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From the Portland Business Journal:

<http://www.bizjournals.com/portland/blog/sbo/2016/09/investigation-finds-odoe-mismanaged-a-billion.html>

## Investigation finds ODOE mismanaged a billion-dollar energy tax credit program

Sep 8, 2016, 11:50am PDT

The former Business Energy Tax Credit, once popular among renewable energy developers, was found to have inadequate financial oversight, with millions of dollars given to risky projects.

So says an independent investigation of the **Oregon Department of Energy's** now-defunct program. Known as the BETC (pronounced like "Betsy"), the program handed out more than \$1 billion in incentives to 14,494 projects.

The Legislature suspected "huge" cost overruns and even criminal activity, and the program ended in 2014, according to information from Secretary of State Jeanne Atkins' office.

In a letter sent to legislators today, Atkins shared the findings and recommendations from the investigation.

Through a forensic data analysis on all BETC projects, investigators found \$347 million of tax credit records show evidence of "concerning" risk factors, including direct conflicts of interest, projects that never got off the ground and businesses that closed or went out of business.

Additionally, there were missing and suspicious eligibility records and projects with unaccounted-for equipment.



Secretary of State Jeanne Atkins' office found ODOE mismanaged a billion-dollar tax credit program.

### **More ODOE news: *Oregon's energy department joins critics ripping PUC report that would shrink solar incentives***

"Struggles within this program are already well-documented," Atkins said in a prepared statement.

"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."

The investigation revealed no direct evidence of fraud in projects with circumstantial evidence of suspicious behavior from the state office.

The examination also found more than 25 percent of projects involving costs above \$1 million “exhibited at least one characteristic of concern for the investigators.” Of 3,150 smaller project files reviewed, only 2.7 percent, or 86 projects, showed at least one characteristic of concern for the investigators.

In a response letter, Mike Kaplan, ODOE's director, conceded the issues with BETC were grave.

“As a state agency, it is our responsibility to implement laws ... and to do so with care and duty,” he wrote.

“With BETC, ODOE failed this responsibility,” he added. “The administrative problems identified ... could have been solved by management and staff, even without legislative changes, at the time the program was expanded in 2007 or at any point over the next seven years.”

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.” The full investigative report can be found [here](#). The full response from ODOE is [here](#).

Independent “financial crime consulting firm” Marsh Minick P.C., conducted the investigation.

**James Cronin**

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