



State of Wisconsin
2015 - 2016 LEGISLATURE

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**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 669**

February 16, 2016 – Offered by Representatives BARCA and JORGENSEN.

1 **AN ACT** *to amend* 230.81 (2); and *to create* 230.81 (4), 238.121 and 946.795 of
2 the statutes; **relating to:** reporting fraud against the Wisconsin Economic
3 Development Corporation, providing fraudulent information to the Wisconsin
4 Economic Development Corporation, and providing a criminal penalty.

Analysis by the Legislative Reference Bureau

This substitute amendment requires any employee of the Wisconsin Economic Development Corporation (WEDC) who is aware that a fraud has been perpetrated against WEDC to report or cause that fraud to be reported to the Department of Justice or the appropriate district attorney. The substitute amendment applies retroactively to a fraud perpetrated against WEDC on or after February 24, 2011, the effective date of 2011 Wisconsin Act 7, which created WEDC.

This substitute amendment also establishes a criminal penalty and other consequences for committing fraud against WEDC. Under the substitute amendment, no one may make or cause to be made a false statement on an application for a grant, loan, tax benefit, or other benefit or payment (benefit) from WEDC or make or cause to be made a false statement of a material fact used to determine eligibility for a benefit from WEDC.

Additionally, if a person knows of the occurrence of any event that would affect the initial or continued eligibility for a benefit from WEDC, he or she may not conceal

or fail to disclose that event in order to secure a benefit from WEDC or to secure a larger benefit than he or she is entitled or eligible to receive. Finally, no one may use a benefit from WEDC that is intended for a specific use for any other use. A person who does any of these things is guilty of a Class E felony and may be imprisoned for up to 15 years, fined up to \$50,000, or both.

Also, under the substitute amendment, if a person, or the person's authorized agent on behalf of that person, intentionally commits such economic development benefits fraud, the person, including all affiliates and successors, is ineligible for economic development benefits from WEDC for seven years from the date on which the fraudulent act was committed.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 230.81 (2) of the statutes is amended to read:

2 230.81 (2) Nothing in this section prohibits an employee from disclosing
3 information to an appropriate law enforcement agency, a state or federal district
4 attorney in whose jurisdiction the crime is alleged to have occurred, a state or federal
5 grand jury or a judge in a proceeding commenced under s. 968.26, or disclosing
6 information pursuant to any subpoena issued by any person authorized to issue
7 subpoenas under s. 885.01. Any such disclosure of information, or a report under
8 sub. (4), is a lawful disclosure under this section and is protected under s. 230.83.

9 **SECTION 2.** 230.81 (4) of the statutes is created to read:

10 230.81 (4) Any employee of the Wisconsin Economic Development Corporation
11 who is aware that a fraud has been perpetrated against the Wisconsin Economic
12 Development Corporation shall report or cause that fraud to be reported to the
13 department of justice or the appropriate district attorney.

14 **SECTION 3.** 238.121 of the statutes is created to read:

15 **238.121 Fraud in obtaining economic development benefits. (1)**

16 DEFINITIONS. In this section:

1 (a) “Economic development benefits” means a grant, loan, tax credit, or other
2 assistance under an economic development program administered by the
3 corporation.

4 (b) “Economic development benefits fraud” means any violation under s.
5 946.795.

6 (2) In addition to any criminal penalty and any requirement to repay economic
7 development benefits, if a person or the person’s authorized agent on behalf of that
8 person intentionally commits economic development benefits fraud, the person,
9 including all affiliates and successors, shall be ineligible for economic development
10 benefits for 7 years from the date on which the act of economic development benefits
11 fraud was committed.

12 **SECTION 4.** 946.795 of the statutes is created to read:

13 **946.795 Fraud against the Wisconsin Economic Development**
14 **Corporation.** (1) In this section, “benefit” has the meaning given for “economic
15 development benefit” in s. 238.121 (1) (a).

16 (2) Whoever does any of the following is guilty of a Class E felony:

17 (a) Intentionally makes or causes to be made any false statement or
18 representation of a material fact in any application for a benefit from the Wisconsin
19 Economic Development Corporation.

20 (b) Intentionally makes or causes to be made any false statement or
21 representation of a material fact for use in determining eligibility for a benefit from
22 the Wisconsin Economic Development Corporation.

23 (c) Having knowledge of the occurrence of any event affecting the initial or
24 continued eligibility for a benefit or the initial or continued eligibility for any such
25 benefit of any other person in whose behalf he or she has applied for or is receiving

1 such benefit, conceals or fails to disclose such event with an intent to fraudulently
2 secure such benefit either in a greater amount or quantity than is due or when no
3 such benefit is authorized.

4 (d) Having applied to receive a benefit from the Wisconsin Economic
5 Development Corporation for a specific use or purpose and having received it,
6 knowingly and willfully converts the benefit or any part thereof to a use or purpose
7 other than that specified by the Wisconsin Economic Development Corporation.

8 **SECTION 5. Initial applicability.**

9 (1) This act first applies retroactively to a fraud perpetrated against the
10 Wisconsin Economic Development Corporation on February 24, 2011.

11 (END)