



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

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Bureau of Special Investigations

4th Quarter Report – FY 2013

April 1, 2013 – June 30, 2013

BUREAU OF SPECIAL INVESTIGATIONS

The Bureau of Special Investigations (BSI) continues to serve an important and necessary function in the State Auditor's Office by diligently protecting public assistance programs from fraud and recovering taxpayer dollars from those who choose to cheat the system, thereby maximizing resources for those citizens truly in need of services. During challenging economic times, the identification and recoupment of fraudulently used public assistance takes on an even greater importance as agencies and assistance programs struggle to stretch limited resources to help those in need.

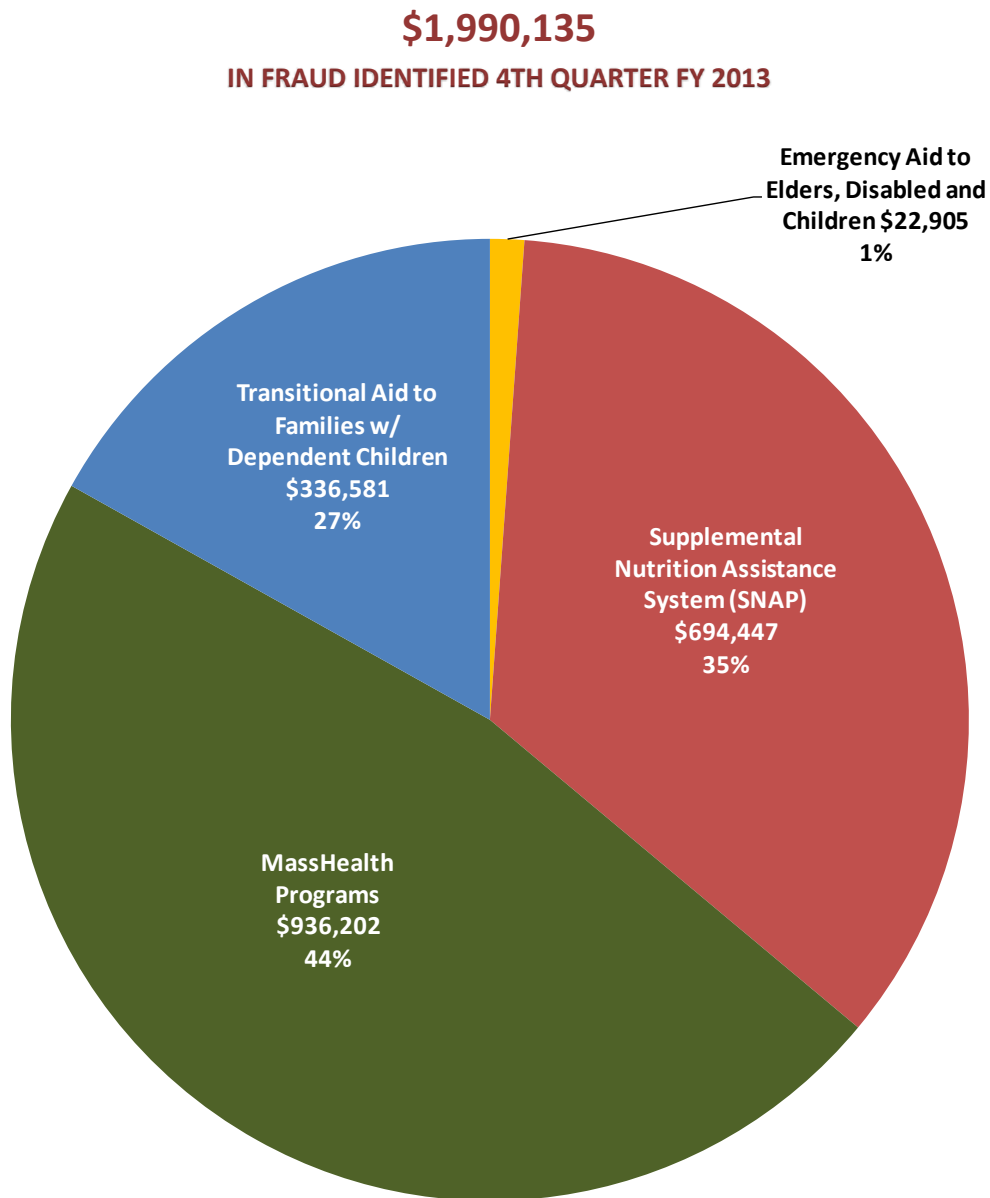
BSI has embraced State Auditor Bump's mission to help government work better by instituting and enhancing several initiatives and organizational changes, focused around this simple, yet vital, component to ensure taxpayer dollars are spent properly and as efficiently as possible.

Working under the provisions of M.G.L. Chapter 11, Section 17, BSI examiners operate from five offices across the state, investigating referrals from the Department of Transitional Assistance (DTA), MassHealth, law enforcement agencies, and the general public. BSI examiners participate in joint investigations and serve on task forces focused on preventing and combating fraudulent activities and interact with numerous agencies, including the Federal Bureau of Investigation, the U.S. Food and Drug Administration, the U.S. Health and Human Services, the U.S. Attorney's Office, the Office of the Attorney General, the State Police, District Attorneys' Offices, local police, and administering agencies.

BSI's case tracking application and its business intelligence software continue to be a valuable investigation management tool for examiners and other staff. Using this technology, which electronically collects investigative data, performs analytical tasks, and helps to prioritize casework, examiners are able to expedite fraud investigations, accelerate cases for recoveries, and gather information to enhance prevention activities. In the past year, the case tracking system and business intelligence software have become a necessary tool for effective and well-organized case management, while giving the ability to improve compliance rates established by the United States Department of Agriculture Food and Nutrition Service.

4TH QUARTER ACTIVITIES AND ACCOMPLISHMENTS

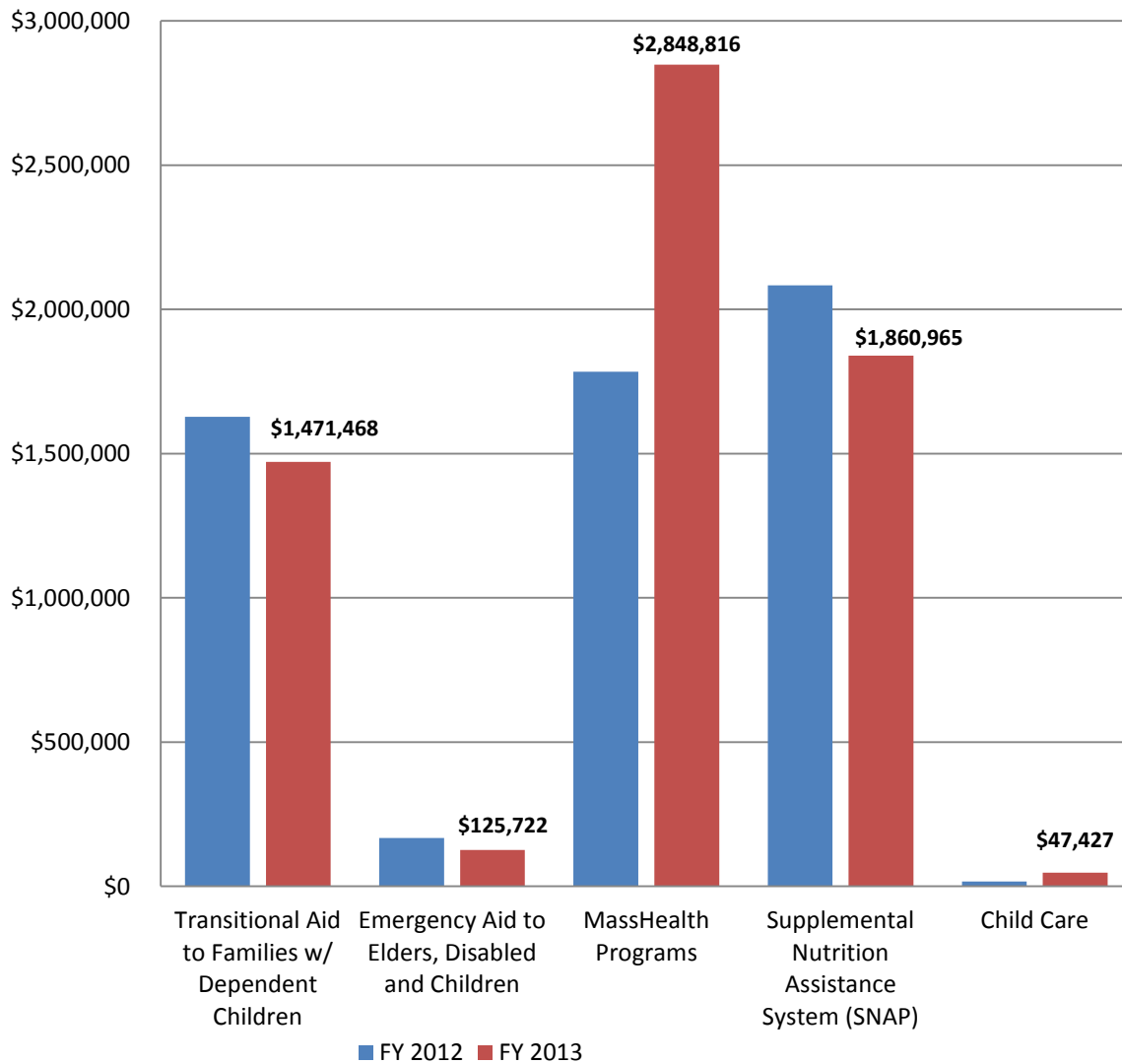
During the 4th quarter of FY 2013, BSI received 2,521 complaints of suspected fraud in public assistance programs. Of the investigations BSI examiners completed, they identified nearly \$2 million in fraudulent claims which are subject to civil recovery or prosecution by the Commonwealth.



Our 4th quarter performance capped a record year for fraud discovery by the department. Of our 6,858 completed investigations, 915 resulted in fraud identifications totaling over \$6.3 million. This total represents a nearly 15% increase over the previous record of \$5.5 million, set in fiscal year 2012.

\$6,354,398

IN FRAUD IDENTIFIED DURING FY 2013



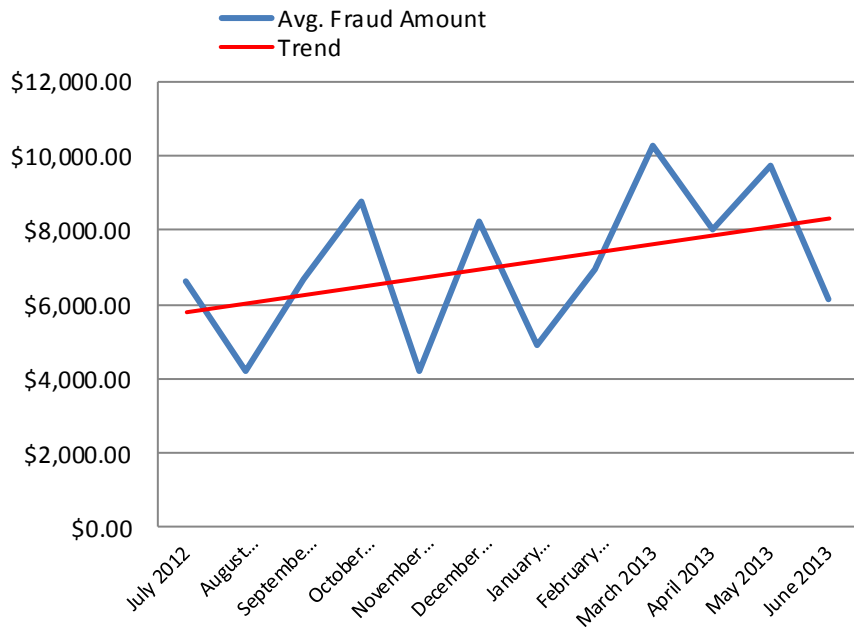
CASE SUMMARY 4TH QUARTER FY 2013

Investigations where examiners document fraudulent receipt of benefits are reviewed for potential prosecution, or sent to the appropriate administering agency responsible for recoupment of fraudulently obtained funds. In some cases, BSI examiners establish restitution payment agreements and collect settlement amounts.

	Child Care	Mass Health	DTA	Hotline	Other	Total Case Counts
Beginning Balance	5	490	2,677	15	32	3,219
New Investigations	0	300	2,162	0	59	2,521
Completed w/o Fraud	(2)	(151)	(1,637)	0	(4)	(1,794)
Completed w/ Fraud	0	(36)	(175)	(1)	(29)	(241)
Ending Balance	3	603	3,027	14	58	3,705

At the end of the previous quarter, BSI's caseload included 3,219 cases in various stages of investigation. BSI received 2,521 new allegations of fraudulently obtained public assistance benefits and services between April 1, 2013 and June 30, 2013. BSI ended the 4th quarter of FY 2013 with a case load of 3,705. During this quarter, BSI examiners completed a total of 2,035 cases.

MONTHLY AVERAGE CASE FRAUD AMOUNT AND TREND



Of those cases completed, 241 were associated with fraudulent claims, with an average of \$8,257.82 in identified fraud per case.

CASE MANAGEMENT

Proper case management is essential to early detection and prevention of public assistance benefits issued to those not eligible or trying to cheat the system. The sooner an investigation is initiated, the greater the likelihood of uncovering stronger evidence, recouping the maximum amount of fraudulently obtained funds, and successful prosecution. BSI has recognized this and is focused on reducing the backlog of cases. Several initiatives have been implemented to ensure proper case management and continued reduction of backlogged cases are taking place to include:

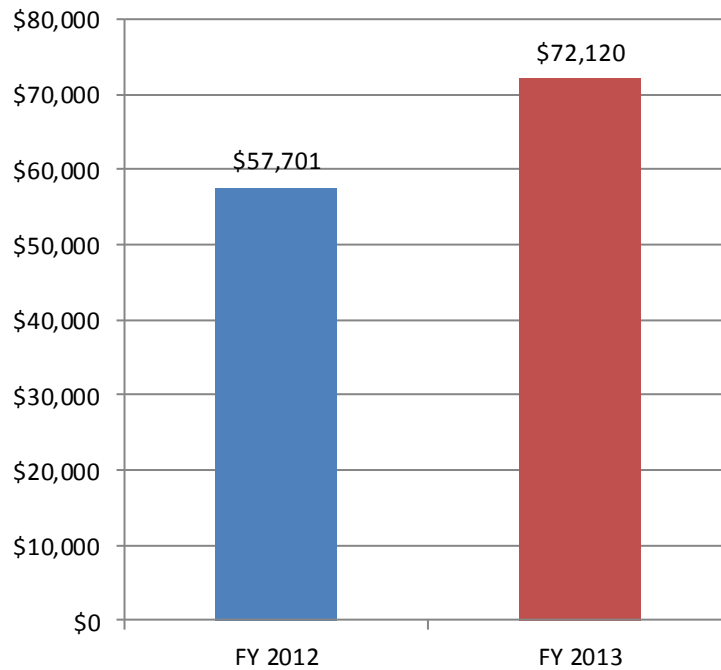
- Initial Case Review – Cases are analyzed for potential fraud. Those cases with identified potential fraud are classified as field or desk assignments, with priority given to those cases requiring a more lengthy investigation.
- “Fast-Track” Cases – Cases which are particularly egregious, with ongoing fraud, involving multiple offenders or jurisdictions, are brought to the top of the list and the appropriate level of resources are applied to ensure a complete and thorough investigation is finalized in an expeditious manner.
- Civil Recovery through BSI – In an effort to recoup money from cases where a significant amount of time has passed from the period of fraud to when the complaint is made, civil recovery is pursued through BSI.

DTA RECOVERIES 4TH QUARTER FY 2013

To provide a better understanding of the fiscal impact of BSI’s investigations, DTA submits monthly reports to BSI on the payments received through court order and civil recovery as the result of BSI investigations.

Month	Collected Amount	# of Payments
April 2013	\$68,194	1,057
May 2013	\$72,403	1,169
June 2013	\$60,783	1,093
Quarter Total	\$201,380	3,319

**DTA AVERAGE MONTHLY RECOVERY PAYMENTS CHANGE, YEAR-OVER-YEAR -
25% INCREASE**



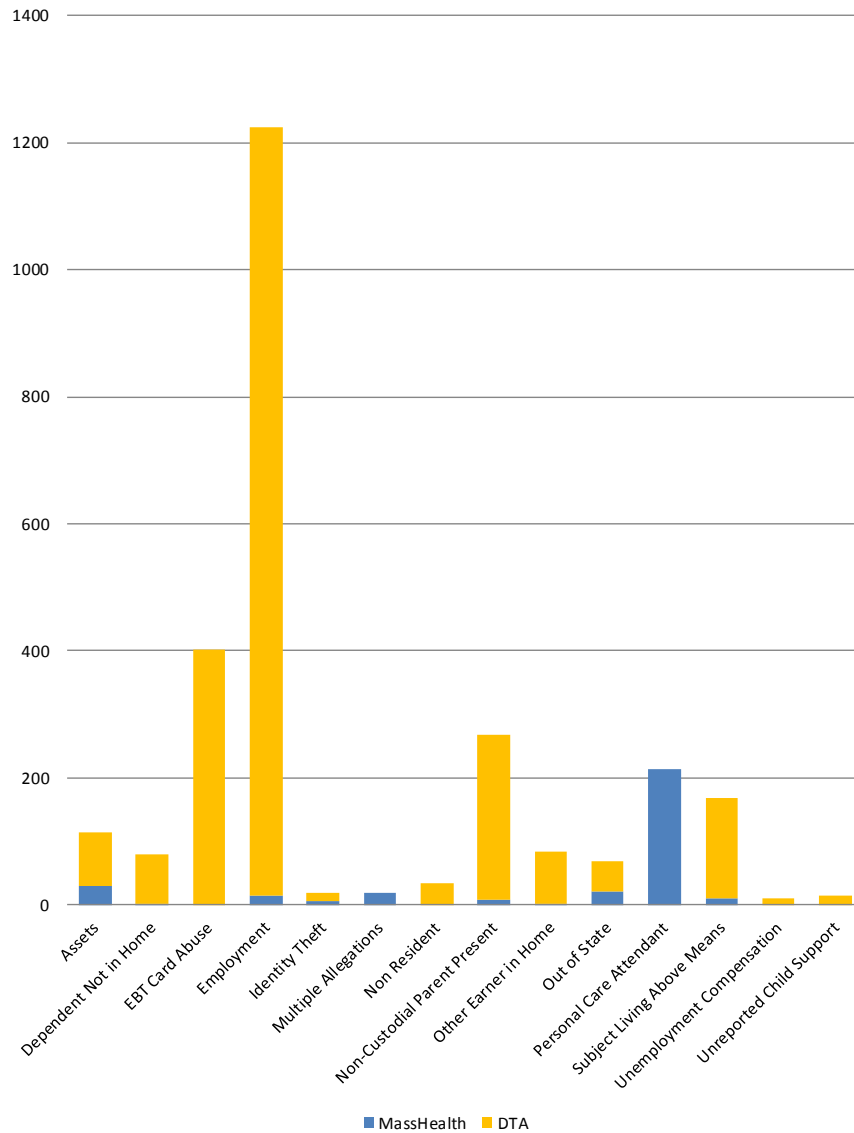
**MASSHEALTH AND DEPARTMENT OF TRANSITIONAL ASSISTANCE –
PROGRAM SUMMARY**

The majority of fraud referrals we receive from our agency partners involve eligibility issues, such as unreported assets and income, and false identities.

BSI examiners this quarter identified fraud in:

- 9 cases totaling \$22,905.34 in Emergency Aid to Elders, Disabled and Children benefits
- 128 cases totaling \$694,446.86 in Supplemental Nutrition Assistance System (SNAP) benefits
- 66 cases totaling \$936,201.68 in MassHealth Program benefits
- 38 cases totaling \$336,580.85 in Transitional Aid to Families w/ Dependent Children benefits

CASES REFERRED BY ALLEGATION TYPE



CASE HIGHLIGHTS

BSI continues to ensure those more egregious or repeat offenses are identified as potential court cases at the beginning stages of the investigation. BSI examiners sought criminal complaints in 13 cases with a total amount of \$384,424 of identified fraud in the following areas:

- 10 Supplemental Nutrition Assistance System (SNAP) cases
- 1 MassHealth Program cases
- 2 Transitional Aid to Families w/ Dependent Children cases

EBT CARD TRAFFICKING

In 2012, the Bureau of Special Investigations participated in a joint investigation of the fraudulent buying and selling of EBT cards, a practice commonly known as food stamp trafficking. This investigation was undertaken by a multi-agency task force consisting of state and federal agencies, including the IRS, U.S. Attorney's Office, U.S. Department of Agriculture, and the state Attorney General's office. The 14-month long joint investigation culminated in raids on several businesses in Boston's Chinatown district, as well as other locations throughout Massachusetts. In Chinatown, the raids were executed by Boston police and federal agents on stores where it was suspected that food stamp trafficking was taking place. As a result, 31 people were charged with larceny for EBT card misuse.

Suffolk County District Attorney Daniel Conley appointed Alexandra Alland, Director of the Bureau of Special Investigations, as a Special Assistant District Attorney to prosecute the 31 individuals charged with larceny over \$250, M.G.L. c 266 § 30, as a result of the raids. To date, 26 cases have been fully adjudicated, with the remaining 5 in various stages of the court system. Out of the individuals charged, there have been 11 guilty pleas entered, 3 continued without a finding, 4 dismissed upon the payment of restitution, 1 pre-trial probation with restitution order, 4 dismissed without restitution, and 3 arrest warrants issued. In total, 13 individuals were ordered to pay restitution to the state, 10 were sentenced to serve time in the House of Corrections, and 9 received some form of probation or suspended sentence.

The Chinatown raids also highlighted another problem with food stamp regulations in Massachusetts. It emphasized the need for legislation specifically outlawing food stamp trafficking for both individuals and organizations. The individuals charged as a result of the raids could only be charged with larceny because there was no crime specifically outlawing the buying and selling of food stamp benefits. As a result the Legislature passed M.G.L. c 18 § 5L, entitled food stamp benefits trafficking, and M.G.L. c 18 § 5M, entitled organizational food stamp benefits trafficking, which became effective on July 27, 2012.

While the bulk of cases BSI investigates are referred from state agencies and law enforcement, the general public also plays a vital role in reporting fraud. The State Auditor's Office has an [online form to report public assistance fraud](#). Citizens can also utilize our fraud reporting hotline: (617)727-6771. All complaints are kept confidential.