



**Stevensville Special Town Council Meeting
Agenda for
THURSDAY, JULY 28, 2022
5:30 PM
206 Buck Street, Town Hall**

1. Call to Order and Roll Call
2. Pledge of Allegiance
3. Public Comments (Public comment from citizens on items that are not on the agenda)
4. New Business
 - a. Discussion: Fraud Examination Report Presented by Chief Mac Sosa
 - b. Discussion/Decision: Recommendations given to Town Council from the Fraud Examination Report
5. Adjournment

Welcome to Stevensville Town Council Chambers

We consider it a privilege to present, and listen to, diverse views.

It is essential that we treat each other with respect.

We expect that participants will:

- ✓ Engage in active listening
- ✓ Make concise statements
- ✓ Observe any applicable time limit

We further expect that participants will refrain from disrespectful displays:

- ✗ Profanity
- ✗ Personal Attacks
- ✗ Signs
- ✗ Heckling and applause

Guidelines for Public Comment

Public Comment ensures an opportunity for citizens to meaningfully participate in the decisions of its elected officials. It is one of several ways your voice is heard by your local government. During public comment we ask that all participants respect the right of others to make their comment uninterrupted. The council's goal is to receive as much comment as time reasonably allows. All public comment should be directed to the chair (Mayor or designee). Comment made to the audience or individual council members may be ruled out of order. Public comment must remain on topic, and free from abusive language or unsupported allegations.

During any council meeting you have two opportunities to comment:

1. During the public comment period near the beginning of a meeting.
2. Before any decision-making vote of the council on an agenda item.

Comment made outside of these times may not be allowed.

Citizens wishing to speak during any public comment period should come forward to the podium and state their name and address for the record. Comment may be time limited, as determined by the chair, to allow as many people as possible to comment. Comment prior to a decision-making vote must remain on the motion before the council.

Thank you for observing these guidelines.

File Attachments for Item:

a. Discussion: Fraud Examination Report Presented by Chief Mac Sosa



M. Sosa, Jr., Chief of Police
Stevensville Police Department
102 Main St. Ste D
Stevensville, Mt. 59870

To: Steve Gibson, Honorable Mayor, and the Town of Stevensville Town Council

From: M. Sosa, Jr., Chief of Police, Certified Fraud Examiner

Re: Examination of Potential Asset misappropriation

Date: 07/26/2022

I: Background

On January 27, 2022, I, M. Sosa, Jr., received information concerning separation pay (Severance Pay) that was paid out to five (5) individual employees upon their separation from employment with the Town of Stevensville.

Based upon this initial predication, a fraud examination was conducted, which included reviews of relevant records and interviews of appropriate individuals.

II. Executive Summary

The fraud examination commenced when it was discovered that Severance Pay was paid out to five (5) individual employees at the time of their separation from employment with the Town of Stevensville. At the time, Brandon Dewey was acting as the Financial Officer for the Town of Stevensville and was making the payroll for all employees.

I reviewed payroll for all Town of Stevensville employees and determined that the five (5) employees were the only individuals to receive this form of payment. Additionally, I found that the Attorney General for the State of Montana had previously entered a legal opinion that indicated that Severance Pay is not recognized in the State of Montana.

What was additionally discovered during the review of employee payroll was several other discrepancies that would require an entire review of both payables and receivables for the Town of Stevensville.

III: Scope

The objective of the Fraud investigation was as follows:

- Determine the existence of possible misappropriation of assets of The Town of Stevensville. The examination is predicated on separation pay (severance Pay) that was paid out to five (5) employees upon their separation from employment with the Town of Stevensville.

IV: Approach

Fraud Examination Team Members

M. Sosa, Jr., CFE

Procedures

As part of the examination of this matter, the Team took the following actions:

- A review of the separation pay (Severance Pay) for five (5) employees
- A review of Pay Rosters dating back to 2017
- A review of Vendors dating back to 2017
- A review of previous audits dating back to 2017
- A review of Bank Statements dating back to 2017
- A review of Claims for the Town of Stevensville dating back to 2017
- A review of Credit Card Statements for the Town of Stevensville dating back to 2017
- A review of pay notifications dating back to 2017
- A review of Brandon Dewey's pay dating back to 2017
- A review of Minutes and Agendas Concerning Brandon Dewey's Pay
- A review of the Outside Investigative Report concerning a claim submitted by Brandon Dewey
- A review of the Town of Stevensville Water Billing
- A review of the TIF Fund
- A review of the Lighting District Funds.
- A review of the Audit Report of the Stevensville Police Department reporting system

Individuals Interviewed: Individuals were interviewed in person by M. Sosa, Jr.

Sixteen individuals were interviewed during this fraud examination. Each individual revealed information that was relevant to the investigation. The names of these individuals will remain withheld from this Fraud Report for the integrity of the investigation that was turned over to the appropriate authorities.

V. Findings

Based on the documents reviewed, information collected, and interviews conducted during the fraud examination, the Team finds as follows:

Did the Fraud Examination Team determine the existence of a misappropriation of assets of the Town of Stevensville?

Yes, the documents, information reviewed, and interviews conducted by the Fraud Examination Team during the examination indicates that Brandon Dewey, did knowingly misappropriate funds to five (5) employees in the form of Severance Pay. This caused the Town of Stevensville to pay an additional \$50,000 in unemployment compensation because of this Severance Pay that was added onto the normal payroll. Brandon Dewey caused himself to be overpaid funds by changing his pay periods from the beginning to the end of the month and to a bi-weekly pay schedule. That Brandon Dewey caused the Town of Stevensville a loss of \$12,020,20 for almost a four-month period by processing a claim paid out to his Attorney without Council approval, and the funds were only repaid to the Town of Stevensville after being instructed to do so by the then Town Attorney Scott Owens.

Other losses to the Town of Stevensville were identified in various forms and cannot be revealed at this time to not compromise the integrity of pending criminal litigation. However, the additional losses identified have been documented and reported to the appropriate authorities.

VI: Summary

This report reflects that Brandon Dewey, a Former Mayor with the Town of Stevensville, in his capacity as a Public Servant did not maintain his fiduciary responsibility to guard the assets of the Town of Stevensville.

Information is corroborated by the documentary evidence and the interviews of other witnesses corroborate the remaining portion of this investigation as described herein.

VII. Impact to the Town of Stevensville

Over the course of four years as Mayor of the Town of Stevensville, Brandon Dewey misappropriated funds. Total restitution to the Town of Stevensville would be in the amount of \$48,156.56, which is not including the loss of the additional \$50,000 that the Town of Stevensville was responsible for in unemployment insurance.

Additional amounts were lost due to poor/loose controls of the Town Credit Card and have not been calculated in the above mentioned restitution amount.

It should further be noted that no overtime expenses were incurred as a result of this investigation and all costs were absorbed during the employees' normal work schedule. In the case of salaried employees, no additional compensation was offered in addition to the yearly salary amount. Had an investigation of this magnitude been performed as a forensic audit by an outside firm, the cost to the Town of Stevensville very well would have exceeded \$100,000.00

End Report