


Theodore LIPSCOMB

Milwaukee County Board Chairman
County Supervisor, 1st District

To: Jennifer Folliard, Director of Audits
Scott Manske, Milwaukee County Comptroller
Margaret Daun, Milwaukee County Corporation Counsel

Date: April 25, 2019

From: Chairman Theodore Lipscomb, Sr. 

CC: Milwaukee County Board of Supervisors
Milwaukee County Executive Chris Abele
Stephen Cady, Research and Policy Director

The media recently reported on an investigation that focuses on alleged fraud activities involving the former elected Register of Deeds (ROD) who retired in April from Milwaukee County. I write to ask for an audit of the Register of Deeds Office and a legal analysis of our options for recoupment of taxpayer dollars if the allegations about the reported secret fund and the falsification of invoices are validated through the courts.

Information about this investigation may be limited while the case makes its way through the courts, so a comprehensive post-mortem on the alleged incidents must be completed when more information is available. In the interim, we have an obligation to the people of Milwaukee County to ensure that the services delivered by the ROD continue and that this public office is administered with integrity. If it is determined that tax dollars were illegally diverted as part of these reported schemes in avoidance of public oversight of expenditures, we also have a fiduciary responsibility to taxpayers to explore recoupment options available to Milwaukee County from all implicated parties, vendors and the former ROD.

An investigation of the person elected to the Register of Deeds position suggests the need for enhanced internal checks and balances in that Office to increase accountability. It also raises questions about purchasing procedures Countywide and whether they should be improved. An audit review of the ROD Office also would help give the Governor's appointee to the Register of Deeds position a full-picture view of what is working and what is not, from service delivery (e.g., vital records) to administrative processes (e.g., Human Resources). Notably, the search warrant indicates that *"the third-party vendors paid under this scheme included employees of the ROD,"* and one of the vendors listed in that warrant has search engines listed on the ROD website. Therefore, the question of whether there may be an ongoing problem in the ROD Office should be answered quickly.



Information in the requested audit and legal analysis could include:

- details about how the County investigation was initiated, its length, and scope;
- recommendations for strengthening internal County procedures to avoid schemes such as the falsified invoices that have been alleged;
- an estimate of the amount of taxpayer dollars that may have been illegally diverted as part of these alleged schemes;
- information about what recoupment options could potentially be available to the County from participants in the described scam, the individual requesting false invoices and the vendor providing falsified invoices for work not performed;
- an explanation of what actions would trigger various recoupment options, e.g., court-ordered damages or restitution to County; County initiation of a civil lawsuit to parties; or administrative garnishment (pension of former official); and
- the process for invoking termination of pension benefits under County ordinances if the court proceedings result in a criminal conviction of the former Register of Deeds that relates to work in County office.

Given the seriousness of the nature of this investigation, Milwaukee County officials must work together to restore public trust in the Register of Deeds Office and support the Governor's appointee in ensuring the transparency of daily operations. Accordingly, I plan to submit my request for this audit and legal analysis as a resolution for approval by the County Board and the signature of the County Executive in the May cycle.

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3 A resolution by Supervisors Lipscomb, Sr., Haas, and Johnson, Jr., requesting the Audit
4 Services Division, Office of the Comptroller, conduct an audit of the Register of Deeds
5 due to a Federal Bureau of Investigation fraud investigation, and seeking a legal
6 analysis from Corporation Counsel, Office of Corporation Counsel, of Milwaukee
7 County's options to recoup taxpayer funds if the allegations are substantiated, by
8 recommending adoption of the following:
9

10 **AN AMENDED RESOLUTION**

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12 WHEREAS, on February 8, 2019, it was reported by the *Milwaukee Journal*
13 *Sentinel* (Journal Sentinel) that the Register of Deeds Office was raided two days earlier
14 by agents from the Federal Bureau of Investigation (FBI), and investigators from the
15 District Attorney's Office, taking away documents and several computers; and
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17 WHEREAS, the incumbent Register of Deeds, Mr. John La Fave, announced his
18 retirement effective April 12, 2019, more than one year and eight months prior to the
19 end of the four-year term ceasing on January 3, 2021; and
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21 WHEREAS, on April 16, 2019, the *Journal Sentinel* reported that according to
22 Federal court documents, the former Register of Deeds is under investigation for
23 fraudulent dealings worth more than \$2.8 million with two Milwaukee County (County)
24 contractors dating back to 2010; and
25

26 WHEREAS, investigators stated in the court filings that Mr. La Fave engaged in a
27 scheme to create false invoices worth more than \$2.3 million with Superior Support
28 Services, Inc., (SSR), a Brookfield, Wisconsin based firm that had a contract with the
29 County indexing documents and redacting information; and
30

31 WHEREAS, investigators were also looking into whether Mr. La Fave and
32 another contractor, Fidar Technologies, an Iowa-based firm, were involved in a similar
33 scheme of setting aside revenue owed to the County in a separate account to, at a
34 minimum, circumvent County procurement processes; and
35

36 WHEREAS, pursuant to Section 59.255(2)(i), Wisconsin State Statutes, the Audit
37 Services Division (ASD), Office of the Comptroller (Comptroller), is responsible for
38 performing all audit functions related to County government, and are to be performed in
39 accordance with government auditing standards issued by the Comptroller General of
40 the United States of America; and
41

42 WHEREAS, on April 25, 2019, in response to these news reports, the Chairman,
43 Milwaukee County Board of Supervisors, sent a memo to the, Director of Audits, ASD-
44 Comptroller, and Corporation Counsel, Office of Corporation Counsel, requesting an
45 audit of the Register of Deeds Office and posing legal questions as to the options
46 available to the County to recoup any misappropriated taxpayer funds if the allegations
47 are proven to be true (copy hereto attached to file); and
48

49 WHEREAS, the Governor of the State of Wisconsin is expected to appoint a
50 Register of Deeds to fill the remaining term of office, which resulted due to the
51 retirement of the incumbent prior to the next regularly scheduled election in the fall of
52 2020; and
53

54 WHEREAS, a new appointee, as well as policymakers and the public, would
55 benefit from an in-depth review of Register of Deeds operations to ensure that County
56 procedures are being followed and to restore trust in the office; and
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58 WHEREAS, if it is proven that taxpayer funds were misused, policymakers would
59 benefit from a legal analysis by Corporation Counsel as to the options the County may
60 have to recoup the funds from the former Register of Deeds or vendor if the allegations
61 are proven true; and
62

63 WHEREAS, the Committee on Finance and Audit, at its meeting of May 16,
64 2019, recommended adoption of File No. 19-486 as amended (vote 7-0); now,
65 therefore,
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67 BE IT RESOLVED, that Milwaukee County requests the Audit Services Division
68 (ASD), Office of the Comptroller (Comptroller) perform an audit of the Register of Deeds
69 Office to determine if Milwaukee County (the County) procedures are being followed,
70 and any recommendations to improve internal and external controls and prevent future
71 misuse of funds; and
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73 BE IT FURTHER RESOLVED, as outlined in the letter dated April 25, 2019, from
74 the Chairman, Milwaukee County Board of Supervisors (County Board), the audit
75 should address the alleged misuse of public monies and any other factors that would
76 assist in understanding how the alleged fraud occurred, including but not limited to
77 details about any vendors that may have helped perpetrate the malfeasance; and
78

79 BE IT FURTHER RESOLVED, Corporation Counsel, Office of Corporation
80 Counsel (OCC), is requested to address the legal questions outlined in the Chairman's
81 letter that, in broad terms, inquire as to the County's options to demand restitution or
82 recoup any misused funds from any of the parties involved; and
83

84 **BE IT FURTHER RESOLVED, the Comptroller is authorized and requested**
85 **to enter into an agreement with a forensic accountant to help quantify the amount**
86 **of misappropriated funds, and to later submit an appropriation transfer for**
87 **consideration by the County Board to offset the cost of retaining the analysis;**
88 **and**

89 BE IT FURTHER RESOLVED, with the understanding and sensitivity that the
90 matter is still under investigation, and subject to potential criminal charges and judicial
91 proceedings, Corporation Counsel, OCC, and ASD-Comptroller, shall separately report
92 back as soon as practicable on the responses to the legal questions posed in the letter
93 and with an audit of the operations of the Register of Deeds.

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