



## Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

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December 13, 2000

The Honorable Benjamin T. Manglona  
Mayor  
Office of the Mayor-Rota  
P.O. Box 537  
Rota, MP 96951

**Subject: Final Letter Report on the Audit of Alleged Coercive Actions Taken Against Employees and the Misuse of Government Funds, Both During the Term of the Former Mayor of Rota (Report No. LT-00-09)**

This letter report represents the results of our review of alleged coercive actions taken against employees of the Rota Mayor's Office (RMO) and misuse of government funds by former officials of the RMO. The objectives of our review were to determine whether Mayor's Office personnel applied political pressure against RMO employees, and whether checks issued in the name of an employee who had resigned were misused.

Our review showed that the Rota Mayor's Office violated the Commonwealth Code when it initiated punitive action against employees with limited term appointments who failed to support the Mayor's reelection bid. More specifically, after appointing 12 limited term employees in the month before the election, the RMO later attempted to use coercive action against nine of them, either by comments made to them because of their non-support of the Mayor, or by terminating them early. The Commonwealth Code prohibits officials from taking action to cause employees to lose their position because of their support or non-support of a candidate for election. As a result, CNMI law enacted to keep officials from abusing their position was violated.

Our review also showed that four payroll checks totaling \$2,064.28 were issued to an employee who had notified the Mayor's Office of his resignation and had ceased working. The checks were then improperly used by that employee's spouse and the Mayor's Chief Administrative Officer (CAO). The employee's spouse wrongly endorsed the employee's signature on one check and gave it to the Mayor's CAO. As regards the other 3 checks, at the CAO's suggestion, the employee's spouse endorsed the employee's name on each, giving one to the CAO and depositing the other two into a bank account held jointly by the spouse and a son. One of the two checks given to the CAO was subsequently deposited into the Mayor's account. As a result, the government lost the use of \$2,064 in public funds which had not been earned by the employee when the four checks were wrongly endorsed and shared by individuals not entitled to that money.

We believe the Chief Administrative Officer disregarded the law when he used coercive political action against employees and, with the cooperation of an employee's spouse, improperly shared in the proceeds of government payroll checks issued in the employee's name. We previously reviewed these matters and referred them to the Attorney General for consideration.

Accordingly, we recommend that: (1) the Attorney General continue to review these matters, (2) the Governor write a forceful letter to heads of agencies including the Rota Mayor's Office warning that coercive actions against employees because of their support or non-support of a candidate will not be tolerated, and reminding them that such activity is prohibited by Commonwealth law; and finally (3) the Secretary of the Department of Finance initiate actions to collect \$2,064 from individuals who wrongly endorsed checks issued in the name of the former employee, as discussed in this report.

In his letter response dated November 13, 2000 (**Appendix A**), the Attorney General agreed with Recommendation 1, and stated that his office would fully explore and anticipates charging the individuals involved with this crime with multiple counts of Theft, Bribery, Political Coercion, Conspiracy, Solicitation and Misconduct in Public Office . However, since these events occurred almost three years ago, he is instructing his Investigative Unit to review certain witness statements that are critical to the most serious charges and update their version of events.

In his letter dated October 12, 2000 (**Appendix B**), the Governor initiated needed action to Recommendation 2 when he requested that all department and agency heads remind their employees of the provisions in 1 CMC §8145(f) and 1 CMC §8143(a). 1 CMC §8145(f) prohibits any official from causing employees to lose their position because of failure to support a candidate for office. 1 CMC §8143(a) specifically prohibits a person in the civil service from using "official authority or influence for the purpose of interfering with an election or affecting the result thereof."

In her letter dated October 10, 2000 (**Appendix C**), the Secretary of Finance agreed with Recommendation 3, but stated that since check forgery is a violation of CNMI law, the Attorney General should be the one to initiate legal action against those individuals and collect the \$2064 due the government. She accordingly referred this matter to the Attorney General, and requested that he take the necessary steps to collect the \$2064 from individuals who fraudulently endorsed checks.

Based on the responses received from the Attorney General, the Governor, and the Secretary of Finance, we consider Recommendation 1 resolved, and Recommendations 2 and 3 closed. The additional information or action required to close Recommendation 1 is presented in **Appendix D**.

## **BACKGROUND**

In November 1996, we interviewed the then-Mayor of Rota concerning complaints that employees of the RMO were being coerced to attend the Mayor's political functions in order to maintain their employment. His reply was that RMO employees served purely at his pleasure. A year later, we

received a number of complaints that RMO employees were being dismissed for not supporting the former Mayor in his failed reelection bid. It was reported that these terminations did not result merely from a failure to renew individual contracts, but rather from outright termination during employees' terms of appointment. We subsequently learned that the Rota Mayor's Office had also received four checks issued in the name of an employee who had announced his resignation and was no longer working.

## **OBJECTIVE, SCOPE AND METHODOLOGY**

Subsequently, we conducted an audit to determine whether Mayor's Office personnel applied political pressure against RMO employees, and whether checks issued in the name of an employee who resigned were misused. To determine whether personnel applied coercive pressure against employees in the Mayor's reelection bid, we (1) reviewed personnel files in the RMO, the Department of Finance (DOF), and the Office of Management and Budget (OMB); (2) interviewed RMO employees allegedly being terminated, and (3) interviewed officials in the RMO. To address the issue of possible misuse of funds involving checks issued to an employee who had resigned, we examined the four canceled checks issued in the employee's name, conducted a paycheck history at the Department of Finance for checks issued to such employee, used a search warrant obtained by the Attorney General's investigative unit to examine bank accounts where checks were deposited, and interviewed individuals involved.

We conducted our audit at OPM, DOF, and the RMO during early 1998, with follow-up effort in April and May, 2000. This audit was made, where applicable, in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures as were considered necessary in the circumstances. Because of the limited scope of our audit, we did not evaluate any other internal controls.

## **PRIOR AUDIT COVERAGE**

During the past five years, the Office of the Public Auditor has issued three other audit reports covering the costs and operations of the RMO, two of which addressed RMO personnel issues as follows:

- A June 1996 report addressed expenditures incurred by the RMO for the period October 1991 to December 1993. Our audit reported that payroll costs amounting to \$20,544 for two employees in the employ of other agencies were erroneously charged to the Mayor's account. This resulted because of an oversight and the lack of review procedures for new Notifications of Personnel Action entered in the payroll system, with the result that payroll expenses in the Mayor's Office were overstated. The Secretary of Finance agreed with our finding and recommendations, and based on action he had taken, we closed the recommendations. The Mayor's Office, however, stated it was not in a position to offer explanations of conditions and operations noted in our audit. As a result, we are still waiting for a copy of established

procedures which would ensure that information in the summary time sheet agrees with the daily time and attendance reports.

- A September 1998 report addressed the RMO's failure to comply with the authorized number of full time employee (FTE) positions it had been allocated. More specifically, we showed that the Mayor's Office exceeded its authorized FTE ceiling by at least 43 positions because: (1) it improperly replaced 31 positions which became vacant during the year with new employees, and (2) hired an additional 12 new unauthorized employees, although only two positions remained unfilled. As a result, an estimated \$700,000 was spent for personnel in excess of its authorized FTE ceiling without authorization from the Legislature. In accordance with our recommendations, the RMO issued a formal directive to help ensure that the matter would not happen again. The Legislature and the Attorney General's Office, however, have not implemented the needed actions. The Legislature has not enacted legislation to clarify issues relating to FTE vacancies and transfers, and the Attorney General's Office has to date not taken needed civil action to recover, from government officials, the costs of hiring personnel in excess of RMO's authorized ceiling.

## **FINDING AND RECOMMENDATIONS**

### **Coercive Action Initiated Against Employees**

The Commonwealth Code prohibits officials from taking action to cause employees to lose their position because of their support or non-support of a candidate for election. The Rota Mayor's Office violated the Commonwealth Code when it initiated punitive action against employees with limited term appointments who failed to support the Mayor's reelection bid. More specifically, after appointing 12 limited term employees before the election, the RMO later attempted to use coercive action against nine of them, either by comments made to them because of their non-support of the Mayor or by terminating them early. As a result, we believe CNMI law enacted to keep officials from abusing their position was violated.

During the course of our investigation and audit, we talked to 17 RMO employees or former employees against whom termination actions had been initiated or taken. We found that 12 of these employees had been given limited term appointments by the RMO about one month before the election, and that the RMO later terminated 5 before their terms were complete and initiated action to terminate 6 others.

Further review showed that of the 12 RMO employees receiving limited term appointments just shortly before the election, four received threatening comments from the Mayor's office because of their failure to adequately support the Mayor's re-election bid.

- One employee resigned before the election after being told that all employees not supporting the campaign would be terminated. When this employee, accompanied by another person, contacted RMO's Chief Administrative Officer (CAO) on November 21, 1997 about not

receiving a check, the employee was told: "I'm sorry, but you have been terminated due to the fact that you did not support the Mayor in the election." After receiving the verbal notification, the employee did not return to work. Subsequently, a Request for Personnel Action, dated September 27, 1997, and effective October 24, 1997, was signed by the CAO. The employee, whose last pay check was for the period ending November 8, 1997, was subsequently reappointed to a government position in the succeeding administration.

- Another employee told us that RMO's Chief Administrative Officer advised the employee on November 12, 1997 to stop coming to work because: (1) the employee's name was on a list he had of everyone who did not vote for the former Mayor, (2) the employee's contract had not been processed, and (3) he would call the employee later to advise if hired. This employee never returned to work and never received any termination papers.
- Another employee told us that the CAO informed the employee just before the election that he had terminated the employee's term for failure to attend the Mayor's campaign functions.
- Another employee told us that about one week after the election, the employee received a call from the CAO advising of the Mayor's instructions that the employee was terminated and should not report to work. When the employee replied that "Oh you guys think I voted for the [new] Mayor," the CAO reportedly replied "No, it's just that someone saw you going to a gathering at (person's name omitted) house after the election". When the employee tried to explain that he was not attending a political function, the CAO advised the employee of the impending termination. The employee was subsequently terminated effective November 27, 1997, just 3 weeks after the election, but was subsequently reappointed by the succeeding administration to his previous position.

Further review of the remaining 8 RMO employees receiving limited term appointments showed that 4 had been terminated by the RMO (one just before the election and 3 shortly afterwards), and that termination action had been initiated for another after the election.

The Commonwealth Code prohibits an official from causing employees to lose their position because of failure to support a candidate for office. More specifically, 1 CMC §8145(f) states that:

"No public official or employee shall discharge, promote, demote, or, in any manner, change the status or compensation of any other official or employee, or promise or threaten to do so because of the political or religious actions or beliefs of the other official or employee or for the failure of the other official or employee to take any political action for any political purpose whatsoever or to advocate or fail to advocate the candidacy of any person seeking an elective office;"

Also, 1 CMC §8152(b), which addresses Coercion of Public Employees for Political Purposes, states that:

“It is an offense for any person to cause or threaten to be caused a demotion in rank or civil service classification or position, or a decrease in pay or any other benefit, or *tenure of employment*, of any government employee with the intent to discourage or encourage such government employment to support any candidate for public office, initiative, or referendum, or political party.” (Emphasis added.)

As a result of the conduct described above, statutes enacted to keep officials from abusing their position were violated. We believe that the conduct engaged in by RMO officials served to undermine the political process which aims to ensure that any citizen may cast a vote and support candidates for office without coercive influence from government officials.

Asked to comment on employees being terminated, the former Mayor stated that he did not terminate or fire any person because he believed no termination could take place until a Notification of Personnel Action was on file at OPM, DOF, and the Mayor’s office. As concerns the individual who resigned, he said that resignation similarly requires the filing of paperwork, which had not been done. The Mayor’s CAO declined to be interviewed concerning this matter.

The comments and actions of the CAO and actions by the Mayor in threatening employees’ continued employment, as well as the initiation of actions to terminate employees for not supporting the Mayor’s reelection, constitute political coercion. 1 CMC §8152(b) makes it a misdemeanor for a person to cause or threaten to cause a decrease in any government employee’s tenure of employment. 1 CMC §8152(c) provides that political coercion is an offense punishable by a fine and possible imprisonment. More specifically, it states that:

“A person convicted of the offense of coercion of a government employee pursuant to subsection (b) of this section shall be punished by not more than six month imprisonment, a fine of not more than \$1,000, or both such fine and imprisonment.”

### **Misuse of Funds**

Four payroll checks totaling \$2,064.28 were issued to an employee who had notified the Mayor’s Office of his resignation and had ceased working, and were then improperly used by that employee’s spouse and the Mayor’s CAO. The employee’s spouse endorsed the employee’s signature on one check and gave it to the Mayor’s CAO. As regards the other 3 checks, at the CAO’s suggestion, the employee’s spouse endorsed the employee’s name on each, giving one to the CAO and depositing the other two into a bank account held jointly by the spouse and a son. Of the two checks given to the CAO, one was subsequently deposited into the Mayor’s account. As a result, the government lost the use of \$2,064 in public funds which had not been earned by the employee, when the four checks were endorsed and shared by individuals not entitled to that money.

After OPA learned that the RMO was still issuing checks for an employee it knew had resigned in July 1997, it conducted a paycheck history at the Department of Finance. While a Request for Personnel Action terminating this employee was signed on September 27, 1997 by the CAO and

the Mayor to be effective on October 1, 1997, the employee had long since ceased to work. According to the employee, after the CAO warned that all employees not supporting the former Mayor's re-election campaign would be terminated, the employee reportedly advised the CAO of his resignation, and did not return to work. Despite the July resignation, RMO continued to submit time sheets for this employee through October 11, 1997, and subsequently issued four payroll checks, each for \$516.07, which cleared the bank.

Asked to review these checks, the employee stated that the last payroll check he received was on or about August 28, 1997, which the employee believed to be payment for annual leave. The employee reportedly never received any of the four subsequent payroll checks shown to have been issued. After reviewing the four canceled checks, the employee provided us with signed affidavits that the signatures on those four checks were not those of the employee, that the employee had neither signed such checks nor authorized signature on them, and that the employee had neither received nor benefitted from the proceeds of those checks.

We later asked the Attorney General's investigative unit to obtain a search warrant for bank accounts at the Bank of Guam into which these four checks were deposited. Further investigation revealed that the employee's spouse had endorsed the employee's signature on one check and given it to the Mayor's CAO. As regards the other 3 checks, the spouse said that at the CAO's suggestion, the spouse endorsed the employee's name on each, giving one to the CAO and depositing the other two into the bank account held jointly by the spouse and son. We subsequently verified that two of the endorsed checks had in fact been deposited into the spouse's joint account, and that one of the two checks given to the CAO was subsequently deposited into the Mayor's account. We believe that the issuance, endorsement, and deposit of the checks issued in the name of the employee who had earlier resigned constituted an improper use of funds which should not have been issued to the employee.

The Commonwealth Code states that a person commits forgery if he/she forges a writing, such as an endorsement, on a check. More specifically, 6 CMC §1701(a)(2) of the Code provides that:

“A person commits the offense of forgery if the person forges a writing which is or purports to be a will, deed, contract, release, commercial instrument, *check*, negotiable instrument, or other document evidencing, creating, transferring, altering, terminating, or otherwise affecting legal relations.” (Emphasis added.)

The joint actions taken by the employee's spouse and the CAO to endorse the employee's signature on payroll checks and share the proceeds resulted in government funds being diverted for their personal use. Consequently, the government lost the use of \$2,064 in public funds when four checks were issued for wages which the employee had not earned, and which were endorsed and shared by individuals not entitled to the proceeds from these checks.

When asked to comment, the former Rota Mayor acknowledged that his secondary endorsement on the check deposited to his account was genuine, but said he had not written the employee's

signature on the check. When asked how he happened to deposit this check in his account, he replied that he was saving that information as a surprise if he ever had to go to court, and he invoked the right to counsel. The former Mayor's Chief Administrative Officer declined to be interviewed on this matter. He did claim, however, that the employee never resigned from the RMO, which would have required him to file the needed paperwork.

It appears that the Chief Administrative Officer's involvement in endorsing checks and sharing of check proceeds may constitute illegal acts under the color of office. Accordingly, he would be subject to penalties for his involvement if convicted of the offense. The Commonwealth Code states that if convicted of forgery, an individual could be punished by imprisonment for not more than five years. Also, a public official who commits an illegal act is guilty of misconduct in office, and upon conviction can be imprisoned for up to one year, fined as much as \$1,000, or both. More specifically, 6 CMC §3202 of the Commonwealth Code states:

“Every person who, being a public official, does any illegal act under the color of office, or willfully neglects to perform the duties of his or her office as provided by law, is guilty of misconduct in public office, and upon conviction thereof may be imprisoned for a period of not more than one year, or fined not more than \$1,000, or both.”

## **Conclusions and Recommendations**

The Chief Administrative Officer disregarded the law when he used coercive political action against employees and, with the cooperation of an employee's spouse, improperly shared in the proceeds of government payroll checks issued in that employee's name. We previously reviewed these matters and referred them to the Attorney General for consideration.

We accordingly recommend that:

1. the Attorney General continue to review these matters;
2. the Governor write a forceful letter to heads of agencies, including the Rota Mayor's Office, stating that coercive actions taken against employees because of their support or non-support of a candidate will not be tolerated, and reminding them that such activity is prohibited by Commonwealth law; and finally
3. the Secretary of the Department of Finance initiate actions to collect \$2,064 from individuals who fraudulently endorsed checks issued in the name of a former employee, as discussed in this report.

### ***Attorney General Response***

The Attorney General stated that his office would fully explore and anticipates charging the individuals involved with this crime with multiple counts of Theft, Bribery, Political Coercion, Conspiracy, Solicitation and Misconduct in Public Office . However, since these events occurred almost three years ago, he is instructing his Investigative Unit to review certain witness statements that are critical to the most serious charges and update their version of events.

### ***Governor Response***

The Governor sent a letter to all department and agency heads on October 12, 2000 requesting that they remind their employees of the provisions in 1 CMC §8145(f) and 1 CMC §8143(a). 1 CMC §8145(f) prohibits any official from causing employees to lose their position because of failure to support a candidate for office. 1 CMC §8143(a) specifically prohibits a person in the civil service from using “official authority or influence for the purpose of interfering with an election or affecting the result thereof.”<sup>1</sup>

### ***Secretary of Finance Response***

The Secretary of Finance stated she agreed with our recommendation. She, however, stated that since check forgery is a violation of CNMI law, the Attorney General should be the one to initiate legal action against those individuals and collect the \$2064 due the government. She accordingly referred this matter to the Attorney General, and requested that he take the necessary steps to collect the \$2064 from individuals who fraudulently endorsed checks.

### ***OPA Comments***

Based on the responses we received from the Attorney General, the Governor, and the Secretary of Finance, we consider Recommendation 1 resolved and will be closed once the Attorney General’s Office completes its legal action. Recommendations 2 and 3 are closed. The additional information or action required to close Recommendation 1 is presented in **Appendix D**.

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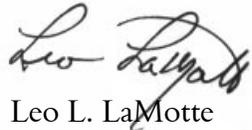
<sup>1</sup> The quoted language is actually from 1 CMC §8142(a).

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Our Office has implemented an audit recommendation tracking system. All audit recommendations will be included in the tracking system as open or resolved until we have received evidence that the recommendations have been implemented. An *open* recommendation is one where no action or plan of action has been made by the client (department or agency). A *resolved* recommendation is one in which the auditors are satisfied that the client cannot take immediate action, but has established a reasonable plan and time frame of action. A *closed* recommendation is one in which the client has taken sufficient action to meet the intent of the recommendation or we have withdrawn it.

Please provide to us the status of Recommendation 1 within 30 days along with documentation showing the specific actions that were taken. If corrective action takes longer than 30 days, please provide us additional information every 60 days until we notify you that the recommendation has been closed.

Sincerely,



Leo L. LaMotte  
Public Auditor, CNMI

xc: Governor  
Lt. Governor  
Eleventh CNMI Legislature (27 copies)  
Attorney General  
Secretary, Department of Finance  
Public Information Officer  
Press



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November 13, 2009

Office of the Public Auditor  
Leo L. LaMotte, Public Auditor  
PO Box 501399  
Saipan, MP 96950

Re: Draft Report on 1997 Allegations Involving Rota Mayor's Office; Coercive Actions;  
and, Misuse of Funds

Dear Mr. LaMotte:

I am in receipt of your draft report regarding alleged illegal activities engaged in by the former Mayor of Rota, his Chief Administrative Officer, and the wife of an employee who had resigned. The report details those types of activities that need to be thoroughly investigated and if substantiated then prosecuted to the fullest extent of the law. We will fully explore and anticipate charging the individuals involved with this crime with multiple counts of Theft, Forgery, Bribery, Political Coercion, Conspiracy, Solicitation and Misconduct in Public Office

These events occurred almost three years ago, thus I am instructing the Attorney General's Investigative Unit to review certain witness statements that are critical to the most serious charges and update their version of events

Upon conclusion of my office's efforts I will inform you of the final disposition

Sincerely yours,

Handwritten signature of Herbert D. Soli in cursive script.

Herbert D. Soli  
Attorney General

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS  
OFFICE OF THE GOVERNOR

Garra Building  
Supeia, MP 96910  
Tel. (670) 663-2289  
Fax: (670) 663-2241

**MEMORANDUM**

TO: All Department and Activity Heads  
FROM: Governor  
SUBJ: Political Activities

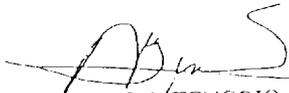
Date: 12/17/2008

RECEIVED  
OFFICE OF THE  
PUBLIC AUDITOR  
CNMI

The Public Auditor has recently released a Draft Letter Report on alleged coercive actions taken against employees of the Office of the Mayor of Rota under the former Mayor of Rota's leadership.

CNMI law prohibits such actions. Specifically, 1 CMC §8145(f) of the Commonwealth Code states that "No public official or employee shall discharge, promote, demote, or, in any manner, change the status or compensation of any other official or employee, or promise or threaten to do so because of the political or religious actions or beliefs of the other official or employee or for the failure of the other official or employee to take any political action for any political purpose whatsoever or to advocate or fail to advocate the candidacy of any person seeking an elective office." Furthermore, 1 CMC §8143(a)(1) specifically prohibits a person in the civil service to "use official authority or influence for the purpose of interfering with an election or affecting the result thereof."

Please ensure that all employees are guided accordingly.

  
\_\_\_\_\_  
PEDRO B. TENORIO  
CC: Public Auditor



Office of the Secretary  
Department of Finance

P.O. Box 5234 CHRS SAIPAN, MP 96950

TEL: (670) 694-1100 FAX: (670) 694-1115

October 10, 2000

SFL2001-013

Mr. Leo L. LaMotte  
Public Auditor  
Office of the Public Auditor  
The Commonwealth of the Northern  
Mariana Islands  
P.O. Box 591399  
Saipan, MP 96950

Dear Mr. LaMotte:

I am providing you with our response to the Draft Letter Report on the Audit of Alleged Coercive Actions Taken Against Employees and the Misuse of Government Funds During the Term of the Former Mayor of Rota.

The audit required our response to Recommendation #3, which recommends that the Secretary of the Department of Finance initiate actions to collect \$2,064 from individuals who fraudulently endorsed checks issued in the name of a former employee. We concur with the recommendation and agree that the CNMI Government should collect \$2,064 from those individuals. However, since check forgery is a violation of CNMI Law, we believe that the Attorney General's Office should initiate legal actions against those individuals and collect the \$2,064 from them.

I am enclosing a copy of my memorandum to the Attorney General asking his office to take the necessary steps to collect \$2,064.58 from those individuals.

Sincerely,

  
LUCY D.L.G. NIELSEN  
Secretary of Finance

cc: Attorney General



Office of the Secretary  
Department of Finance

P.O. BOX 5234 CHRS SAIPAN, MP 96950

TEL: (670) 654-1100 FAX: (670) 694-1115

MEMORANDUM

TO : Attorney General  
DATE: 10/10/2006  
FROM : Secretary of Finance  
SEP 2001-023  
SUBJECT : Public Auditor's Draft Letter Report - Audit of Alleged Coercive Actions Taken Against Employees and the Misuse of Government Funds during the Term of the Former Mayor of Rota

The Public Auditor has released a Draft Letter Report on the Audit of Alleged Coercive Actions Taken Against Employees and the Misuse of Government Funds During the Term of the Former Mayor of Rota.

The audit review showed that the Rota Mayor's Office, under the former Mayor of Rota, violated Commonwealth law when it initiated punitive action against employees who were limited term appointees and who failed to support the Mayor's reelection bid. The Public Auditor's review also showed that payroll checks totaling \$2,064.58 were issued to an employee of the Mayor's Office, who had notified the Mayor's Office of his resignation and had ceased working. Those checks were subsequently used by that employee's spouse and the Mayor's Chief Administrative Officer without the employee's knowledge.

The Public Auditor recommended that the Secretary of Finance initiate actions to collect \$2,064.58 from the individuals who fraudulently endorsed checks issued in the name of a former employee. According to the audit report, the Public Auditor has referred this matter to the Attorney General. Because check forgery is against CNMI law, it is our position that the Attorney General is the appropriate office to initiate actions against the individuals who conspired to benefit from the proceeds of those payroll checks issued in the employee's name. Accordingly, we urge your office to take the necessary steps to collect \$2,064.58 from those individuals.

Please let me know if we can provide any assistance in this matter.

A handwritten signature in cursive script, appearing to read "Lucy D.L.G. Nielsen".

LUCY D.L.G. NIELSEN

cc: Public Auditor

**AUDIT OF ALLEGED COERCIVE ACTIONS TAKEN AGAINST EMPLOYEES AND THE MISUSE OF GOVERNMENT FUNDS, BOTH DURING THE TERM OF THE FORMER MAYOR OF ROTA**

**STATUS OF RECOMMENDATIONS**

Recommendations	Agency to Act	Status	Agency Response/ Action Required
<p>1. The Attorney General should continue to review these matters.</p>	<p>AG</p>	<p>Open</p>	<p>The Attorney General stated that his office would fully explore and anticipates charging the individuals involved with this crime with multiple counts of Theft, Bribery, Political Coercion, Conspiracy, Solicitation and Misconduct in Public Office . However, since these events occurred almost three years ago, he is instructing his Investigative Unit to review certain witness statements that are critical to the most serious charges and update their version of events.</p> <p>OPA Comment</p> <p>We consider this recommendation resolved and will be closed when the Attorney General completes its action.</p>
<p>2. The Governor write a forceful letter to heads of agencies, including the Rota Mayor’s Office , stating that coercive actions taken against employees because of their support or non-support of a candidate will not be tolerated, and reminding them that such activity is prohibited by Commonwealth law.</p>	<p>GOV</p>	<p>Closed</p>	<p>The Governor sent a letter to all department and agency heads on October 12, 2000 requesting that they remind their employees of the provisions in 1 CMC §8145(f) and 1 CMC §8143(a). 1 CMC §8145(f) prohibits any official from causing employees to lose their position because of failure to support a candidate for office. 1 CMC §8143(a) specifically prohibits a person in the civil service from using “official authority or influence for the purpose of interfering with an election or affecting the result thereof.” (See footnote 1 on page 9).</p> <p>OPA Comment</p> <p>We consider this recommendation closed.</p>
<p>3. The Secretary of the Department of Finance initiate actions to collect \$2064 from individuals who fraudulently endorsed checks issued in the name of a former employee, as discussed in this report.</p>	<p>DOF</p>	<p>Closed</p>	<p>The Secretary of Finance stated she agreed with our recommendation. She, however, stated that since check forgery is a violation of CNMI law, the Attorney General should be the one to initiate legal action against those individuals and collect the \$2064 due the government. She accordingly referred this matter to the Attorney General, and requested that it take the necessary steps to collect the \$2064 from individuals who fraudulently endorsed checks.</p> <p>OPA Comment</p> <p>We consider this recommendation closed.</p>