

STATE OF WISCONSIN,

Plaintiff,

v.

Case No. _____

TIMOTHY MADSON,
DOB: 06/14/1958,
1209 Greene Street,
Fort Atkinson, WI 53538,

Defendant.

CRIMINAL COMPLAINT

Complainant, being duly sworn on oath, states as follows:

COUNT I: THEFT

Between February 1, 2006, and November 30, 2011, the defendant, by virtue of his employment, having possession or custody of money of another, did intentionally use such money without the owner's consent, contrary to his authority, and with intent to convert to his own use, in an amount exceeding \$10,000. Upon conviction of this offense, a class G felony, the defendant may be fined not more than \$25,000 or imprisoned not more than 10 years, or both. This crime is in violation of Wis. Stat. §§ 943.20(1)(b), 943.20(3)(c), and 971.36(3)(a).

COUNT II: MISCONDUCT IN PUBLIC OFFICE

Between February 1, 2006, and November 30, 2011, the defendant, in his capacity as a sergeant with the Jefferson County Sheriff's Department and supervisor of the Jefferson County Drug Task Force, stole money deposited in a task force bank account for use in task force related duties, which he knew was in excess of his lawful authority or was forbidden by law to do in his

official capacity. Upon conviction of this offense, a class I felony, the defendant may be fined not more than \$10,000 or imprisoned not more than 3 years and 6 months, or both. This crime is in violation of Wis. Stat. §946.12(2).

Your complaining witness is a special agent with the Wisconsin Department of Justice Division of Criminal Investigation, and bases this complaint upon her own investigation as well as additional information obtained from the Jefferson County Sheriff's Department, which information she believes to be truthful and reliable. What follows is a summary of the investigation and does not exhaust all information known to the complaining witness.

On November 21, 2011, Wisconsin Department of Justice Division of Criminal Investigation Special Agents Dorinda Freymiller and Amy Lehmann met with Jefferson County Chief Deputy Sheriff Jeff Parker in his office at the Jefferson County Sheriff's Department. The agents were there in response to a request from Sheriff Paul Milbrath for investigative assistance regarding the possible embezzlement of funds by a previous employee, Sergeant Timothy Madson, the defendant.

Parker explained that Madson served as the supervisor of the Jefferson County Drug Task Force since 2003. As supervisor, Madson was in charge of the investigators assigned to the unit and was responsible for overseeing the task force's finances. Parker explained that the task force steering committee recently raised concerns about how much money was spent from one of the two funds overseen by the defendant. This fund, known as the "Confidential Fund," consisted of approximately \$10,000 that was renewed each year. Parker said money from the Confidential Fund was used for undercover drug purchases as well as other incidental purchases related to the use of confidential informants and undercover police activity. When claiming an expense under this account, an officer listed either a confidential informant number, a drug category, or used a miscellaneous description. An officer would also list a case number to which the expense

pertained. Parker said a generic case number could be used in some situations. The investigator reported expenses to Madson and no receipts were required. At the end of the month, Madson turned in one master expense log for the Confidential Fund account to the task force secretary.

Parker explained that a recent review of the Confidential Fund logs for the past several years uncovered questionable expenses claimed by Madson. As the supervisor, Madson did not have cases or confidential informants assigned to him, and therefore Parker believed it would be unlikely Madson would incur case-related expenses. However, Parker saw many expenses claimed by Madson each month that were attributed to other investigators' cases and to other investigators' confidential informants. Madson often claimed more expenses than any other investigator assigned to the task force. Parker also noted that some of Madson's claims were attributed to days when he was on vacation, and some of the cases he listed had already been closed at the time the expenses were claimed. Parker also noted that Madson coded his expenses as "Bar Expense," which was a miscellaneous code investigators could use on their reports in certain circumstances.

Parker said he questioned Madson about the expenses. Madson claimed that the expenses were his way of "legal laundering," which Madson said meant he was using task force money to purchase items such as window cleaner to use at the office rather than the county's tax levy money. In addition, Parker claims Madson told him that some of the expenses were for his "silent informants," who were past confidential informants he encountered in the community and for whom he would purchase soda or coffee as a gesture of goodwill. Madson refused to provide names of those silent informants to Parker when asked.

Parker provided numerous documents to Special Agents Freymiller and Lehmann in regards to this investigation, including expense logs, Confidential Fund reporting sheets, interview reports, and other documents.

On December 20, 2011, Special Agents Freymiller and Lehmann interviewed Mindi Rue, the Jefferson County Drug Task Force secretary. Rue stated that her duties include, among other things, creating monthly Confidential Fund expenditure logs based upon information from the investigators. Regarding the Confidential Fund logs, Rue stated that investigators would fill these out on a weekly basis and keep them up to date, logging information about expenditures for cases on which they were working. At the end of the month, the investigators and Madson turned their forms in to Rue. Rue created a monthly Excel spreadsheet which listed all of the Confidential Fund expenditures for the entire office based off of information she took from the forms. Rue stated she also gave a hard copy of the monthly summary to Madson after she prepared it, and also gave him the officers' weekly logs along with the summary. On a bimonthly basis, Rue made 10 copies of the past two months Confidential Fund logs she created. She gave the copies to Madson and was under the impression that he gave the copies to the members of the Jefferson County Drug Task Force Steering Committee.

Rue stated that as far back as she can recall, she has seen monthly expenditures from the Confidential Fund claimed by Madson. Rue further stated that Madson occasionally wrote case activity reports, but did less than 10 per year. She stated that the few reports Madson did write up for case activity did not match up to his bar expense claims, and he did not submit reports for every expense he claimed. Rue further stated that Madson purchased some things through an office supply company, such as ink cartridges. Otherwise, Rue explained he obtained most supplies, including cleaning products, directly through the Sheriff's office. On occasion, Madson made large purchases, such as office furniture or computers, through Staples or Best Buy. Rue stated she had heard Madson in the past instruct investigators to "bar expense" it when they needed to purchase mouse traps for the office or batteries. She stated Madson never questioned any expenses the investigators submitted. Rue stated she knew Madson made several

purchases from an internet website consisting of a vacuum for the task force, a computer monitor, video cameras, computer printers, and digital cameras. These expenses would not have to be reimbursed through the Confidential Fund.

Rue also stated that Madson would take vacation and spend extended periods of time in Florida. Rue does not believe Madson was doing any work for the task force while he was on vacation in Florida, and does not have any idea why Madson would incur expenses while on vacation or why he would need to make purchases on his county credit card while in Florida.

On December 22, 2011, Special Agent Freymiller interviewed Adam Frederick. Frederick became a special agent with the Wisconsin Department of Justice on October 3, 2011. Prior to that time, Frederick worked for the Fort Atkinson Police Department and was assigned as an investigator with the Jefferson County Drug Task Force for the previous seven years. He stated the defendant was the task force supervisor the entire time he worked there.

Frederick identified a Jefferson County Drug Task Force Confidential Fund reporting sheet and stated that he filled one out each week while assigned to the task force. He said every day he worked was accounted for on the form, and at the end of the month he would hand all the forms he completed to the secretary, Mindi Rue. After he gave his Confidential Fund reporting sheet to Rue, Frederick stated he was never asked to verify the information.

At the end of the calendar year, Frederick explained that any Confidential Fund money that the investigators had in their possession but had not been spent was listed as an expense on their December Confidential Fund report. The leftover money was attached to the report and given to Madson.

Frederick stated that Confidential Funds were disbursed to the investigators as checks written from the account under the fictitious name, "Scott Hoffman." The checks were made out to the investigators' real names, and Frederick usually cashed the checks himself. He stated the

check registry was kept in Madson's office. Frederick stated he was given funds whenever he requested them.

Frederick was asked to explain his 2009 Confidential Funds summary report. The amount claimed by Frederick was \$1,135 for the year. Frederick said he used the miscellaneous "bar expense" code for such things as garbage picks, buying drinks while doing undercover work, and on rare occasions, he used it to buy a soda for himself if working outside the county. Frederick explained that he only used the funds for personal expenses when Madson approved that expense. Frederick also recalled an occasion when he purchased bug spray for work and listed it as a "bar expense." He stated he never used the description "bar expense" to cover the purchase of office supplies, but said that may have been acceptable if Madson gave prior approval. Frederick stated he never received funds from Madson to purchase office supplies. Special Agent Freymiller noted that Frederick claimed 25 expenses on his 2009 report, seven of which were listed as "bar expenses." His total expense report for 2009 was \$1,135, with \$70 claimed as "bar expense."

Frederick was asked about the use of the miscellaneous code of the last two digits of the calendar year followed by four zeroes as a case number (i.e., 11-0000). Frederick stated he did not know why that would be done and was unaware of any guidelines for using this format for a case number. Frederick stated that there were occasions when an investigator would lend some of their buy money to another as needed. If this occurred, the person to whom the money was issued had to account for its use on their Confidential Fund reporting sheet. Therefore, if Frederick lent money to Investigator Handrow, and Handrow spent it on one of his cases, Frederick would claim the expense on his reporting sheet and would list Handrow's case number and Handrow's name under the column for officer assigned to the complaint. He stated in general, when Confidential Funds were spent, a report was written.

Frederick stated he had no idea why Madson would claim any expenses on his Confidential Fund report relating to any of Frederick's cases. Frederick stated he could not think of any legitimate reason why Madson would claim expenses for work done on one of Frederick's cases. As an example, Special Agent Freymiller showed Frederick one of Madson's expenses, a \$14 bar expense claim on January 20, 2011, at Johnson Creek for Case No. 11-057, one of Frederick's cases. Frederick specifically recalled the case and said that on January 20, 2011, he made an undercover drug purchase at a Johnson Creek mall for this case number. Frederick was unaware why Madson would have claimed an expense for this case and could think of no reason why Madson would have incurred a case-related expense for that date.

Special Agent Freymiller reviewed Frederick's 2011 expense report for January 20, 2011, and noticed two claim entries: one for a \$45 expense on a different case, and one for a \$400 heroin and crack cocaine purchase for the 11-057 case in Johnson Creek.

Frederick was shown another one of Madson's expenses claimed on February 9, 2011, for an \$11 bar expense in Fort Atkinson on Frederick's Case No. 10-730. Frederick recalled Case No. 10-730 because it was a case in which he purchased the drug K2. He stated again he had no idea why Madson would claim an expense related to that case in 2011 or what the expense was.

Special Agent Freymiller reviewed the 2011 Confidential Fund summary for the entire drug task force and did not see any other expenses for case 10-730. In reviewing the 2010 Confidential Fund summary for the entire task force, Special Agent Freymiller saw an expense claimed by Investigator Handrow on November 18, 2010, for two bottles of K2 in the amount of \$21 and an expense claimed by Madson on the same date for a \$20 bar expense on the same case.

When asked by Special Agent Freymiller if Madson did case-specific work, Frederick remarked, "I can't say I've seen him do any case work."

On January 5, 2012, Special Agents Freymiller and Lehmann interviewed Joseph Mech. Mech was hired as a special agent with the Division of Criminal Investigation in October 2011. Prior to that time he worked at the Jefferson County Sheriff's Department from August 1999 until October 2011. Mech was assigned to the Jefferson County Drug Task Force from January 2004 through the end of 2008. Mech stated he used Confidential Fund reporting sheets from the first day he began working on the task force. He stated when completed, he always gave his Confidential Fund reporting sheets to Mindi Rue.

Mech explained that the Confidential Fund was to be used for purchases related to case work and expenses incurred while working. Mech described examples of allowable purchases such as buying drugs, a tip to garbage workers who conducted a garbage pick, fresh batteries for a wire or other equipment, and new CD ROMs to be used with the computers. When expensing a drug purchase, Mech listed drug buys as "purchase of drugs" on his Confidential Fund reporting sheet, and used either "garbage pick" or "CI 1, 2, or 3" for tips for garbage picks. For small, work related, day-to-day purchases, Mech used the "bar expense" code on his Confidential Fund reporting sheet. Mech stated he only made these types of purchases after first checking with Madson for permission. Mech said that Madson would sometimes ask him to make the purchases on a county credit card, but most of the time told Mech to pay for them and list them as bar expenses.

When asked if he could ever claim meals or other things as bar expenses when solely for personal use, Mech said it was unacceptable. However, Mech explained that if an investigator was working with an informant for several hours waiting for a drug buy to occur, it would be acceptable to purchase lunch for the investigator and the informant. He stated it would also be

okay to purchase pizza for a group of investigators during an extra long shift and use Confidential Fund money to do so, but he stated that Madson rarely authorized the investigators to do that.

Mech was asked if Madson did work on any of Mech's cases. Mech stated that when he first began working on the task force, Madson assisted investigators in the field with their cases. But since approximately the middle of 2006, he stated Madson only came out to assist on occasion. He stated Madson would participate in large events such as a buy bust or a search warrant, but not things such as controlled buys. When asked why Madson might make daily expense claims from the Confidential Fund, Mech appeared surprised and stated he could not think of any reason why Madson would do that. Mech could think of one case, 06-599, on which Madson did active work. However, he did not know why Madson would make claims on any other cases.

On January 5, 2012, agents Freymiller and Lehmann interviewed Watertown Police Chief Timothy Roets. Roets is a member of the Task Force Steering Committee. Roets told the agents that Confidential Fund money was to be used solely for case work such as buying drugs or making small purchases for an informant, such as a pack of cigarettes. Roets knew Madson's role at the task force required him to supervise investigators, and Roets did not believe that Madson was doing any actual casework. Roets said he reviewed some expense reports, but was primarily focused on the expense reports of one of his own employees on the task force, not Madson's expenses. When Roets did see Madson's expense claims and the use of the "bar expense" code, he had assumed at the time that Madson was in the field doing active supervision of agents on their cases. Roets said that Madson never informed the steering committee that an expense he claimed was for an item such as pizza for the office after an especially long shift. Looking back, Roets said that he was surprised Madson made so many expense claims, and did

not realize the claims had been so high for so long. He said he was under the impression that all expense claims had to be supported by receipts, and that there was some level of review done by the Sheriff's Department prior to the expenses being reimbursed.

On March 7, 2012, Special Agent Freymiller interviewed Sergeant Margareta Gray, current supervisor for the Jefferson County Drug Task Force. Gray worked as an investigator with the task force from 2001 through January 2007. She stated when she first started working for the task force, Sgt. Paul Milbrath was her supervisor, but Tim Madson replaced Milbrath a short time later.

Gray stated there were a few occasions over the years when she was handing in her Confidential Fund reports to Mindi Rue that she happened to see Madson's Confidential Fund report that he had handed in. She noticed that he had several entries and claimed a fairly large dollar amount of expenses. At the time, Gray stated she never thought much about it and did not see it as unusual. Since she took over in December 2011, she realized in hindsight that there was no reason for Madson to have so many expenses. The only reason Gray could think of for a supervisor to take any money from the Confidential Fund would be in order to have a small amount of cash on hand, such as \$50, to cover unexpected incidentals for the investigators. Gray is unaware of any expenses Madson would have incurred related to her investigations while she was an investigator at the task force. She has no recollection of him ever even having to make a small expenditure, such as purchasing a replacement battery, for her.

On May 2, 2012, Special Agents Freymiller and Lehmann interviewed Jefferson County Sheriff Paul Milbrath. Milbrath worked at the drug task force for approximately 14 years, some of which he served as the sergeant of the task force. Milbrath explained that each budget cycle, the Sheriff's Department set aside \$10,000 for the drug task force. He stated part of the money was used for the department's cash match grant requirement for the task force, and the remainder

was used to replenish the buy fund and pay for authorized expenses. When Madson wanted to replenish the buy fund, he had to fill out a purchase order, submit it to the captain, obtain Milbrath's approval, and then the request would be processed and the funds would be released.

Milbrath reviewed the buy fund expenses at the steering committee and focused on looking at case numbers and activities associated with them. He noticed Madson regularly had several expenses, but was unconcerned because Madson said words to the effect that, "we" did this on a case, which gave Milbrath the impression Madson was out on the street working cases. Milbrath did not add up Madson's monthly expenses and until an investigation was requested, Milbrath had not realized the total amount of money Madson was spending. Milbrath also learned that Madson was not in fact on the street working cases with the investigators. Milbrath stated Madson told him that he was working on cases and purchasing drugs.

Milbrath explained that Madson had sole control over two funds: the Confidential Fund and the "Donations" account. The Donations account was money donated to the task force by community members and businesses. Milbrath stated he was aware the task force received donations, but was not aware that there was an account with more than a few hundred dollars.

Special Agent Freymiller reviewed monthly balance statements and cancelled checks for the Jefferson County Drug Task Force Undercover Account No. 45991 from Premier Bank in Fort Atkinson, Wisconsin covering the time period from January 2006 through December 2011. This fund was used for "Confidential Fund" disbursements. From a review of these records, Special Agent Freymiller compiled a spreadsheet listing total check amounts written to the Jefferson County Drug Task Force investigators for that time period. From January 1, 2006, through the end of 2011, Timothy Madson received checks in the amount of \$20,025 for case-related expenses from the Confidential Fund. By year, these amounts were \$4,725 in 2006, \$2,800 in 2007, \$3,975 in 2008, \$3,375 in 2009, \$2,700 in 2010, and \$2,450 in 2011. By way of

comparison, the next highest total disbursement to an investigator was \$12,455 over the same time period to Adam Frederick, who was actively working cases during that time period. No other individual investigator had more than \$3,730 claimed for that entire time period. In addition, aside from the expenses claimed by Madson and Frederick, no other investigator claimed a yearly total in excess of \$2,175. Special Agent Freymiller also compared the total amount of funds disbursed to the total amount of expenses claimed by the investigators on the Confidential Fund. She discovered that while Madson was disbursed \$20,025 in funds from the Confidential Fund account, he only claimed expenses in the amount of \$13,520 for case-related work. The remainder was unaccounted for.

Special Agent Freymiller further analyzed the bank records for the Confidential Fund account and sorted all the disbursements made to all investigators for each month and each year. In 2011, Madson had 250 individual expense claims from January 3, 2011, through September 30, 2011, a total of 270 calendar days. Every expense was listed as "bar expense." Only 16 of those 250 expenses were over \$10, and the largest was \$23. The generic "11-0000" case number was used for 74 of the expenses. Each of those 74 claims listed no assigned officer. The other 176 claims listed a specific officer and specific case. Madson claimed expenses for work done on Frederick's cases 34 times during this period.

In 2010, Madson claimed 345 different Confidential Fund expenses. Every expense used the generic "bar expense" code. One hundred five of those expenses used the generic "10-0000" case number and listed no assigned case agent. Only 34 of the claimed expenses were over \$10, with the largest being \$40. Most of the expenses were \$4 to \$5 per claim. Madson claimed expenses for work done on Frederick's cases 64 times during this period.

In 2009, Madson claimed expenses 356 times. Each expense was listed as a "bar expense." Ninety-nine of the expenses used the generic "09-0000" case number with no

assigned investigator. Twenty-six of the expenses were over \$10, with the largest being \$35. Madson claimed expenses for work done on Frederick's cases 42 times during this period.

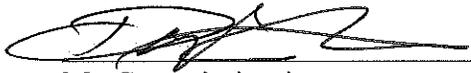
Going back to the beginning of 2006, all claims made by Madson used "bar expense" as the description except for four: "liquid methadone" on June 6, 2006; "methadone" on June 15, 2006; "THC" on January 10, 2006; and "cocaine" on December 29, 2006. Of the hundreds of almost daily expenses claimed by Madson reviewed by Special Agent Freymiller, a vast majority of them are under \$10, with most being in the \$4 to \$6 range.

As Parker explained, the Confidential Fund was used for undercover drug purchases and other incidental purchases related to the use of confidential informants and undercover activity. If any of the money was being used for purposes outside of this, it would be done without the consent of the Jefferson County Sheriff's Department and the Jefferson County Drug Task Force. Madson did not have consent from anyone in the Jefferson County Sheriff's Department to use the department funds for his own use.

Dated this 11th day of December, 2012.


Dorinda Freymiller
Special Agent
Wisconsin Department of Justice
Division of Criminal Investigation

Subscribed and sworn to before me this
11 day of December, 2012.


My Commission is permanent.

APPROVED FOR FILING:


DAVID W. MAAS
Assistant Attorney General and
Special Prosecutor for Jefferson County