



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

*Making government work better*

February 23, 2012

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## **Bureau of Special Investigations Second Quarter Report – FY2012**

October 1, 2011 – December 31, 2011

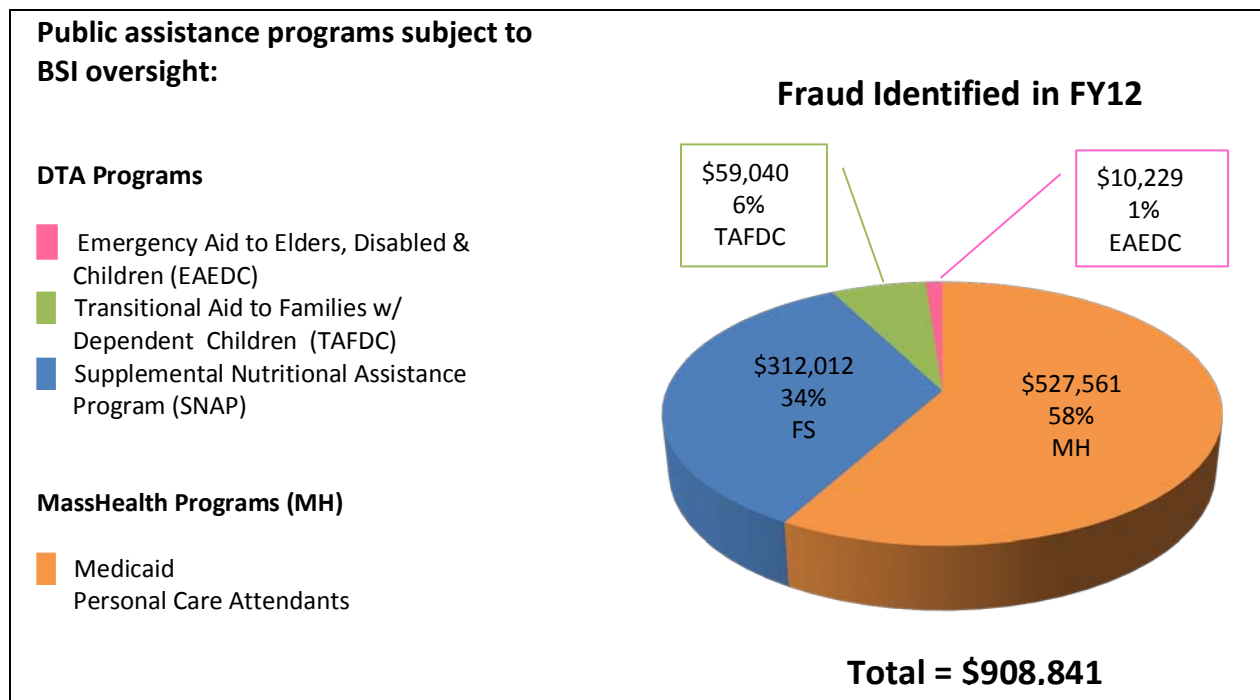


## BUREAU OF SPECIAL INVESTIGATIONS

The Bureau of Special Investigations serves one of the most important functions in the State Auditor's Office -- protecting public assistance programs from fraud and recovering taxpayer dollars from those who try to cheat the system. During challenging fiscal times, BSI investigations take on even greater importance as agencies and assistance programs struggle to stretch fewer dollars available to help those in need. BSI oversight identifies millions of dollars in fraud every year. For the last two fiscal years, BSI detected fraudulently-gained payments equal to nearly a quarter of the entire State Auditor's annual budget appropriation.

Investigations also act as a deterrent to criminals and help agencies and vendors better manage public assistance programs, part of Auditor Bump's mission to help government work better.

BSI examiners work out of five offices throughout the state, investigating referrals from the Department of Transitional Assistance (DTA), Mass Health, law enforcement agencies, and the general public. BSI examiners work with dozens of state agencies in tracking fraudulent claims. Investigations where examiners document illegal activity are turned over to the appropriate law enforcement entity: the Attorney General; the ten District Attorneys' Offices; and the U.S. Attorney's Office for potential criminal prosecution and to the appropriate agency for recoupment of illegally obtained funds. These entities establish restitution payments and are responsible for collecting settlement amounts.



## QUARTER ACTIVITIES AND ACCOMPLISHMENTS

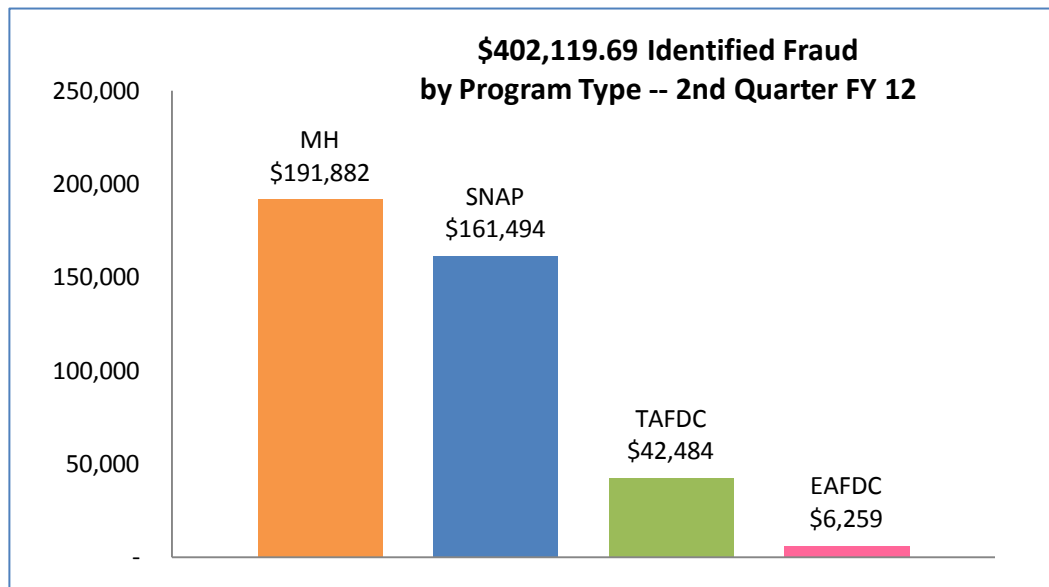
### CASELOAD

At the start of the second quarter of FY 2012, BSI's caseload included 1,980 cases in various stages of investigation. BSI received 523 new allegations of fraudulently obtained public assistance benefits and services between October 1, 2011 and December 31, 2011. BSI ended the second quarter with a case load of 1,714.

Summary by Source	CC	MassHealth	DTA	Hotline	Other
<b>Beginning Balance</b>	11	569	1,348	50	2
<b>New cases</b>	3	105	376	27	12
<b>Completed w/fraud</b>	(0)	(13)	(46)	(1)	(1)
<b>Completed w/o fraud</b>	(4)	(276)	(433)	(12)	(3)
<b>Ending Balance</b>	10	385	1,245	64	10

### INVESTIGATIONS

During the second quarter, BSI examiners completed 789 investigations. BSI examiners found evidence of illegal activities that amounted to \$402,119.69 in fraudulently obtained public assistance benefits and services in 61 of these investigations.



## RECOUPMENT ACTIVITIES BY PROGRAM TYPE

### MASSHEALTH (MH)

Of completed cases with identified fraud, 13 had a Medicaid or Personal Care Attendant component, totaling \$191,882 in falsely obtained benefits. Two of these cases, totalling uncovered \$49,957 fraudulently paid services, have been resolved through civil recovery and the funds repaid to the Commonwealth. Another case of fraudulently obtained services totaling \$12,000 has been resolved in Norfolk County Probate Court and the funds repaid to the Commonwealth. Ten additional cases with a fraud value of \$27,432 are being prepared for Mass Health to seek civil recovery.

### SUPPLEMENTAL NUTRITIONAL ASSISTANCE PROGRAM (SNAP)

Of completed cases with identified fraud, 43 had a SNAP component, totaling \$161,494 in falsely obtained benefits. 26 cases, totaling \$68,739 in fraudulently obtained benefits, have been sent to DTA for civil recovery. BSI examiners filed criminal charges against two individuals in the Boston Municipal Court, alleging they fraudulently received SNAP benefits of \$13,050. Ten additional cases with SNAP benefits fraud totaling \$57,090, are being prepared for civil recovery through BSI. Five cases of SNAP fraud uncovered fraudulently paid benefits in the amount of \$22,615 have been resolved through civil recovery and the funds will be repaid to the Commonwealth.

### TRANSITIONAL AID TO FAMILIES WITH DEPENDENT CHILDREN (TAFDC)

Of completed cases with identified fraud, eleven had a TAFDC component, totaling \$42,484 in falsely obtained benefits. Of those cases, four with the amount of fraud totaling \$13,720 have been sent to DTA for civil recovery. In addition, four cases with a TAFDC value of \$18,438 are being prepared for civil recovery through BSI. Two additional cases of fraudulently obtained TAFDC benefits have been resolved through civil recovery and the funds will be repaid to the Commonwealth. BSI examiners filed criminal charges against an individual in the Boston Municipal Court, alleging she fraudulently received TAFDC benefits of \$6,275.

### EMERGENCY AID TO ELDERS, DISABLED, AND CHILDREN (EAEDC)

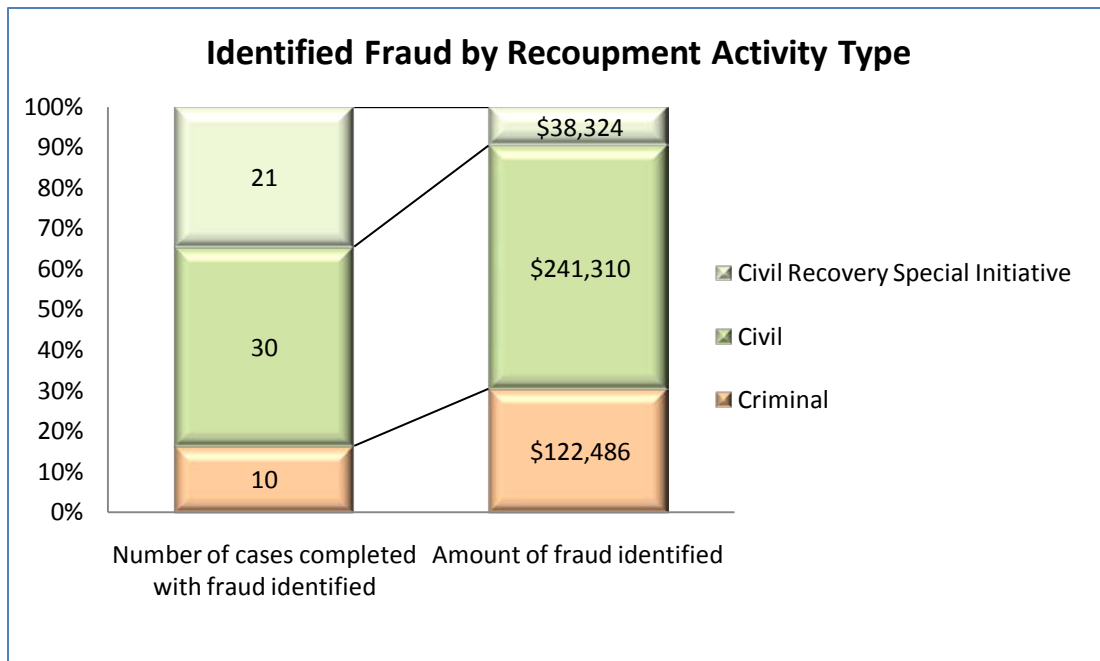
Of completed cases with identified fraud, four had an EAEDC component, totaling \$6,259 in falsely obtained benefits. Of those, three cases totaling \$3,597 of identified fraud have been sent to DTA for civil recovery. One case with EAEDC valued at \$2,661 has been resolved through civil recovery and the funds will be repaid to the Commonwealth.

## IDENTIFIED FRAUD BY RECOUPMENT ACTIVITY TYPE

### CIVIL RECOVERY INITIATIVE

In June 2010, BSI began focusing on civil cases of fraud such as under-reporting income which could be quickly investigated by verifying employee business records and fast-tracked back to the Department of Transitional Assistance for recovery of the funds. In the second quarter of FY 2012, BSI Examiners completed 21 cases through this initiative and identified \$38,324 in fraudulent claims.

30 cases with identified fraud were sent back to the appropriate agencies for civil recoupment of fraudulently obtained funds totaling \$241,310, and ten cases have been or are currently in the process of being turned over to the appropriate law enforcement entity for potential criminal prosecution and recovery of a total amount of \$122,486.



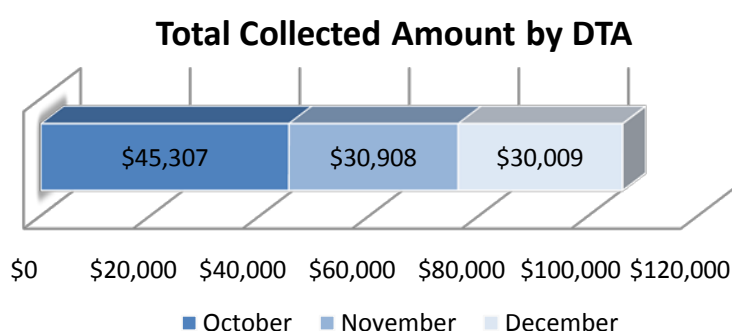
## PROJECTED IDENTIFIED FRAUD

During this quarter, BSI Fraud Examiners concluded investigations on ninety cases in which fraud was determined and submitted the findings to the Department of Transitional Assistance for a financial calculation to determine the exact amount of fraud. This information is required before a final decision is made on how to proceed towards disposition of the case, and determining the best method to pursue recovery of funds. The ninety cases have a projected fraud amount of \$273,423.

## FINANCIAL RECOVERY

To gain a better understanding of the actual fiscal impact of its investigations, BSI requested the Department of Transitional Assistance (DTA) to submit a regular electronic report on the monthly payments it receives through court order as the result of BSI investigations. In October, BSI started receiving the monthly collection amounts from DTA totaling over \$100,000.

	Sum of collected amount	Number of payments made
<b>October</b>	\$45,307.02	496
<b>November</b>	\$30,908.17	484
<b>December</b>	\$30,009.45	513
<b>Total/Summary</b>	<b>\$106,224.64</b>	<b>1,493</b>



## INITIATIVES

### FAST TRACKING REFERRALS

BSI takes in new allegations of fraud from other state agencies, as well as allegations submitted through the OSA Fraud Reporting Hotline and website. In an effort to prevent ongoing fraud, BSI began streamlining the process which fraud referrals are received. The “Fast Tracking” system allows BSI Fraud Examiners to identify priority referrals, cases with present fraud, for immediate investigation. The new systems allows Fraud Examiners to prepare investigative plans, enter the field, conduct interviews, and obtain documents within days.

Acting in a timely manner is essential to an effective investigation. Determining the investigative findings stops the fraud scheme from continuing. Also, the quicker BSI Fraud Examiners are able to begin their investigation, the likelihood of uncovering stronger evidence increases. Fast tracked cases are able to be completed and arrive on prosecutor’s office while the evidence is still fresh.

During this quarter, two of the Seventy Four “fast track” referrals assigned to BSI Fraud Examiners are currently under review and are being considered for criminal court path after the Fraud Examiners prepare the prosecution memos for presentation to the BSI Director for approval. Additionally, three cases totaling \$16,414 have been sent back to MassHealth and the remaining six cases are awaiting a financial determination before being sent back to the DTA or MassHealth for civil recovery. An additional nineteen cases have been completed and the findings have been reported back to the respective agencies. The remaining forty-two cases are under investigation awaiting completion by the examiners.

## **WARRANT INITIATIVE**

At the beginning of each new fiscal year, BSI undertakes an overall assessment of its caseload inventory and plans to address the older cases. During this quarter, BSI focused its work on outstanding so-called “warrant cases.” These are cases where fraud had been identified, criminal charges file and due to the defendants’ failure to appear in court, a judicial warrant was issued. Letters were sent to subjects identified in each case explaining the meaning, the risk of an outstanding warrant and the method of repayment for the identified fraud by which the warrant can be resolved.

BSI examiners received eleven inquiries regarding the outstanding warrants and the defendants’ willingness to resolve these cases. In four cases the warrants have been cleared and the cases were adjudicated in the court system upon receipt of lump sum payments totaling \$ 2,000 to the Commonwealth. In addition, one case is awaiting adjudication in court upon receipt of lump sum payment.

The remaining six cases are being tracked by the BSI examiners for final disposition and potential recovery of funds.

In addition to the four warrant cases, one defendant was adjudicated in court and continued without a finding, placed on probation for a period of time, and ordered to repay the money to the Commonwealth totaling \$7,903.

BSI examiners resolved three cases through a civil recovery agreement totaling \$18,333 which will be paid directly to the Department of Transition Assistance. The remaining case totaling \$35,495 has been resolved through civil recovery and the funds repaid to the Commonwealth.

**BSI Examiners: Kelly Butts and William Keefe**

**COMMONWEALTH V. KATHLEEN BROWER**

An Athol woman was arraigned in January at Boston Municipal Court on charges that she fraudulently collected \$58,170 in food assistance from the Supplemental Nutritional Program (SNAP) and Supplemental Security Income (SSI).

Kathleen Brower was charged with two counts of larceny over \$250 and ten counts of false representations to produce welfare. The charges came as a result of an investigation by the Bureau of Special Investigations (BSI), which acted on a referral from the federal Women, Infants, and Children Program (WIC). From July 3, 2006 through September 4, 2010 Brower had been selling, trading, and exchanging WIC issued infant formula on EBay earning over \$10,000. BSI investigators uncovered that Brower had never reported this income to the Commonwealth's Department of Transitional Assistance, from which she was receiving welfare benefits.

Upon further examination BSI investigators uncovered that Brower fraudulently applied for and received public assistance benefits from January 13, 2006 to August 11, 2010 by falsely claiming she was a single mother of four children with no income. BSI investigators uncovered that Brower failed to report that she was living with her children's father Mark Brower, who was employed.

BSI examiners also found that Brower used approved MassHealth funds to hire her mother and sister to provide personal care attendant services for two of her children, yet ultimately cashed the MassHealth reimbursement checks for herself without reporting the income to DTA.

The information Brower failed to provide would have made her completely ineligible for SNAP and SSI benefits.

While the bulk of cases that 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.

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