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Overview of Responses Received from Government Oversight Committee's Request for Records Related to certain Maine Turnpike Authority Transactions, 2011

Maine State Legislature

Office of Program Evaluation and Government Accountability

Beth Ashcroft

Maine State Legislature, beth.ashcroft@legislature.maine.gov

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**Overview of Responses Received from Government Oversight Committee's
Request for Records Related to certain Maine Turnpike Authority Transactions
April 15, 2011**

Results in Brief

- 2 of the original 28 transactions the GOC was interested in, totaling \$32,646, were not the purchase of gift certificates.
- The remaining 26 transactions, totaling \$124,546, in MTA expenditures were confirmed to be, or are highly likely to be, the purchase of gift certificates.
- Vendors also reported an additional 14 transactions that were the purchase of gift certificates, totaling more than \$52,000 in MTA expenditures.
- Four of these additional transactions, totaling more than \$28,619 in MTA expenditures, were in the time period 2000 - 2003 which is prior to the period that the GOC had requested records for.
- In the time period 2004 - 2010, MTA or Paul Violette (using MTA funds), purchased more than 1,250 gift certificates in various denominations and three different currencies (USD, CAD and Euro). The value of the gift certificates, if we assume all currencies were equal to the US dollar, was \$139,300.
- Of the gift certificates purchased 2004 - 2010 valued at \$139,900, only \$15,100 (10.7%) of that was reported as having been received in donations by the recipient organizations records were requested from.
- All total, we are now aware of the purchase of at least 1,461 gift cards in the period 2000 - 2010 with total value equivalent to at least \$162,300. Information we have received from some vendors and recipient organizations indicate that there are even more purchases that we don't have all the detail for.
- Recipient organizations also reported receiving donations from MTA of \$10,950 in gift certificates for an additional 14 vendors not on our original list. A few of these donations were prior to 2004 and dated back as far as 2001.
- Of the more than 1,461 we know were purchased, 905 (62%) with an equivalent value of \$94,714, have been confirmed as redeemed. Another 467, with value of \$31,286, were confirmed by vendors as still unredeemed. The redemption status of the remaining gift cards is unknown as vendors did not have records or were not willing to provide that information without a subpoena.
- Several vendors provided records indicating that gift certificates, or other MTA funds, had been used by Paul Violette to procure items or services that do not appear to be business related. Most of the other vendors were able to provide some information related to the dates and places the gift certificates were redeemed.
- Most vendors could not tell us who had redeemed the gift certificates, although that information may be accessible with additional research and subpoenas.
- Analysis of the redemption dates and locations for the gift certificates from the hotel chains Fairmont, Relais & Chateau and Marriott show that these gift certificates were often redeemed in groups at one location on the same date or within the same time frame. There are a number of instances where gift certificates from more than one individual purchase of gift certificates were used together on the same date at the same location. Most of these

redemptions occurred at locations outside the United States. A number of these redemptions of groups of gift certificates occur on dates and in locations that strongly correlate with other charges we are aware of on Paul Violette's MTA credit cards. This suggests it is highly possible that Mr. Violette redeemed at least some of those gift certificates for either business or personal use. At the very least, it suggests that Mr. Violette is highly likely to know exactly who he gave the gift certificates to, and quite likely, that he knows what those individuals used the gift certificates for.

- Analysis of the redemption information also shows that many Marriott gift cards were also redeemed one or two at a time on different dates suggesting that these may have been given out to a variety of individuals, or used by Mr. Violette, over time as redemptions continue into 2009.
- Analysis of redemption information for the gift certificates to Maine restaurants also indicate that these gift certificates may have been given out to a variety of individuals, or used by Mr. Violette, over time. We noted that most, if not all, of the restaurants were ones that other MTA credit card charges show were frequented by Mr. Violette or other members of the MTA management team.

What was learned from the records and information gathered is reported in more detail in the spreadsheets included in the document titled "Summary of Responses Received From Government Oversight Committee's Request for Records."

Background

OPEGA's review of the Maine Turnpike Authority identified 28 transactions in 2005 and 2006 totaling \$157,193 that according to the MTA represented purchases of gift certificates that were donated to various charitable and professional organizations. The gift certificates were reportedly purchased and distributed by the MTA's Executive Director and there were no records kept of the specific donations made or received by any particular organization. The Executive Director did provide the names of organizations that he recollected as having received the majority of the gift certificate donations. His explanation of these donations and their purpose are contained in a letter to the OPEGA Director dated December 30, 2010.

Following the release of the OPEGA report, the Government Oversight Committee sought confirmation of these gift certificate purchases, the donations and the redemption of the gift certificates to assure the \$157,193 in MTA funds had been appropriately spent. The GOC sent letters, and subpoenas where necessary, to the 16 vendors that MTA had paid through the 28 transactions. The vendors were requested to produce any records they had related to any transactions with MTA in the time period July 1, 2004 through December 31, 2010 - in particular any gift certificate purchases and specifically with regards to the particular transactions of interest. The GOC also sent letters to the 8 organizations MTA's Executive Director had identified as receiving the majority of the donated gift certificates requesting any records they had of gift certificate donations received from the MTA. Lastly, the GOC sent letters to MTA managers formally requesting any additional records they could find related to the 28 transactions.

OPEGA has been receiving the responses to these requests and following up with vendors and recipient organizations as necessary to get as much information as possible about what these transactions were, where the gift certificates went to and for what purpose.

Results in more detail

Of the 16 vendors, 8 organizations and 5 MTA officials the GOC sent requests to:

- 15 vendors responded and one was out of business;
- 12 of the 15 vendors responding were able to provide some records or information about the 28 transactions of interest and/or other transactions with the MTA or Paul Violette;
- All 8 of the organizations purportedly having received gift certificates responded and 7 provided records or information;
- One of the eight organizations reported that they had never received any donations of gift certificates from the MTA;
- All of the 5 MTA officials responded and a few additional documents, beyond what OPEGA had already obtained during the review, were provided.

What was learned from these records and information is reported in more detail in the spreadsheets included in the document titled Summary of Responses Received From Government Oversight Committee's Request for Records. In summary, however, we learned the following:

About the 28 transactions totaling \$157,193 (see Section A of the spreadsheet) we learned that:

- A. 2 of the transactions totaling \$32,646.80 were not the purchase of gift certificates.
 - one was a \$1000 down payment on a tuxedo and accessories for customer named Paul Violette;
 - one was a \$31,646.80 reception and dinner event for 290 people held at the Sable Oaks Marriott in Portland on April 26, 2005 - reason for the event is still unknown.
- B. 19 of the transactions totaling \$119,246.32 were the purchase of gift certificates. A total of 1,142 gift certificates were purchased in various denominations and three different currencies (USD, CAD and Euro). If we assumed all currencies had the same value as the US dollar, then the total value of all the gift certificates purchased equated to \$113,700.
- C. Vendors were unable to confirm what was purchased in the remaining 7 transactions totaling \$5,300 either due to a lack of records, businesses having changed hands or being out of business altogether. However, it appears highly likely that these were also the purchase of gift certificates.
- D. Recipient organizations reported receiving donations of gift certificates from only 7 of the 16 vendors in a time period where those donations could have been made from these gift certificate purchases. The total value of gift certificate donations reported was only the equivalent of \$14,000, or 11.8%, of the \$119,000 in gift certificates we believe were purchased (total value of gift certificates in B and C above). That means that gift certificates with total value equivalent to \$104,800 remain unaccounted for by donations.
- E. Of the 1,142 gift certificates with equivalent value of \$113,700 that vendors confirmed were purchased (see B above):
 - vendors confirmed that 648 of them (57%), with a value of \$66,500, had been redeemed;
 - vendors confirmed that 434 (38%) of the gift certificates, with a value of \$26,750 had not been redeemed; and
 - one vendor was unwilling to tell us the redemption status of 60 gift certificates (value \$20,000) without a subpoena.

- F. For the 648 gift certificates that had been redeemed, only three vendors were able to provide us information about who had redeemed them, although that information may be accessible with additional research, and in some cases, subpoenas. Two of those vendors provided records showing that the gift certificates had been redeemed by Paul Violette. Nearly all the other vendors were able to provide some information about when and where their gift certificates had been redeemed. In a number of instances, the dates and places of redemption correlate strongly with other charges we are aware of on Paul Violette's MTA credit cards and suggest it is highly possible that Mr. Violette also redeemed other gift certificates for either business or personal use. This includes gift certificates for the Fairmont Hotels and the Relais & Chateau hotel chain.

The vendors receiving the GOC's request for records also provided records and information on additional purchases of gift certificates by Maine Turnpike Authority or Paul Violette (using MTA funds). These 14 transactions, representing over \$52,000 in MTA payments, are related to the purchase and/or redemption of gift certificates for 7 of the vendors. What we know about these transactions is:

- A. Four of the gift certificates pre-date the 2004 - 2010 period and go back as far as the year 2000.
- B. A total of more than 319 gift certificates were purchased in various denominations and two different currencies (USD and Euro). If we assumed all currencies had the same value as the US dollar, then the total value of all of these gift certificates purchased equated to \$48,600.
- C. Recipient organizations reported receiving donations of \$700 in gift certificates from only one of the 7 vendors in a time period where those donations could have been made from these gift certificate purchases. Some of the purchases pre-date the time period that recipient organizations were asked for records on. That means that of the additional gift certificates purchased within the time frame 2004 - 2010, a total value equivalent to \$29,900 remains unaccounted for by donations.
- D. Of the 319 gift certificates with equivalent value of \$48,600 purchased (see B above):
- vendors confirmed that 254 of them (80%), with a value of \$26,664 had been redeemed;
 - vendors confirmed that 33 (10%) of the gift certificates, with a value of \$4,536 had not been redeemed; and
 - two vendors were unable or unwilling to tell us the redemption status of more than 26 gift certificates (value \$16,800).
- E. One vendor reported the redemption of three gift certificates for \$1,500 by Paul Violette, but was unable to confirm for certain when these gift certificates were purchased. It appears that at least \$1,000 of this was for purposes other than MTA business. One other vendor also provided records showing that Paul Violette redeemed \$739 of the \$1000 in gift certificates purchased from that establishment.
- F. The remaining vendors were not able to provide us information about who had redeemed them, although that information may be accessible with additional research, and in some cases, subpoenas. Most, however, were able to provide some information about when and where their gift certificates had been redeemed. For the Relais & Chateau, some of the dates and places of redemption correlate strongly with other charges we are aware of on Paul

Violette's MTA credit cards and suggest it is highly possible that Mr. Violette also redeemed at least some of those gift certificates for either business or personal use.

From the records or information provided by the 7 recipient organizations, we also learned the following:

- In the period 2004 - 2010, they received \$28,850 in donations of gift certificates from MTA;
- Of those donations, \$15,100 represented gift certificates for 8 vendors that were on the original list of transactions of interest;
- The remaining \$10,750 in donations represented gift certificates from an additional 14 vendors that were not on the original list; and
- Some recipient organizations reported receiving donations of gift certificates prior to 2004 and as far back as 2001.