

Summary: Grantee Submitted Fraudulent Invoices for Marina Project

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The OIG investigated allegations that the owner of a marina, who received a grant from the U.S. Fish and Wildlife Service (FWS), submitted false receipts for the reimbursement of a project that was 50 percent funded under an FWS grant program and violated the terms and conditions of the grant. We substantiated the allegations.

The State-managed grant was for the purpose of building covered boat slips and an information center at the marina. The grant was reimbursable, which meant that the owner was allowed to obtain a 50-percent reimbursement from the State after expending his funds and providing appropriate receipts.

We first substantiated that the owner directed former employees to create and submit fictitious invoices to the State. The fictitious invoices allowed the owner to collect funds from the State without expending his own funds in advance as required under the FWS grant. Among the receipts we collected from the State for the marina project, we found questionable invoices totaling over \$365,000 for a construction company, which the marina owner hired to perform work on the project.

The construction company owner reported filling out weekly timecards but stated that he did not submit invoices to the marina owner for work on the project. Bank records showed that the marina owner paid the construction company owner weekly for the company's work on the project. The marina owner denied submitting or falsifying any invoices and said one of his former employees may have done so without his consent. We did not find the marina owner credible on this point given contrary documentary and testimonial evidence as well as the absence of any evidence of motive by the former employees.

We found that, although the marina owner paid the construction company owner approximately \$65,000 for work on the project, the marina owner submitted falsified invoices to the State stating that the marina owner paid the construction company owner over \$365,000. We also found that the marina owner expended only about \$40,000 in his funds during the period of performance even though he was required to match the \$350,000 he collected from the grant based on the falsified invoices submitted during the same time period. We were unable to determine whether the marina owner used any grant funds received from the fraudulent invoices for expenses unrelated to the marina project.

We also found that, although the State was satisfied with the work and the project was eventually completed, the marina owner did not complete the work within the period of performance as specified in the grant letter.

Finally, we determined that the marina owner violated the terms and conditions of the grant by leasing boating slips beyond the grant's designated period and using the information center, which was built using grant funds, as personal lodging. In particular, the marina owner admitted



to leasing the boating slips yearly rather than for the periods of 1 to 15 days as required under the grant. The marina owner further acknowledged that he occupied a space above the information center for personal lodging for a 6-month period and a 4-month period, which also violated the terms and conditions of the grant.

Two years after the period of performance for the grant, the owner sold the marina.

The U.S. Attorney's Office declined to prosecute this case. We referred the results of our investigation to our Administrative Remedies Division for potential administrative action.

This is a summary of an investigative report we provided to the FWS Director.

