

SUMMARY REPORT:
MIFFLIN VOLUNTEER FIREFIGHTERS' RELIEF
ASSOCIATION

APRIL 2002

INTRODUCTION AND BACKGROUND

Volunteer Firefighters' Relief Associations in Pennsylvania receive state funds pursuant to the Volunteer Firefighters' Relief Association Act, as amended, 53 P.S. § 8501, *et seq.* (Act 84). The purpose is to provide eligible volunteer firefighters with protection from consequences of misfortune suffered as a result of their participation in the fire service.

The Department of the Auditor General conducts regular audits and investigations of the associations pursuant to Act 84 and the Pennsylvania Fiscal Code, 72 P.S. § 403. Mifflin Volunteer Firefighters' Relief Association (MVFRA), also referred to as Mifflin Firemen's Relief No. 2, is a volunteer fire relief association located in Mifflin, PA.

In November 2001, the Office of Special Investigations (OSI) received information from the Department's Bureau of Liquor and Volunteer Fire Relief Audits (the Bureau) concerning an undocumented \$4,000 expenditure from MVFRA funds. OSI conducted an investigation which included reviews of Bureau, MVFRA and bank records and interviews of MVFRA officials.

SUMMARY OF FINDINGS

The \$4,000 was taken from MVFRA by the Association's treasurer for his own use. The treasurer made false and misleading statements and representations to other MVFRA officials and the Department auditors to conceal his actions and to prevent the facts from being uncovered.

FINDINGS

According to the MVFRA's current president, the then-treasurer of MVFRA mentioned the idea of an investment at a MVFRA meeting in 2000 during a discussion of ways for the Association to make money.¹ According to the president, the treasurer said the investment would be similar to a mutual fund or a money market account and the Association could get its money back at any time. The treasurer's proposal was approved by MVFRA members. The former MVFRA president told OSI that the plan was for the treasurer to give the money to the owner of the business where the treasurer was employed, and the owner would give the funds to a "money man" who would invest it. The former MVFRA president also told OSI that the treasurer "has been doing this for the fire company, too" and had invested \$1,000 in this manner a few years previously; that he and the Association's interim secretary agreed to the treasurer's original proposal concerning the \$4,000 investment but never saw any paperwork related to it; that "it was all verbal"; and that the treasurer at some point had mentioned that the investment was "making money."

¹ The individual is no longer an officer of the MVFRA. The current treasurer was not involved in the activities described in this report.

The current MVFRA president told OSI that the treasurer provided no details about the investment; the treasurer was given a check draft payable to him (the treasurer); in January 2001, the treasurer told MVFRA members that they had already made \$500 on the investment; and that, in a later meeting, the treasurer described the investment as “fundraising.”

According to records obtained from Omega Bank, \$4,000 was withdrawn from the MVFRA’s bank savings account on October 13, 2000. The money was used to obtain an Omega Bank cashier’s check, payable to the treasurer, on the same date. The cashier’s check was cashed at Omega Bank on October 16, 2000. The treasurer’s signature is on the back of the check.

Beginning in the later part of 2000, auditors from the Bureau conducted a regular audit of MVFRA. An auditor questioned the \$4,000 withdrawal and sought information from the treasurer. From December 2000 until September 2001, auditors attempted, unsuccessfully, to get information and documentation concerning the \$4,000 from the treasurer and other MVFRA officials. At various times, the treasurer gave different explanations: He said the funds were placed in an investment account by his employer; that the first interest check had been received; and that the Association was going to get its money back. In about mid-2001, the treasurer began telling the auditors that the money had been used to purchase a Ford Explorer vehicle to be raffled off by MVFRA. At one point, the treasurer gave auditors a document that purported to be a ticket for the raffle. When auditors asked for further information and documentation concerning the vehicle (e.g., its title and records of purchase) and the raffle, the treasurer did not provide the information and made various excuses for the delays. At one point in September 2001, the treasurer told an auditor that he was in the process of getting information together, would have it in a week and the Association had made about \$5,200 on the raffle. The treasurer did not provide the information.

In September 2001, an audit supervisor in the Bureau wrote to the treasurer and other MVFRA officers. The letter contained a list of specific questions and requests for documentation concerning the \$4,000, the investment, the Ford Explorer vehicle and the raffle. The information and documentation were not provided. The current MVFRA president told OSI that at about the time the MVFRA received the letter, the treasurer stopped attending MVFRA meetings; that the Association did not hold a raffle in 2001; and that he (the president) knew nothing about a Ford Explorer.

The treasurer is employed as a dispatcher. The owner of the business told OSI that no employees of the firm invest in it; he had no idea why the treasurer would make such a representation. According to the owner, the treasurer has a history of financial problems, including credit card problems and failure to make bank loan payments.

OSI interviewed the treasurer on April 5, 2002. He admitted that he took the \$4,000; he told MVFRA members that he would invest it for them; he wanted to invest it to make money for the Association members; and lost it because he “got into a bad financial situation.” He stated that he used the money to make overdue payments on his

home mortgage. He admitted that he lied to the auditors about a raffle and that he obtained a raffle ticket from a print shop to give to the auditors for the purpose of deceiving them. The treasurer said that he was sorry and that he would repay the money, with interest.

CONCLUSIONS AND RECOMMENDATIONS

The former treasurer should be directed to make immediate repayment to MVFRA with interest. The MVFRA should be notified of the results of the inquiry as part of the audit report and requested to establish more effective internal controls.

A copy of this report has been referred to the Juniata County District Attorney for prosecutorial review.