Baltimore, 9/14/2021

**Possible Scamming Fraud at the Maryland Department of Assessment and Taxation**

My Name is Barth Pobee, I am an auditor by profession for 10 years and currently taking classes at Stevenson University for my Masters Degree in Forensic Accounting.

My current class is a fraud accounting class and while reading the book “Principle of Fraud Examination”, they described a scam that I suspect may be going on at SDAT based on my experience with the department.

The scam described in the book is called “*Check-for-Currency Substitutions*” where the perpetrator substitutes an unrecorded check with cash.

***How does it work***?

When the employee receives payment in cash, he issues a receipt, but when checks are received, he does not give a receipt. The checks are therefore “unrecorded revenue”. At the end of the day, these unrecorded checks are placed in the day’s receipts and an equal amount of cash is removed. The receipts match the amount of money except that payment in currency has been replaced with checks.

***My Experience with SDAT***:

In 2013, I went to the office located at ***301 west Preston Street – Room 801- Baltimore, MD 21201*** to register a business named *African Investment Bridge – USA* (which is not in good standing for two or three years now). Every year, when I went to file and pay my annual business personal property tax return, they didn’t give me a receipt, claiming that “your check is your receipt” when I asked for a one.

***My Opinion***:

1. If they are committing this fraud, it has to be a collusion within the whole office as the practices of not giving receipts for checks is common practice within the office. Millions of dollars are probably involved in the scam on the yearly basis; therefore, employees will be willing participants because of the size of their share that can be more than their annual salary.
2. The fraud will go undetected because no customer will complain as they will simply update his/her account as being in good standing.
3. The second reason it will go undetected is the fact that audit will only confirm the total revenue recorded to the total deposited at the bank; while the revenue was understated.
4. They may even have accomplice check cashing businesses in case they don’t have enough cash to substitute with the amount the check they want to take.
5. Even if the fraud is not going on, an audit should to be done and changes made to their operating procedures to start issuing receipts to all customers.

***Possible Audit Procedures:***

1. Compare the daily transaction receipts issued to the names on the checks – the checks that are substituted will not be listed on any receipts. The scam works if you are only looking at the total collected and total deposited in the bank account, not the details.
2. Confirm that the business that the unrecorded checks belong to have been updated as been in good standing in the system or on the website.
3. If fraud is occurring, a careful review of the log will show that the number of businesses that visited the office that day will be more than the number of receipts issued and the difference will be the number of unrecorded transactions embezzled.

*Do not hesitate to contact me with any question you may have: barthpobee25@gmail.com.*