

A. JOSEPH De NUCCI
AUDITOR

The Commonwealth of Massachusetts
AUDITOR OF THE COMMONWEALTH
BUREAU OF SPECIAL INVESTIGATIONS

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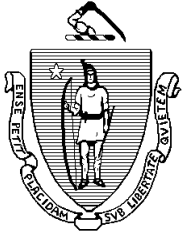
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**Office of the State Auditor
Bureau of Special Investigations**

FY 2006

1st Quarterly Report
July 1, 2005 - September 30, 2005

November 15, 2005



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A. JOSEPH DE NUCCI
AUDITOR

TEL (617) 727-2075
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November 15, 2005

The Honorable Robert A. DeLeo
Chairman
House Committee on Ways and Means
State House
Room 243
Boston, MA 02133

Dear Chairman DeLeo:

In compliance with the provisions of Chapter 149 of the Acts of 2004, line item 0710-0200, I hereby submit a quarterly report of the activities and accomplishments of the Bureau of Special Investigations of the Office of the State Auditor. The report covers the period of July 1, 2005 – September 30, 2005.

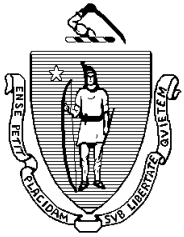
Please feel free to contact me if you require any additional information.

Sincerely,

A handwritten signature in black ink, reading "A. Joseph DeNucci".

A. Joseph DeNucci
Auditor of the Commonwealth

AJD/law



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AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A. JOSEPH DE NUCCI
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November 15, 2005

The Honorable Therese Murray
Chairwoman
Senate Committee on Ways and Means
State House
Room 212
Boston, MA 02133

Dear Chairwoman Murray:

In compliance with the provisions of Chapter 149 of the Acts of 2004, line item 0710-0200, I hereby submit a quarterly report of the activities and accomplishments of the Bureau of Special Investigations of the Office of the State Auditor. The report covers the period of July 1, 2005 – September 30, 2005.

Please feel free to contact me if you require any additional information.

Sincerely

A handwritten signature in black ink that reads "A. Joseph DeNucci". The signature is written in a cursive style with a large initial "A" and a prominent "D" in "DeNucci".

A. Joseph DeNucci
Auditor of the Commonwealth

AJD/law

Bureau of Special Investigations

FY 2006

Quarterly Report

July 1, 2005 – September 30, 2005

Introduction

The Office of the State Auditor's Bureau of Special Investigations (BSI) is charged with investigating fraudulent claims for or wrongful receipt of payments or services under public assistance programs. BSI receives referrals from various state and federal agencies, the general public and the State Police. The majority of these allegations involve suspected fraud in the Department of Transitional Assistance (DTA) cash assistance and Food Stamp Programs and the Division of Medical Assistance (DMA) MassHealth program.

When an investigation results in identified public assistance fraud, the case is referred to the appropriate legal authority for criminal prosecution or the appropriate agency for civil recoupment of illegally obtained benefits or services. BSI examiners work closely with District Attorneys offices and/or appropriate agency personnel to assure the recovery of lost funds. These entities establish settlement restitution payment amounts and are responsible for the actual collection of these payments.

First Quarter Activities and Accomplishments

At the start of the first quarter of FY 2006, BSI's caseload included 2992 cases in various stages of investigation. During the period of July 1, 2005 through September 30, 2005, BSI received 311 new allegations of public assistance fraud.

During the same period BSI completed the investigation of 38 cases. In 23 of these investigations, BSI examiners found illegal activities that resulted in \$289,566.94 of fraudulently obtained public assistance benefits and services. Each of these cases has been referred to the appropriate agency for either criminal prosecution or civil recoupment of lost funds.

Currently, BSI has a number of cases of identified fraud pending in various stages within the court system and is working with the appropriate District Attorneys to prosecute these cases. During this quarter, three cases of previously identified fraud have resulted in convictions and repayment of fraud. BSI investigations have led to the indictments of four individuals, three in federal court involving conspiracies to illegally obtain narcotic prescription drugs through the MassHealth program and one in Norfolk County Superior Court involving child care fraud. Additionally BSI has filed charges in Essex County against a recipient who allegedly used an EBay site to sell stolen merchandise while receiving housing and cash assistance from the Commonwealth.

The total caseload of open investigations on September 30, 2005 totaled 3265 cases.

Summary of BSI Investigative Activities

The charts below provide a summary of caseload activities and the amounts of identified fraud by program of assistance.

<i>Caseload Summary</i> <i>(7/01/2005 – 9/30/2005)</i>	
Number of Open Investigations as of 7/01/05	2992
New Referrals received	311
Completed Investigations with Identified Fraud	23
Completed Investigations with no Fraud Identified	<u>15</u>
Number of Open Investigations as of 9/30/2005	3265

<i>Identified Fraud by Program of Assistance</i> <i>(7/01/2005 – 9/30/2005)</i>	
Transitional Assistance to Families with Dependent Children (TAFDC)	\$ 99,815.99
Emergency Aid to Elderly, Disabled and Children (EAEDC)	\$ 2,790.73
Food Stamps (FS)	\$ 60,492.00
Medical Assistance (MA)	<u>\$ 126,468.22</u>
<i>Total</i>	\$ 289,566.94