

A. JOSEPH De NUCCI
AUDITOR

The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

BUREAU OF SPECIAL INVESTIGATIONS

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Office of the State Auditor Bureau of Special Investigations

FY 2007

3rd Quarterly Report
January 1, 2007 - March 31, 2007

May 21, 2007



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A. JOSEPH DE NUCCI
AUDITOR

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May 21, 2007

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 139 of the Acts of 2006, 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 January 1, 2007 – March, 31 2007.

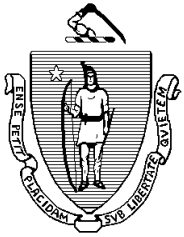
Please feel free to contact me if you require any additional information.

Sincerely,

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

A. Joseph DeNucci
Auditor of the Commonwealth

AJD/law



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May 21, 2007

The Honorable Steven C. Panagiotakos
Chairman
Senate Committee on Ways and Means
State House
Room 212
Boston, MA 02133

Dear Chairman Panagiotakos:

In compliance with the provisions of Chapter 139 of the Acts of 2006, 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 January 1, 2007 – March, 31 2007.

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

Sincerely

A handwritten signature in black ink, reading "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 2007

Quarterly Report

January 1, 2007 – March 31, 2007

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.

Third Quarter Activities and Accomplishments

At the start of the third quarter of FY 2007, BSI's caseload included 4,367 cases in various stages of investigation. During the period of January 1, 2007 through March 31, 2007, BSI received 515 new allegations of public assistance fraud.

During the same period BSI completed the investigation of 329 cases. In 109 of these investigations, BSI examiners found illegal activities that resulted in \$715,457.74 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, two completed cases of previously identified fraud have resulted in convictions, incarceration and repayment orders. BSI's joint work with the Food and Drug Administration and the U.S. Attorney's office resulted in convictions of two individuals on charges of Medicaid fraud, totaling \$70,000, conspiracy and identity theft. The two defendants face jail sentences of up to nine years in prison. In another case, a Personal Care Attendant pled guilty to charges of wanton neglect of a disabled person and Medicaid fraud of over \$20,000.

The caseload of open investigations on March 31, 2007 totaled 4,553 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>(1/01/2007 – 3/31/2007)</i>	
Number of Open Investigations as of 1/1/2007	4,367
New Referrals received	515
Completed Investigations with Identified Fraud	109
Completed Investigations with no Fraud Identified	220
Number of Open Investigations as of 3/31/2007	4,553

<i>Identified Fraud by Program of Assistance</i> <i>(1/01/2007 – 3/31/2007)</i>	
Transitional Assistance to Families with Dependent Children (TAFDC)	\$ 203,778.06
Emergency Aid to Elderly, Disabled and Children (EAEDC)	\$ 107,636.24
Food Stamps (FS)	\$ 30,102.39
Child Care Assistance (CC)	\$ 82,664.37
Medical Assistance (MA)	\$ 291,276.68
<i>Total</i>	\$ 715,457.74