

## News Release

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**FOR IMMEDIATE RELEASE:**

September 7, 2011

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

**Saint Paul** – The outcome of an internal investigation launched by the Department of Revenue against one of its own employees was brought to a close today when Pamela Dellis, a former department employee, was sentenced to five years in prison for embezzlement of \$1.9 million in state funds.

“As commissioner, I expect nothing less than the highest standard of integrity from each of our employees. The criminal actions of Pamela Dellis have undermined the public trust in the integrity of state government – particularly the Department of Revenue,” said Revenue Commissioner Myron Frans at today’s sentencing. “We will hold any employee who engages in criminal activities accountable for abuse of public trust and funds. Fraud within the department is extremely rare, yet no matter how uncommon, we maintain a zero tolerance policy for violating public trust.”

In March, 58-year-old Dellis of Lindstrom entered a plea of guilty to one count of conspiracy to commit mail fraud and one count of money laundering. A former auditor with the department, 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.

The investigation found that 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.

The Department of Revenue took immediate steps to strengthen its internal processes, including multiple security changes related to employee access and reporting. The agency’s new integrated tax system will provide the capability to review all activities of employees who

have access to the system. The agency has also announced the appointment of an Internal Audit Manager, who will report directly to the commissioner. Other changes include:

- More restrictive access and increased reporting for tax refunds issued by employees.
- Policy changes to restrict manual refunds and reduce the potential for theft.
- Management training and education to ensure adequate oversight of employees.
- Employee education and training.

All of these actions will significantly improve system transparency and accountability.