



## News Release

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### **Former Department of Revenue Employee Pleads Guilty in Theft of \$1.9 Million**

**Saint Paul** – A former Minnesota Department of Revenue auditor today pleaded guilty to felony charges stemming from an internal investigation that uncovered the embezzlement of \$1.9 million in state funds. 58-year-old Pamela Dellis of Lindstrom entered a plea of guilty today in federal court in Minneapolis to one count of conspiracy to commit mail fraud and one count of money laundering.

As an auditor, Dellis had access to the agency's legacy tax system, a complex patchwork of applications that has since been decommissioned. Her criminal activities were discovered during a routine system inquiry by another employee who noticed that several individual refunds generated by Dellis had been issued to the same taxpayer.

The department immediately launched an investigation in collaboration with the Minnesota Bureau of Criminal Apprehension.

"This was a serious breach of the public trust placed in our department and its employees," said Assistant Commissioner Terri Steenblock. "This type of behavior is completely unacceptable – violating not only the law but our mission of serving Minnesota taxpayers."

The investigation found that, between January 2005 and September 2010, Dellis embezzled the funds through the creation of false tax refund checks. In many cases, she falsified records to create the impression that a taxpayer was owed a refund, and then drafted a check or "transfer of funds" in the false amount, made payable to her sister or niece. Dellis avoided detection by using variations of the co-conspirators' names on the checks and transfers.

The Department of Revenue has taken immediate steps to strengthen its internal processes, including multiple security changes related to employee access and reporting. The agency's antiquated system also is being replaced with an integrated tax system, which provides the capability to review all employee activity. All of these actions will significantly improve system transparency and accountability.

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