By Supervisor Lipscomb, Sr. File No. 19-486

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# **A RESOLUTION**

Requesting the Milwaukee County Office of the Comptroller - Audit Services Division conduct an audit of the Register of Deeds due to a Federal Bureau of Investigation (FBI) fraud investigation and seeking a legal analysis from Corporation Counsel of the County’s options to recoup taxpayer funds if the allegations are substantiated

WHEREAS, it was reported by the *Milwaukee Journal Sentinel* on February 8, 2019, that the Milwaukee County Register of Deeds office was raided two days earlier by agents from the Federal Bureau of Investigation (FBI) and investigators from the Milwaukee County District Attorney’s Office, taking away documents and several computers; and

WHEREAS, the incumbent Register of Deeds, John La Fave, announced his retirement effective April 12, 2019, more than one year and eight months prior to the end of the four-year term ceasing on January 3, 2021; and

WHEREAS, the *Milwaukee Journal Sentinel* reported on April 16, 2019, that according to federal court documents, the former Register of Deeds is under investigation for fraudulent dealings worth more than $2.8 million with two county contractors dating back to 2010; and

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

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

WHEREAS, pursuant to Wisconsin Statutes §59.255(2)(i), the Office of the Comptroller - Audit Services Division is responsible for performing all audit functions related to County government, and are to be performed in accordance with government auditing standards issued by the Comptroller General of the United States; and

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

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

WHEREAS, a new appointee, as well as policymakers and the public, would benefit from an in-depth review of Register of Deeds operations to ensure that County procedures are being followed and to restore trust in the office; and

WHEREAS, if it is proven that taxpayer funds were misused, policymakers would benefit from a legal analysis by Corporation Counsel as to the options the County may have to recoup the funds from the former Register of Deeds or vendor if the allegations are proven true; now, therefore,

BE IT RESOLVED, that Milwaukee County requests the Office of the Comptroller - Audit Services Division perform an audit of the Register of Deeds Office to determine if County procedures are being followed and any recommendations to improve internal and external controls and prevent future misuse of funds; and

BE IT FURTHER RESOLVED, as outlined in the Chairman of the Board’s letter dated April 25, 2019, the audit should address the alleged misuse of public monies and any other factors 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; and

BE IT FURTHER RESOLVED, the Corporation Counsel is requested to address the legal questions outlined in the Chairman’s letter that, in broad terms, inquire as to the County’s options to demand restitution or recoup any misused funds from any of the parties involved; and

BE IT FURTHER RESOLVED, with the understanding and sensitivity that the matter is still under investigation, and subject to potential criminal charges and judicial proceedings, the Corporation Counsel and Audit Services Division shall separately report back as soon as practicable on the responses to the legal questions posed in the letter and with an audit of the operations of the Register of Deeds.