

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: July 7, 2020

To: Supervisor Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors
Supervisor Sequanna Taylor, Chairwoman, Committee on Audit

From: Jennifer L. Folliard, Director of Audits, Office of the Comptroller

Subject: Status Update on Register of Deeds Audit Work

Background

This status update on our Division's Register of Deeds audit work was prepared at the request of the Chairwoman of the County Board to provide the Committee on Audit with information following recent developments in the investigation into the conduct of the former Register of Deeds.

Discussion

Fraud Hotline Update

On June 25, 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 count of wire fraud. He entered into a plea agreement, which included restitution of \$89,000. He has not yet been sentenced.

The Federal investigation into Mr. La Fave was initiated as a fraud hotline investigation by our office. Due to potential criminal behavior, the matter was referred to law enforcement. Upon referral of the matter, the Audit Services Division is no longer leading the investigation, but stands ready to support investigators if requested.

Performance Audit Update

Following media reports of an investigation focused on alleged fraud activities involving the former elected Register of Deeds, the County Board passed a resolution (File No. 19-486) requesting that our office perform a performance audit of the Register of Deeds Office to determine if Milwaukee County procedures are being followed, and provide any recommendations to improve internal and external controls to prevent future misuse of funds. The same resolution asked the Office of Corporation Counsel to address legal questions surrounding the Register of Deeds. We last provided an update on the status of this project in October 2019 (File No. 19-845).

At this time our audit is ongoing. In our initial project plan for 2020, we had planned to release this audit late in the second quarter/early in the third quarter of 2020. However, due to the pandemic the timeline for all performance audits to be issued was postponed as County departments shifted operations. Our office has been primarily working via telework but fieldwork has since resumed and is being conducted remotely to the extent possible. Like most

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County operations, this is a new manner of doing business and we continue to adjust to the circumstances. Much of our work typically involved in-person interviews, physical walk-throughs, and in-person field observations.

To date, we have received good cooperation and anticipate that will continue. Our adjusted goal is a mid-to-late Fall issuance (likely early fourth quarter). Given the sensitivity and potential legal issues which may surround this audit, we do plan to consult with investigators and County counsel prior to the issuance of our report, but we are hopeful that will not result in unreasonable delays.



Jennifer L. Folliard

JLF/cah

cc: Scott B. Manske, CPA, Milwaukee County Comptroller
Israel Ramón, Milwaukee County Register of Deeds
Audit Committee Members
David Crowley, Milwaukee County Executive
Mary Jo Meyers, Chief of Staff, Milwaukee County Executive
Kelly Bablitch, Chief of Staff, County Board Staff
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Steve Cady, Research & Policy Director, Office of the Comptroller
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