language reminding departments of the statutory requirement to deposit revenue at the time prescribed by law. In addition, there is currently no detailed review of revenue deposits that occurs. The Treasurer's Office does verify that the bank has received the deposit amount noted in the cash receipt. Unlike on the

payment side where the Accounts Payable Division reviews payments to ensure properly executed contracts exist, there is no review, beyond bank deposit, conducted by an entity outside of the department making the revenue deposit. Therefore we recommend,

7. *The Comptroller work with the Treasurer and the Department of Administrative Services to review the documents received by the Treasurer for Cash Receipt deposits entered into the county's financial system and consider the inclusion of an attestation that the deposit reflects all earned revenue and it is being deposited in a timely manner. In addition, exploration of a process to monitor accuracy and appropriateness of revenues should be included with that review possibly limited to revenues received from vendors.*

**Milwaukee County has two ordinances that deal primarily with contracts and purchasing at Milwaukee County. State Statute changes modified contractual requirements, however, Milwaukee County has not updated its ordinances to reflect State Statute.**

The Milwaukee County Code of Ordinances contain two sections that primarily deal with contracting and purchasing at Milwaukee County. Chapter 56.30 deals with contracts and professional services while Chapter 32 deals with procurement of goods and services. There are additional ordinances that deal with specific types of contracting such as Department of Health and Human Services purchase of care services or public works contracts and State Statues have exempted some types of contracts such as for non-park property.

In consulting with the Office of Corporation Counsel in the initial fraud investigation we received confirmation from the prior Corporation Counsel for the county that a contract is a written agreement between two or more persons to do or not to do something. This definition effectively means an "agreement," a "contract" or a

“memorandum of understanding” are written agreements among parties and become subject to county and state purchasing and vendor rules.

This is an important distinction as the ROD used a variety of methods to procure services from vendors: professional service contracts, price agreements, revenue contracts all of which should have followed county policy. The ROD had contracts with vendors that were issued under Chapter 56. The ROD worked with the Procurement Director to issue price agreements to purchase services under Chapter 32. In addition, many of the contracts with vendors were revenue contracts where the vendor collected payment from the public and reimbursed the ROD. Our review of the activities within the ROD from 2008 to 2019 showed that misuse of funds occurred under all three methods of contracts the ROD used.

### **Chapter 56 – Professional Services Contracts/Revenue Contracts**

Professional Services are services the value of which is substantially measured by the professional competence of the person performing them, and which are not susceptible to realistic competition by cost of services alone. The services provided must be materially enhanced by the specific expertise, abilities, qualification and experience of the person who will provide the services. Services that are determined to be property, such as intellectual property, do not fall under the jurisdiction of this Chapter. As with other aspects of county contracting and purchasing, there is often confusion over which ordinance applies.

Milwaukee County Chapter 56.30 of its Code of Ordinance establishes the policies for Professional

Service Contracts at Milwaukee County. Wisconsin State Statute contains different thresholds for county contract approvals than the County Ordinances.

Table 7 details contractual limits found within ordinance versus State Statute.

<b>Table 7</b>			
<b>Chapter 56 (for park property and pure service contracts)</b>		<b>State Statute</b>	
\$0 - \$2,000	<ul style="list-style-type: none"> <li>• Dept Purchase order or purchasing card may be used.</li> <li>• No County Board approval.</li> <li>• Must have funds available.</li> </ul>	\$0 - \$100,000	<ul style="list-style-type: none"> <li>• State Statute is silent.</li> </ul>
\$2,000 - \$50,000	<ul style="list-style-type: none"> <li>• No County Board Approval</li> <li>• Must have funds available</li> <li>• RFP use is discretionary</li> </ul>		
\$50,000 - \$99,999	<ul style="list-style-type: none"> <li>• County Board Approval</li> <li>• Must have funds available</li> <li>• RFP use is required unless cost effectiveness is documented.</li> </ul>		
\$100,000 and greater	<ul style="list-style-type: none"> <li>• County Board Approval</li> <li>• Must have funds available</li> <li>• RFP use is required.</li> </ul>	\$100,000 - \$300,000	<ul style="list-style-type: none"> <li>• Passive Review required by County's finance committee.</li> </ul>
		\$300,000 and greater	<ul style="list-style-type: none"> <li>• County Board Approval Required.</li> </ul>
All contracts	Required Signatures: <ul style="list-style-type: none"> <li>• Corporation Counsel</li> <li>• Risk Management</li> <li>• Community Business Development Partners</li> <li>• Comptroller</li> </ul>		<ul style="list-style-type: none"> <li>• Corporation Counsel</li> <li>• Comptroller</li> <li>• County Executive</li> </ul>

Source: Audit Services Division created table based on State Statutes and county Ordinances

The County Board approval requirements in the ordinance for contracts are no longer valid or accurate due to the standards established via State Statute. Therefore, we recommend:

8. *The Comptroller work with the Office of Corporation Counsel and the Department of Administrative Services to update Chapter 56.30 of the Milwaukee County Code of Ordinances, where applicable, to reflect current statutory guidelines for contract*



*approval at Milwaukee County. In addition, language that results in the inclusion of revenue contracts be added.*

## **Chapter 32 – Procurement**

Chapter 32 subchapter 2 of the Milwaukee County Code of Ordinance establishes and defines the role of the Department of Administrative Services which includes the Procurement Division.

While Chapter 32 provides the guidelines for the purchase of commodities it also has jurisdictions over certain service contracts. It provides the foundational definition of a service contract as “an agreement primarily related to staff services including, but not limited to, housekeeping, security, landscaping, maintenance, clerical services, food services, and other non-professional services.”

**To provide clarity to employees on how to be in compliance with existing ordinances and statutes, Milwaukee County has issued memos, Office of Corporation Counsel opinions and developed an Administrative Manual of Operating Procedures (AMOPs).**

In a continued attempt to provide clarity regarding county contracting, the Office of Corporation Counsel and the Comptroller have issued multiple opinions and memos to help to establish guidelines for Milwaukee County staff in the proper execution of contracts.

The Department of Administrative Services organizes an Administrative Manual of Operating Procedures and policies that guide the operation of Milwaukee County government, in compliance with federal, state, and local law. It is a resource for staff, citizens and those who work with county government. Prior to the current iteration of the online AMOP, the county had a hard copy

Administrative Manual. Audit Services Division has a hard copy consisting of three volumes. The original publication date is not readily apparent but we found procedures which listed an original issue date of 1963 and which had last updated dates as far back as 2010.

In addition to the paper Administrative Manual and the electronic AMOP webpage, there is a forms library on the county's website that contains many, but not all, of the relevant purchasing forms required to be filled out by departments. Items include:

- Accounts Payable contracts
- Authorized Signatures form
- Check Requests
- Contract Encumbrance forms
- Marketplace Central information
- Statements of Economic Interest Form
- Travel Advances

Beginning in 2018, the Department of Administrative Services began an initiative to create AMOPs on the county's website for departments use. There is currently not an AMOP for contracts available on the county website.

The county should provide its employees with tools to be ensure they are operating in compliance with county ordinances and State Statutes and provide it in a simplified manner accessible to all necessary employees. Since there is a lack of an available AMOP on the county website on contracting and the hard copy of administrative procedures has not been updated recently, we recommend that:

9. *The Department of Administrative Services, the Comptroller and the Office of Corporation Counsel form a workgroup to finalize and issue an updated AMOP that is accessible on the AMOP website that*

*includes current and accurate procedures to follow for purchasing contracts.*

**Elected Officials at the county maintain some autonomy in terms of spending ability but must follow all relevant State Statutes and county ordinances. Guidance for new Elected Officials appears lacking in providing clarification of the level of autonomy available by position.**

Milwaukee County's structure includes a number of independently elected positions. They include the: Comptroller, County Clerk, Clerk of Courts, District Attorney, Treasurer, Register of Deeds and Sheriff. While the County Board adopts the annual budget, there is a certain level of financial independence granted to the departments that are run by elected officials. These entities are given expenditure authority with more freedom to run their departments at their discretion. However, they must comply with all applicable State Statutes, county ordinances, policies and procedures. Even in the case of the Sheriff, whose constitutional powers in Wisconsin are recognized as broader than other officers, the office conforms to standard county procedures.

Some of the elected officials oversee large departments that have dedicated fiscal staff who are able to navigate incoming elected officials to where flexibility exists and where not. However, some elected officials oversee small departments who may not have dedicated fiscal staff. Additional guidance would eliminate any confusion regarding the role of elected officials and their autonomy, and could be enhanced by additional voluntary training, therefore, we recommend:

10. *The Department of Administrative Services, the Comptroller and the Office of Corporation Counsel form a workgroup to develop a training program (and accompanying manual) for newly elected*

*officials to explain the role of elected officials and the application/explanation of relevant county policies and procedures.*

## **Conclusion**

In summary, every organization has the risk of fraud occurring. In recognition of this, most organizations employ controls and mechanisms to minimize the risk or opportunity for fraud to occur. The Milwaukee County Board approved the establishment of a fraud hotline within the Audit Department in 1993. A hotline is one of the most common and effective fraud detection methods. In 2015, our office received a tip regarding the behavior of La Fave. Without the ensuing investigation it is unknown how long the scheme could have continued. However, detecting fraud after it occurs is only part of the solution. Enhancing controls within the organization to make the opportunity for fraud more difficult should be the goal of every organization.

The majority of Milwaukee County employees we encounter in our work take pride in working for the county, and understand the responsibility which accompanies public sector work. The county has controls which are designed to ensure processes run smoothly, to catch errors, and also inappropriate behavior. But no control system will completely eliminate fraud (particularly in cases of collusion or cooperation). Consequences for misuse of public office are significant due to this responsibility and bad actors have reaped these consequences. The county needs to hold vendors and officials who do not abide by its values accountable.

## AUDIT SCOPE

The Milwaukee County Board of Supervisors requested an audit of the Register of Deeds Office (ROD) through resolution #19-486, as a result of a fraud investigation conducted by the Federal Bureau of Investigations. The objectives of the audit were to determine if the ROD followed Milwaukee county ordinances, policies and procedures and to make recommendations to improve oversight of internal and external controls to help prevent misuse of funds in the future. Our focus will be on conducting a review of ROD within the time period of 2010-2019. In addition, the audit will address the alleged misuse of public monies, how the alleged fraud occurred including details about any vendors that may have collaborated with the ROD.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review to the areas specified in this Scope Section. During the course of the audit, we:

- Reviewed County Board and Board committee minutes to identify issues, concerns, recommendations, and County Board Resolutions relating to the audit or audit objectives.
- Reviewed Wisconsin Constitution, applicable State of Wisconsin Statutes, county ordinances, and County Administrative Manual of Operating Procedures and Comptrollers' contracts memos relating to the audit objectives.
- Performed risk assessment of potential areas that could be involved in potential fraud in addition to loss, waste and abuse that fall within the parameters of our audit scope and objectives.
- Conducted meetings with the fraud auditor to discuss possible approaches for determining the extent, if any, of potential fraud.
- Reviewed emails from 2006-2019 for any non-compliance to county ordinances, vendor contracting and subcontracting and documented any findings deemed relevant to the audit.
- Reviewed any contractual documents relevant to the audit. Obtained copies of all contractual agreements from 2007 – present.
- Reviewed procedures and policies for Milwaukee County pertaining to its vendor selection process, bidding and contracting process, protocols for vendor subcontracting and potential conflicts of interests.

- Reviewed Milwaukee County Adopted Budget information relating to the auditee and related audit objectives from 2009-2020.
- Obtained and reviewed applicable policies and procedures and internal forms, reports, correspondence, etc., relating to the audit objectives.
- Obtained documents related to signature requirements for various contracts and documentation.
- Reviewed prior Milwaukee County audit reports, and the Comprehensive Annual Financial Report (CAFR).
- Conducted Internet research to identify studies, media coverage, and audits that provide useful background information, relevant industry standards, performance measures, best practice comparisons, and recommendations concerning the auditee and its operations.
- Obtained an *organizational chart* of the Milwaukee County ROD's Office.
- Reviewed court documents, surveys, research reports, briefings, communication, and data and policy analyses undertaken by Milwaukee County pertaining to the auditee and its operations.
- Interviewed Register of Deeds staff that perform functions directly related to the audit objectives to obtain additional perspectives on how well operations are performed.
- Interviewed other internal and external county departments' staff that performs functions directly related to auditee operations to obtain additional perspectives on how well operations are performed.
- Interviewed Milwaukee County Employees that worked for or has knowledge of the ROD Social Security Redaction Program (recruitment, schedules, equipment used and logistics).
- Interviewed other jurisdictions and obtained copies of policies and procedures, and contracts in other jurisdictions and/or fee structures.
- Compared Milwaukee County's operations with peer counties, national standards, Best Practices model programs and Register of Deeds standards.
- Obtained an understanding of Milwaukee County Procurement and ROD's procedures if different than Milwaukee County, related to the vendor bidding and contracting process, vendor subcontracting and potential conflicts of interest.
- Created flowcharts regarding steps on contracting with vendors, professional service contracts, and revenue contracts.
- Reviewed the payroll register for the employees working in the Register of Deeds (ROD) office in 2015. Overtime paid to employees that worked on the Superior Support Resources project was the primary focus of this analysis.
- Reviewed ROD Statement of Economic Interest forms and travel expense reports submitted.
- Reviewed the email based internal procedures and policies for the ROD pertaining to its Accounts Payable process and its overall Purchasing Requisition process and determine whether these

procedures comply with the Milwaukee County procedures and ordinances related to these processes.

- Reviewed the two main ROD vendors Fidlar Technologies Incorporated (Fidlar) and Superior Support Resources (SSR), and tested for compliance to Milwaukee County procedures and ordinances as it pertained to RFP's, and vendor selection (including bidding, sole source).
- Obtained and reviewed ROD revenue contracts for compliance to confirm that they were approved in compliance to the Ordinance and identified deviations of the ROD to ordinances and policies and procedures that were not followed.
- Reviewed how ROD determines if vendor services have been performed per what is billed and if an adequate procedure does not exist and developed a reasonable alternative for how this can be accomplished.
- Reviewed areas of the process from solicitation of service provision to the payment of services and indicated internal or external controls that can be improved at the county to prevent or minimize future misuse of funds.



# Milwaukee County

ISRAEL RAMÓN • Register of Deeds

Date: February 15<sup>th</sup>, 2021  
To: Jennifer L. Folliard, Director of Audits  
Subject: Response to Audit of Register of Deeds Office

I thank the Audit team for their work in the investigation and drafting of the final audit report of the Register of Deeds (ROD) Office.

Following the FBI Raid on February 6<sup>th</sup>, 2019 and the resignation of the then Register of Deeds, John La Fave, on April 12<sup>th</sup>, 2019, I was appointed by Governor Tony Evers and sworn in as Register of Deeds on May 19<sup>th</sup>, 2019. At that time, I made the following commitment to Milwaukee County:

"I pledge to work very hard for the residents of Milwaukee County to meet the statutory obligations of the Register of Deeds Office, continue its efficient operations, improve on the delivery of services where needed, move the office forward technologically and be transparent in what we do to restore the public's confidence in our operations." (Emphasis added).

My efforts for the past 21 months have been to identify and address the many deficiencies in the ROD Office which ranged from poor customer service to inadequate invoicing controls to a total lack of accountability and transparency in contract procedures. It is important to acknowledge that systemic deficiencies within the county created an atmosphere that facilitated the illegal invoicing scheme that occurred. I am addressing these deficiencies, but they must be addressed county-wide as well. Failure to do so may inevitably lead to the invitation of future inappropriate or illegal conduct by ethically challenged elected or appointed individuals.

It is with this in mind that I take the recommendations of the Audit team very seriously. Many of the recommendations made have already been implemented or addressed. Others will be reviewed and considered. Nonetheless, I will continue to collaborate with Contract Management, Procurement, the Office of Corporation Counsel, and the Comptroller's Office on an ongoing basis to assure the implementation of best practices to safeguard our financial and contracting controls.

The audit report made two recommendations. I have outlined those recommendations below and include my responses in bold:



Recommendation #1

The ROD should work with the Department of Human Resources to review the conduct of ROD employees who were included on email correspondence discussing the former ROD's scheme and who processed inappropriate invoices on his behalf to determine whether corrective action is appropriate for violation of State Statutes, county ordinances, policies and procedures.

Response:

**I will work with Department of Human Resources and determine what, if any, steps are necessary to address this recommendation.**

**Please note that on June 11<sup>th</sup>,2019, I issued a policy directive that I and the Chief Deputy ROD would review and approve (sign/initial) all bills, invoices and notices of payments or disbursements connected with contracts which the ROD Office has with vendors, the State or other County entities. (See Attachment A).**

**Moreover, on June 3<sup>rd</sup>, 2019, I met with Fidlar representatives and advised them that I and my Management team would not accept any gifts from them or any other vendor of the ROD Office.**

Recommendation #2

The current ROD should request full documentation from Fidlar for the funds on account, prepare a written policies and procedures manual for contract review and signature signoff and issue an RFP for all products currently offered from Fidlar at the County.

Response:

**This request will be made and once the information is received, it will be forwarded to the Audit team.**

**A contract review policy has been developed and I look forward to the Audit team's input on any changes to it that may be necessary. (See Attachment B).**

**It is also important to note that with the assistance of Procurement, Contract Management, and the Office of Corporation Counsel, a one-year Master Service Agreement with Statement of Work provisions was drafted, approved and signed by all necessary county department heads in November 2019. That contract was extended in February 2021 and will run through December 2021.**

**Request For Proposal and/or Request For Information discussions with Procurement and Contract Management took place in the Fall of 2019 and again in 2020. Due to the COVID-19 Pandemic, those discussions were put on hold. It is my hope that an RFP/RFI can be issued later this year.**

I look forward to working with the Audit team and other County Offices to continue the reforms made to the ROD Office to better serve our County. Thank you.

Respectfully submitted,

*Israel "Isy" Ramón*

Milwaukee County  
Register of Deeds  
(electronically signed)

# *ATTACHMENT A*

## **ROD INVOICE PAYMENT PROCEDURE**

**Purpose:** To assure ROD Management team is aware of all expenditures and disbursements and are approved by the Register of Deeds and Chief Deputy ROD before payment.

### **In Office Procedures:**

- ROD Coordinator or Assistant ROD Coordinator will schedule a meeting with the Register of Deeds and Deputy ROD to review payments.
- Invoices, purchase orders or check requests will be reviewed and must be referenced to a contract or written commitment.
- Funds due and owing to the County from revenue contracts will be paid to the County. No holding of funds by vendors is permitted.
- Invoices or purchase orders will be initialed by ROD and Deputy ROD.
- Check requests will be signed by ROD or Deputy.
- Payments will be processed by ROD Coordinator or Asst Coordinator per County policy.

### **Telework Procedures:**

- ROD Coordinator or Assistant ROD Coordinator will upload invoices, purchase orders or check requests in DocuSign with explanation
- All payments in DocuSign should be sent to Register of Deeds, Deputy Register of Deeds, ROD Coordinator and Asst ROD Coordinator
- Invoices or Purchase orders will be initialed by ROD and Deputy ROD in DocuSign
- Check requests will be signed by the ROD and reviewed by the Deputy
- If ROD is absent, the Deputy will sign the check request; the ROD will still receive a copy
- Payments will be processed by ROD Coordinator or Asst Coordinator per County policy

## *ATTACHMENT B*

# **ROD Office Contract/Agreement Approval Process**

After the ROD Office and/or Business Analyst identifies a need and/or service, Procurement is contacted and will identify and use the proper method to select a vendor to fill need:

- Bid
- RFP
- Sole Source Letter
- GSA or,
- Using current contract/vendor to extend service to new Department.

Procurement manages Bid and RFP processes until an award is made and a vendor selected. Once vendor selection is approved by Procurement, the contract/agreement proceeds to Contract Management.

All ROD contracts will comply with the following ordinances/statutes regarding proper review/signature/approval of contracts. The Chief, Second and Third Deputies (Management team) will participate in the review all contracts and will assure that all ROD contracts/agreements comply as follows:

- Following the review of Procurement, all ROD contracts must be provided to the designated IMSD Contract Manger for his or her review and/or modification and approval. Thereafter, the IMSD contract manager will assist in moving the contract through the statutory or ordinance directives.
- Risk Management – MCO 56.30(6)(f). “All contracts will be reviewed and **approved, in writing**, by the county's risk manager for financial responsibility and liability management, including appropriate insurance provisions and modifications in indemnity agreements.”
- Comptroller – MCO 32.25(10)(a). All contracts issued by the division shall be reported to and **countersigned by the comptroller**, under policies established by the comptroller, if he or she determines that the county has, or will have, the necessary funds to pay the liability that the county may incur under the contract. No contract is valid until so countersigned.
- TBE requirements – MCO 42.04(11). “County contracts, subject to this chapter shall be **countersigned by the CBDP director** or designee providing that requirements of this Chapter have been satisfied. No contract is valid until so countersigned.”

- Corporation Counsel – MCO 56.30(6)(b). “Approval. The contract must be approved by the office of the corporation counsel prior to execution. **No contract is valid until so countersigned.**”
- Comptroller – Wis. Stats. Sec. 59.255(2)(e) – “The comptroller shall countersign all contracts with the county if he or she determines that the county has, or will have, the necessary funds to pay the liability that the county may incur under the contract. No contract is valid until so countersigned.”  
<https://docs.legis.wisconsin.gov/statutes/statutes/59/IV/255>
- County Executive & Corporation Counsel (generally) – Wis. Stats. Sec. 59.17(2)(b)4 - “Sign all contracts, conveyances, and evidences of indebtedness on behalf of the county, to the extent that no other county officer or employee is specifically required to sign such contracts, conveyances, and evidences of indebtedness, and countersign all other contracts, conveyances, and evidences of indebtedness. No contract with the county is valid unless it is signed or countersigned by the county executive and, as provided in ss. [59.255 \(2\) \(e\)](#) and [59.42 \(2\) \(b\) 5.](#), by the comptroller and corporation counsel.”  
<https://docs.legis.wisconsin.gov/statutes/statutes/59/IV/17>
- Corporation Counsel (specifically) – Wis. Stats. Sec. 59.42(2)(b)5 – “Review and countersign all contracts to verify that the contracts comply with all statutes, rules, ordinances, and the county’s ethics policy. This subdivision applies only in a county with a population of 750,000 or more.”  
<https://docs.legis.wisconsin.gov/statutes/statutes/59/IV/42>

If anyone on the Management team has any concerns about the contract/agreement language or process, he/she must request a meeting with the entire team and the IMSD Contract Manager to discuss such concerns.



Office of the Comptroller

# Milwaukee County

Scott B. Manske • Comptroller

Exhibit 3

## COUNTY OF MILWAUKEE Inter-Office Communication

**DATE:** February 18, 2021  
**TO:** Jennifer L. Folliard, Director of Audits  
**FROM:** Scott B. Manske, Comptroller  
**SUBJECT:** Audit of Former Register of Deeds' Disregard for County Policies and Procedures

The Office of the Comptroller was asked to provide a response to Audit Services regarding the former Register of Deeds' disregard for county policies and procedures and cooperative vendors facilitated development of a "pot of gold" for improper use of County funds.

Such response is only from the Office of the Comptroller and does not include a combined response to the recommendation from all of the parties that are noted in each of the recommendations. As a result, the Audit Department, when they perform a follow-up to these points, may see a different response, based on the combined thoughts of all of those included in the recommendation.

Please see the Office of the Comptroller responses in bold to each of the recommendations contained in the audit below:

1. *The Comptroller and the Department of Administrative Services:*
  - A. *Update the current policies and procedures including any financial system instructional manuals to include a reminder to departments that the County does not prepay for services.*

**The County is in the process of transitioning to a new financial system. The first step in the process is training manuals, as indicated in B. below. After the training has occurred, the County will begin looking at policies and procedures that will follow both County policy and best practices for the system. Initially, the County will issue a memo to departments that prepayment of contracts will not be allowed except with the approval of the Comptroller (or designee) and the DAS PSB Director.**

- B. *Update any current and any new training on payment systems to include a reminder that the County does not prepay for services.*

**The County is in the process of transitioning to a new financial system. The training materials are being prepared for this transition. We will communicate to the training personnel and module leads that the training material should include a notification in the training material that the County does not pre-pay for services. Any exception to this rule must receive the approval of the Comptroller (or designee) and the DAS - PSB Director (or designee).**

- C. *Explore the possibility of adding a pop-up reminder to any new financial systems implemented at the county that the county does not pre pay for services. Page 37*

**At the present state of transitioning to a new system, the County cannot program this into the current version that will be released to County financial system users. The County will consider making modifications in the future for this recommendation. This recommendation would be limited to contract purchases in the new system. For purchase orders that are made for services and commodities, the system requires that a receiver be completed prior to the completion and payment of a purchase order. Contracts do not require the use of a receiver, but entry of invoices could potentially require a note on data entry that prepayments are not allowed.**

7. *The Comptroller work with the Treasurer and the Department of Administrative Services to review the documents received by the Treasurer for Cash Receipt deposits entered into the county's financial system and consider the inclusion of an attestation that the deposit reflects all earned revenue and it is being deposited in a timely manner. In addition, exploration of a process to monitor accuracy and appropriateness of revenues should be included with that review possibly limited to revenues received from vendors. Page 85*

**This response is from the Office of the Comptroller and does not reflect the combined thoughts of the other parties noted.**

**The preparation of a cash receipt is the reflection of a payment that has been received by the County and the notification to the Treasurer that the funds are being deposited into the banking process. Each document should not have an attestation that it reflects earned revenue and is being deposited timely. Alternatively, procedures should define these requirements, and centralized departments such as the Treasurer, Department of Administrative Services and Comptroller are free to verify that this is being followed. When it is not being followed, communication should be made with the appropriate departments as to the steps they are not following such as timely deposit of funds.**

**The County's goal is to deposit funds on a timely basis and reflect those payments being processed through a cash receipt. The goal would be to find a method to identify and record in the financial system revenue contracts once they are entered into by a department. This central recording of revenue contracts would provide a means to monitor revenue being provided by the vendor/provider. Discussion will occur with each of these groups to determine the best method to respond to this recommendation.**

8. *The Comptroller work with the Office of Corporation Counsel and the Department of Administrative Services to update Chapter 56.30 of the Milwaukee County Code of Ordinances, where applicable, to reflect current statutory guidelines for contract approval at Milwaukee County. In addition, language that results in the inclusion of revenue contracts be added. Page 88*

**The Comptroller, the Office of Corporation Counsel and the Department of Administrative Services have been working on an Administrative Procedure (AMOP) for contracts, which reflects the current Wisconsin Statute and the current interpretation of those policies. The completion of the AMOP on Contracting will allow for these departments to determine the best means to then update County Ordinance to reflect such AMOP on contracting. This group will have to determine the best method for updating County ordinances on professional service contracting under County Ordinance 56.30. Discussion will occur with each of these groups to determine the best method to respond to this recommendation.**

9. *The Department of Administrative Services, the Comptroller and the Office of Corporation Counsel form a workgroup to finalize and issue an updated AMOP that is accessible on the AMOP website that includes current and accurate procedures to follow for purchasing contracts. Page 90*

**The Comptroller, the Office of Corporation Counsel and the Department of Administrative Services have been working on an Administrative Procedure (AMOP) for contracts, which reflects the current Wisconsin Statute and the current interpretation of those Statutes and how they apply to Milwaukee County contracting processes. While the AMOP work is continuing, it is uncertain the date when it will be finalized, as it may have to consider any changes needed as we transition to a new financial system.**

10. *The Department of Administrative Services, the Comptroller and the Office of Corporation Counsel form a workgroup to develop a training program (and accompanying manual) for newly elected officials to explain the role of elected officials and the application/explanation of relevant county policies and procedures.*

**The Comptroller will work with the Department of Administrative Services and the Office of Corporation Counsel to develop a training program for newly elected officials to provide an overview of the County policies and procedures.**



**The procedure manual provides an overview of County Ordinances, Administrative Procedures (AMOP) and Ethics code. The goal is to not duplicate documents that currently exist. These other departments may have different thoughts of how this can best be presented, so this is only the recommendation of the Office of the Comptroller.**

Thank you for your recommendations.



Scott B. Manske  
Milwaukee County Comptroller

CC: David Cullen, Treasurer  
Israel Ramón, Register of Deeds  
Margaret Daun, Corporation Counsel  
Sherri Jordan, Interim DAS Director