



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

Making government work better

June 11, 2012

Bureau of Special Investigations Third Quarter Report – FY2012

January 1, 2012 – March 31, 2012

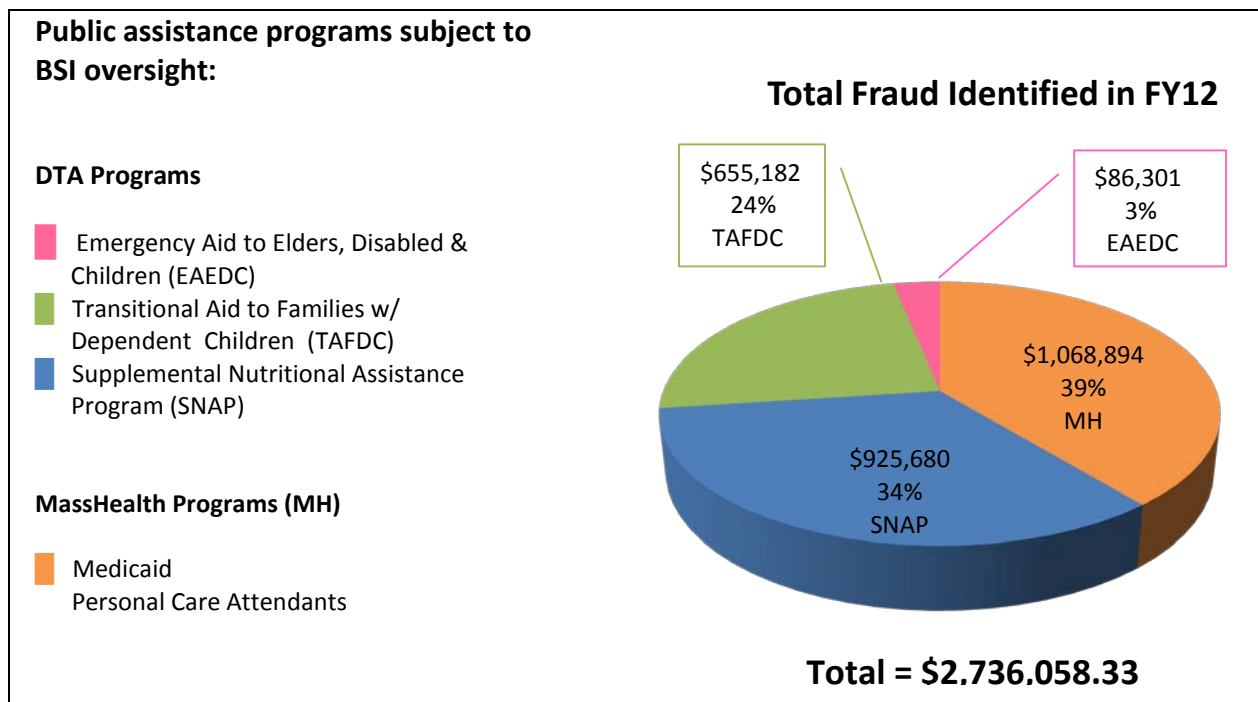


BUREAU OF SPECIAL INVESTIGATIONS

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 fraudulent 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 fraudulently obtained funds. These entities establish restitution payments and are responsible for collecting settlement amounts.



QUARTER ACTIVITIES AND ACCOMPLISHMENTS

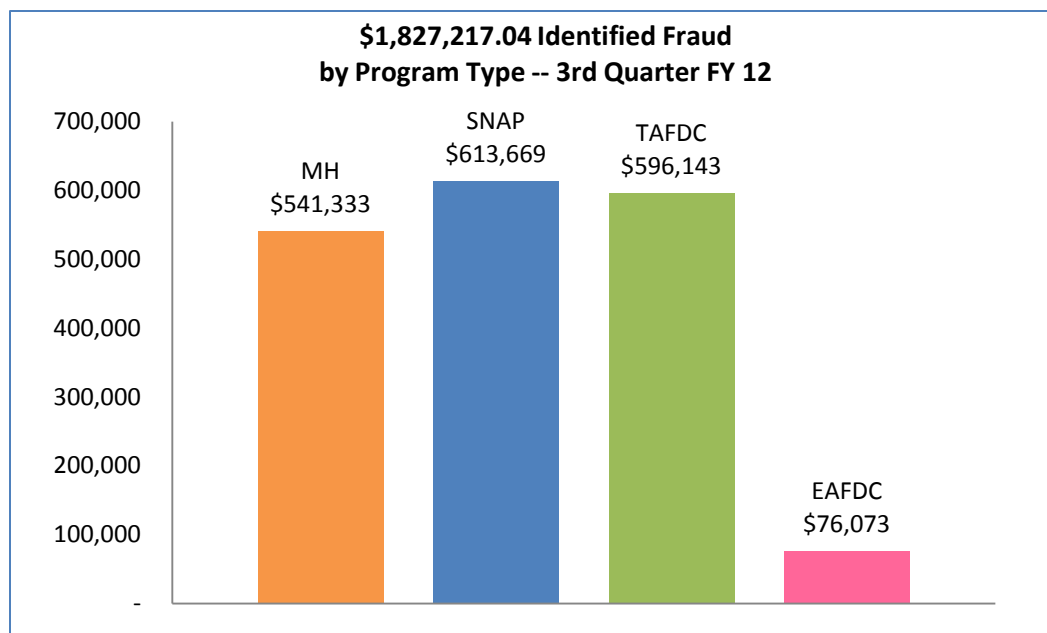
CASELOAD

At the start of the third quarter of FY 2012, BSI's caseload included 1,715 cases in various stages of investigation. BSI received 824 new allegations of fraudulently obtained public assistance benefits and services between January 1, 2012 and March 31, 2012. BSI ended the third quarter with a case load of 1,576.

| Summary by Source | CC | MassHealth | DTA | Hotline | Other |
|----------------------------|----|------------|-------|---------|-------|
| Beginning Balance | 10 | 385 | 1,246 | 64 | 10 |
| New cases | 0 | 89 | 774 | 5 | 0 |
| Completed w/fraud | 0 | 24 | 374 | 3 | 0 |
| Completed w/o fraud | 0 | 126 | 427 | 6 | 3 |
| Ending Balance | 10 | 324 | 1,219 | 60 | 7 |

INVESTIGATIONS

During the third quarter, BSI examiners completed 963 investigations. BSI examiners found evidence of fraudulent activities that amounted to \$1,827,217.04 in fraudulently obtained public assistance benefits and services in 401 of these investigations.



RECOUPMENT ACTIVITIES BY PROGRAM TYPE

MASSHEALTH (MH)

Of completed cases with identified fraud, 24 had a Medicaid or Personal Care Attendant component, totaling \$541,333 in falsely obtained benefits. Three of these cases, totalling uncovered \$118,384 fraudulently paid services, have been resolved through civil recovery and the funds repaid to the Commonwealth. Two cases of fraudulently obtained services totaling \$15,876 have been resolved in Federal Court and Boston Municipal Court, the defendant's were found guilty and ordered to repay the Commonwealth. Sixteen additional cases with a fraud value of \$279,903 are being prepared for Mass Health to seek civil recovery. An additional three cases, totaling \$127,170 have been sent to Masshealth for civil recovery.

SUPPLEMENTAL NUTRITIONAL ASSISTANCE PROGRAM (SNAP)

Of completed cases with identified fraud, 301 had a SNAP component, totaling \$613,669 in falsely obtained benefits. 262 cases, totaling \$416,331 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 \$15,319. Thirty Two additional cases with SNAP benefits fraud totaling \$143,842, are being prepared for civil recovery through BSI. Five cases of SNAP fraud uncovered fraudulently paid benefits in the amount of \$38,176 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, 202 had a TAFDC component, totaling \$596,143 in falsely obtained benefits. Of those cases, 186 with the amount of fraud totaling \$488,644 have been sent to DTA for civil recovery. In addition, 18 cases with a TAFDC value of \$107,599 are being prepared for civil recovery through BSI.

EMERGENCY AID TO ELDERS, DISABLED AND CHILDREN (EAEDC)

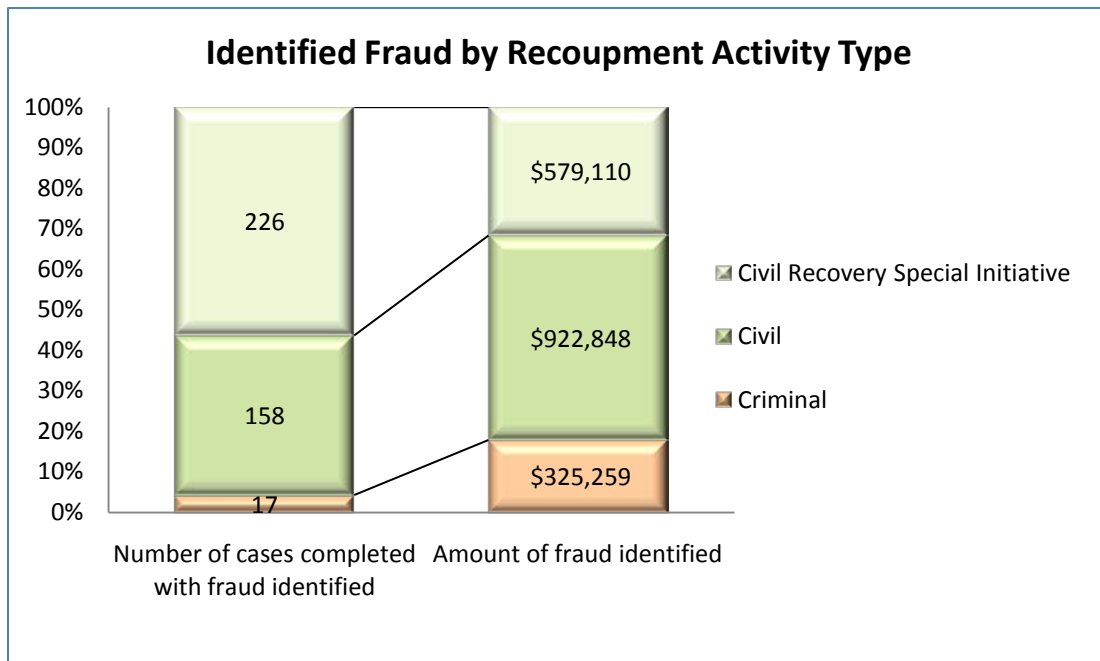
Of completed cases with identified fraud, 41 had an EAEDC component, totaling \$76,073 in falsely obtained benefits. Of those, 35 cases totaling \$52,753 of identified fraud have been sent to DTA for civil recovery. In two instances, criminal charges have been filed in Boston Municipal Court, alleging they fraudulently received EAEDC benefits totaling \$16,347. Four cases with an EAEDC value of \$6,972 are being prepared for civil recovery through BSI.

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 third quarter of FY 2012, BSI Examiners completed 226 cases through this initiative and identified \$579,110 in fraudulent claims.

158 cases with identified fraud were sent back to the appropriate agencies for civil recoupment of fraudulently obtained funds totaling \$922,848 and 17 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 \$325,259.



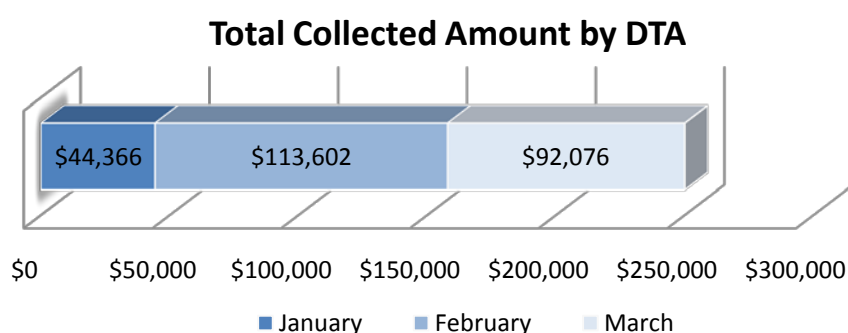
PROJECTED IDENTIFIED FRAUD

During this quarter, BSI Fraud Examiners concluded investigations on 163 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 163 cases have a projected fraud amount of \$482,147.

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 and civil recovery as the result of BSI investigations.

| | Sum of collected amount | Number of payments made |
|----------------------|-------------------------|-------------------------|
| January | \$44,365.99 | 518 |
| February | \$113,601.89 | 651 |
| March | \$92,076.20 | 584 |
| Total/Summary | \$250,044.08 | 1,753 |



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, three of the sixty three “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.

Thirty seven are being investigated for Electronic Benefits Transactions (EBT) fraud for trafficking food stamp benefits for cash, a violation of state and federal regulations. Additionally, three cases are awaiting a financial determination before being sent back to the DTA or MassHealth for civil recovery. An additional thirteen cases have been completed and the findings have been reported back to the respective agencies. The remaining ten cases are under investigation awaiting completion by the examiners.

WARRANT INITIATIVE

BSI examiners sent fifty two letters to subjects and received several inquiries regarding the outstanding warrants and the defendants' willingness to resolve these cases. In seven cases the warrants have been cleared and the cases were adjudicated in the court system upon receipt of lump sum payments totaling \$7,187 to the Commonwealth. In two instances, the warrants have been cleared and cases dismissed. An additional three cases are awaiting final disposition in district court.

NON-COURT INITIATIVE

During this quarter, BSI focused its work on outstanding non-court civil recovery cases. These are older cases where fraud had been identified and civil recovery would be pursued by BSI in lieu of court prosecution.

BSI Examiners have updated the information on each individual and letters were sent to subjects identified in each case explaining the meaning, the risk of not responding, and the method of payment for the identified fraud by which the case can be resolved.

Of the twenty seven cases with an identified fraud amount totaling \$160,979, twelve cases of fraud totaling \$49,351 have been resolved through civil recovery and the funds will be repaid to the Commonwealth. Four additional cases have been returned to Department of Transitional Assistance. The remaining eleven cases are pending final resolution by BSI Examiners.

COMMONWEALTH V. THOMAS CATER

A Boston man was arraigned in January at Boston Municipal Court on charges that he fraudulently collected \$21,320 in food stamps from the Supplemental Nutritional Program (SNAP) and Emergency Aid to Elders, Disabled & Children (EAEDC) program.

Thomas Cater was charged with one count of larceny over \$250 and five counts of false representations to procure welfare. The charges came as a result of an investigation by the Bureau of Special Investigations (BSI), which acted on a referral received through Metro Boston Housing Partnership.

Cater committed identity fraud by using the identity of Thomas Miller to receive public assistance. BSI Examiners uncovered that Cater was receiving public assistance benefits simultaneously under the names Thomas Cater and Thomas Miller from June 28, 2005 through January 26, 2012. Additionally, the Office of Housing and Urban Development-Office of Inspector General, (HUD-OIG) has been investigating Thomas Cater for alleged housing fraud for collecting housing vouchers under the identity of Thomas Miller and pursuing criminal charges in US Federal Court in Boston.

COMMONWEALTH V. THOMAS CATER

In March three Brockton residents, Tiberio Massaro, Jennifer Massaro, and Maria Gomes were indicted in Plymouth Superior Court and charged with Medicaid Fraud, larceny over \$250 and conspiracy.

Tiberio Massaro, a consumer receiving Personal Care Attendant services (PCA), schemed with his sister-in-law Jennifer Massaro and Maria Gomes, who worked as Personal Care Attendants, to bill MassHealth for PCA services that were not provided. From April 2003 through November of 2010, \$106,556.00 in fraudulently obtained PCA services were paid to the defendants from the Fiscal Intermediary, Cerebral Palsy of MA.

The indictments resulted from a joint investigation involving the State Auditor’s Bureau of Special Investigations, The Attorney General’s Medicaid Fraud Division, and the Office of Health and Human Services Office of the Inspector General.

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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