



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

FY2009

3rd Quarterly Report
January 1, 2009 - March 31, 2009

June 1, 2009



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AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

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June 1, 2009

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

Dear Chairman Murphy:

In compliance with the provisions of Chapter 182 of the Acts of 2008, 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, 2009 – March, 31 2009.

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

Sincerely,

A handwritten signature in black ink, appearing to read "A. Joseph DeNucci".

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AJD/law



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June 1, 2009

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 182 of the Acts of 2008, 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, 2009 – March, 31 2009.

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Bureau of Special Investigations

FY 2009

Quarterly Report

January 1, 2009 – March, 31, 2009

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 2009, BSI's caseload included 2,253 cases in various stages of investigation. During the period of January 1, 2009 through March, 31 2009, BSI received 406 new allegations of public assistance fraud.

During the same period BSI completed the investigation of 470 cases. In 67 of these investigations, BSI examiners found illegal activities that resulted in \$1,029,818.12 of fraudulently obtained public assistance benefits and services. Of the Department of Transitional Assistance (DTA) cases, 49 have been sent to DTA for civil recovery of \$175,664.59; one is being prepared for referral to DTA; two were brought to court but have not proceeded because the defendants have failed to appear. Warrants have been issued for these defendants.

Of the MassHealth cases, three cases, with a value of \$310,570.98, are being prepared for criminal prosecution by the Attorney General's office and four cases with values totaling \$472,574.41 are being prepared for the BSI Prosecution Team. In addition, eight completed MassHealth cases with a value of over \$50,348.10 are being prepared for referral to MassHealth for civil recovery. Each of these cases has been referred to the appropriate agency for either criminal prosecution or civil recoupment of lost funds.

The total caseload of open investigations on March 31, 2009 totaled 2189 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.

Caseload Summary	
(1/1/2009 - 3/31/2009)	
Number of open investigations as of 1/1/2009	2,253
New Referrals received	406
Completed Investigations with Identified Fraud	67
Completed Investigations with no Identified Fraud	<u>403</u>
Number of open investigations as of 3/31/2009	2,189

Identified Fraud by Program of Assistance	
(1/1/2009 - 3/31/2009)	
Transitional Assistance to Families with Dependent Children (TAFDC)	\$ 102,081.89
Emergency Aid to Elderly, Disabled and Children (EAEDC)	\$ 30,495.74
Food Stamps (FS)	\$ 58,947.00
Medical Assistance (MA)	\$ 838,293.49
Child Care	<u>\$ -</u>
Total	\$ 1,029,818.12