

Log In



68°

Bend, OR
ClearMORE POINTS.
MORE *play.*Earn up to 75,000 Hyatt
Gold Passport® bonus points.

LEARN MORE ▶

HYATT®
GOLD PASSPORT

advertisement

Mobile | RSS | Email

Search

SEARCH



NEWS ▾

WEATHER ▾

SPORTS ▾

LIFESTYLE ▾

WHAT'S ON ▾

COMMUNITY ▾

CONTESTS

CONTACT US ▾

Home / News

Sunday, September 25, 2016 | 10:44 am

Audit: Ore. Business Energy Tax Credit had weak financial controls

'No direct evidence of fraud,' but 'circumstantial evidence of suspicious behavior'

From KTVZ.COM news sources

POSTED: 11:59 PM PDT September 8, 2016

UPDATED: 12:41 AM PDT September 9, 2016

Like 11

Tweet

G+1 0



SALEM, Ore. - In a letter to lawmakers Thursday, Oregon Secretary of State Jeanne Atkins shared the findings and recommendations from an independent investigation of the Business Energy Tax Credit program, which was sunset by the Legislature in 2014 following concerns about huge cost overruns and possible criminal activity.

MORE FROM KTVZ.COM

- Brown, Pierce clash in first debate, held in Bend
- Fire NE of Redmond destroys shop, home, sparks brushfire
- Colorado holds off Oregon 41-38
- Boise State uses big first half to beat Oregon State 38-24
- Appeal rejected for man convicted in ex-fiancee's death

"By the time the BETC program ended in 2014, over \$1 billion in BETC credits were issued by the Oregon Department of Energy for over 14,400 projects," Atkins said.

"Struggles within this program are already well-documented. However, in a meeting with my office earlier this year, leadership at the Department of Energy was candid that the state of the BETC project files did not inspire confidence that there were no further instances of fraud or other problems. In order to determine whether additional steps should be taken to investigate BETC projects, I immediately commissioned a third-party forensic investigation of the program's records."

The investigation was conducted by Marsh Minick P.C., an independent financial crime consulting firm. Key findings related to BETC projects outlined in the independent report include:

- Through a forensic data analysis performed on all 14,494 BETC projects, the investigators found that out of the \$1 billion in tax credits issued, there are \$347 million worth of tax credits where records contain evidence of risk factors that were "concerning." Areas of concern discovered by the investigators included: direct conflicts of interest; projects that were never operational; businesses that closed or went out of business; indistinguishable, missing or suspicious eligible cost documents; projects with unaccounted for equipment; brokering conflicts and intermediary issues; and illogical projects.
- More than 25 percent of large projects – those involving project costs over \$1,000,000 – exhibited at least one characteristic of concern for the investigators. About 97 percent of files available for projects of this size were reviewed individually; this consisted of 311 project files and accounted for \$773 million in tax credits issued of which \$340 million were of concern.
- In contrast, of 3,150 smaller project files that were reviewed, only 2.7 percent (86 projects) exhibited at least one characteristic of concern for the investigators. Extrapolating this sample to the overall population of smaller BETC projects estimates a total of \$7.2million in tax credits of concern for these smaller projects.
- The examination identified no direct evidence of fraud. However, out of the 14,494 total BETC projects, this statistical and direct examination of records identified 79 projects where there was circumstantial evidence of suspicious behavior. The evidence was sufficient to warrant referral to the Oregon Department of Justice for further review.



Most Popular

Articles

Slideshows

Videos

- Hwy. 97 crash in Redmond sends two to hospital
- Washington state mall shooting suspect in custody
- Fire NE of Redmond destroys shop, home, sparks brushfire
- Police: 5 dead in mall shooting
- 'Fault in Our Stars' wife dies days after husband
- Brown, Pierce clash in first debate, held in Bend
- Hwy. 97 median installation to close lanes
- Pro-gun demonstrators burn Gov. Brown in effigy at capitol



"The report released today confirms what has already been widely reported: there were many financial risks in this program and there were inadequate controls in place to protect taxpayers," Atkins said.

"It is my hope that both the Executive Branch and legislative leadership will use the recommendations of this investigation to evaluate future legislative proposals establishing tax credit programs and will make financial controls an essential part of program design and implementation in the future."

The letter and recommendations released today by the Secretary of State can be found [here](#).

Under the Oregon Constitution, the Oregon Secretary of State "shall be by virtue of holding the office, Auditor of Public Accounts." A link to the full investigative report can be found [here](#). The response from the Department of Energy can be found [here](#).

Copyright 2016 KTVZ. All rights reserved. This material may not be published, broadcast, rewritten or redistributed

Recommended

More from this site

- [Boise State uses big first half to beat Oregon State 38-24](#)
- [Merkley calls for public health insurance option](#)
- [Jerusalem's underground city of the dead](#)
- [Ammon Bundy dresses down for trial's 3rd day](#)
- [NY Times editorial board endorses Clinton](#)

From around the web

- [Found in a Florida Ditch After the Hurricane \(The Weather Channel\)](#)
- [Find a luxury SUV for your driving needs that suits your style! \(Yahoo Search\)](#)
- [Caring for a Sick Loved One is Hard. AARP Can Help. \(AARP\)](#)
- [Monster Catch Gives Fishermen a Scare \(The Weather Channel\)](#)
- [23 R-Rated Historical Facts That Will Make You Blush \(or Possibly Gag\) \(Offbeat\)](#)

Recommended by

Comments

The views expressed are not those of this company or its affiliated companies. Please note by clicking on "Post" you acknowledge that you have read the [Terms of Service](#) and the comment you are posting is in compliance with such terms.

Healthy New Snacks To Calm Your Cravings

Snacks that are dense in nutrients. Low in calories. Big in taste.

[Learn More](#)

Sponsored by GNC



7 Comments KTVZ.com

1 Login ▾

Recommend Share

Sort by Best ▾



Join the discussion...



Hillarylied • 16 days ago

Your government in action. Ain't it great how they waste our tax dollars? Give them more money? Vote NO on 97.

1 ^ | ▾ • Reply • Share >



Driveslow → Hillarylied • 16 days ago

Hello, this is about people stealing from us, not the government wasting. The state tried to help business by offering credits for purchases of equipment and people took advantage and filed false claims for credits. Yes it was poorly controlled but it is a commentary on people not government.

^ | ▾ • Reply • Share >



Hillarylied → Driveslow • 15 days ago

Hello.....It's another poorly run government program with no accountability. Hell no I will not give government more money to waste!

^ | ▾ • Reply • Share >



Driveslow → Hillarylied • 14 days ago

As usual you miss the point! The point is that people steal! And they underestimated how much business and corporate theft. So why is the problem the government and not the thieves? Just like Illegal workers they are the problem not the businesses that employ them!

^ | ▾ • Reply • Share >



Hillarylied → Driveslow • 14 days ago

Ultimately the government's failure or inability to regulate and be the watchdog of the program is the issue. If the government can't stop the theft they can't be trusted with our money. Period. We the taxpayers are the losers and shouldn't reward the government with more money if they can't do the job.

^ | ▾ • Reply • Share >



Outsideallthetime • 16 days ago

So audit reveals the program abuse was overwhelmingly by large businesses - you don't say!

^ | ▾ • Reply • Share >



gil • 16 days ago

What is new common practice with government.

^ | ▾ • Reply • Share >

Subscribe Add Disqus to your site Add Disqus Add Privacy

DISQUS

Homeowners Born Before 1985 Are Getting a Huge Reward

If you have not missed a mortgage payment in 3 years you need to see this.

Learn More

Sponsored by FetchaRate



blog comments powered by Disqus

Weekly Deals



STAPLES
buy save
50% off
HOVER FOR CIRCULAR
STAPLES



Orc
Say Ciao to authentic imported ingredients.
3.99
HOVER FOR CIRCULAR
Orc



PHARMACA
20% OFF ENTIRE LINE
HOVER FOR CIRCULAR
PHARMACA

HOME	NEWS	WEATHER	SPORTS	LIFESTYLE	VIDEO	COMMUNITY
	News Fire Alert Oregon & Northwest Decision 2016 Special Reports Crime Stoppers U.S. & World News Money	Weather Roads Snow Report Local Webcams Weather Watchers	NBA Link MLB Link NFL NHL Link Olympics	Extraordinary Living Education House and Home Entertainment Travel Irresistible Pets Food Green Life Healthy Living Real Estate Essentials Healthy Seniors	TV Listings NBC Fox The CW Telemundo	Deschutes County Fair Community Links Pay it Forward Events Submit an Event Community Billboard Sunrise Birthdays 21 Cares For Kids Rise Above Clear the Shelters Let's Talk
					CONTESTS	CONTACT US