



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

Making government work better

June 9, 2014

Bureau of Special Investigations
Third Quarter Report – FY 2014

January 1, 2014 – March 31, 2014

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.

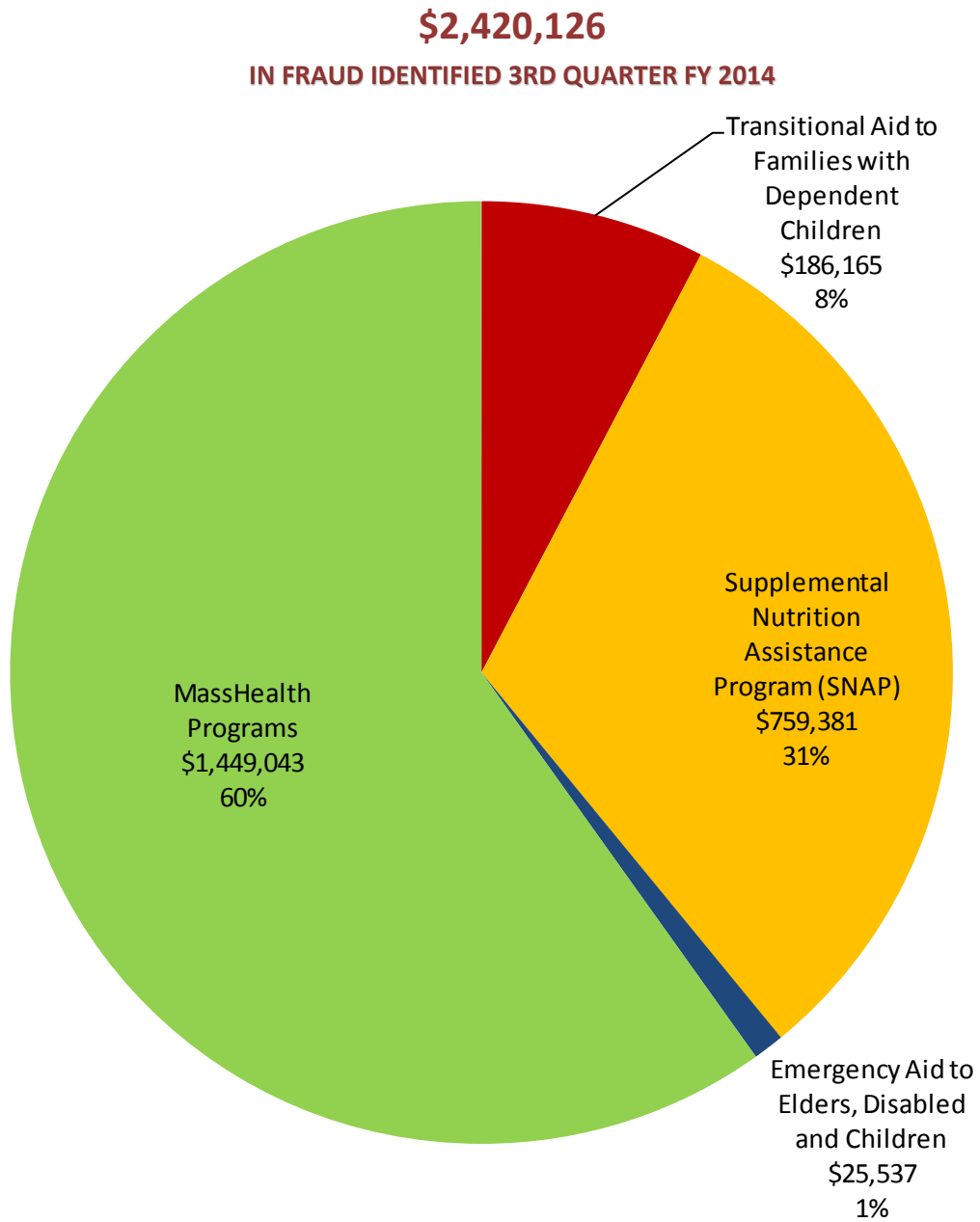
BSI has embraced State Auditor Bump's mission to help government work better by instituting and enhancing several initiatives and organizational changes, focused around this simple, yet vital, component to ensure taxpayer dollars are spent properly and as efficiently as possible.

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, serve on task forces that focus on preventing and combating fraudulent activities, and interact with numerous agencies including the Federal Bureau of Investigation, the U.S. Food and Drug Administration, 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 BSI the ability to improve compliance rates established by the United States Department of Agriculture Food and Nutrition Service.

3RD QUARTER ACTIVITIES AND ACCOMPLISHMENTS

During the 3rd quarter of FY 2014, BSI received 1,882 complaints of suspected fraud in public assistance programs. Of the investigations BSI examiners completed, they identified over \$2.4 million in fraudulent claims which are subject to civil recovery or prosecution by the Commonwealth.



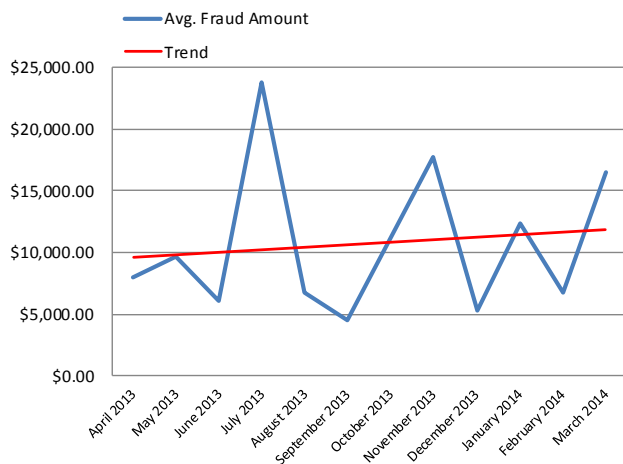
CASE SUMMARY 3RD QUARTER FY 2014

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 payments and collect settlement amounts.

	Child Care	Mass Health	DTA	Hotline	Other	Total Case Counts
Beginning Balance	7	538	3,155	3	26	3,729
New Investigations	0	165	1,677	0	40	1,882
Completed w/o Fraud	(2)	(156)	(1,922)	0	(4)	(2,084)
Completed w/ Fraud	0	(35)	(150)	0	(7)	(192)
Ending Balance	5	512	2,760	3	55	3,335

At the end of the previous quarter, BSI's caseload included 3,729 cases in various stages of investigation. BSI received 1,882 new allegations of fraudulently obtained public assistance benefits and services between January 1, 2014 and March 31, 2014. BSI ended the 3rd quarter of FY 2014 with a case load of 3,335. During this quarter, BSI examiners completed a total of 2,276 cases.

MONTHLY AVERAGE CASE FRAUD AMOUNT AND TREND



Of those cases completed, 192 were associated with fraudulent claims, which equates to an average of \$12,604.82 of 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:

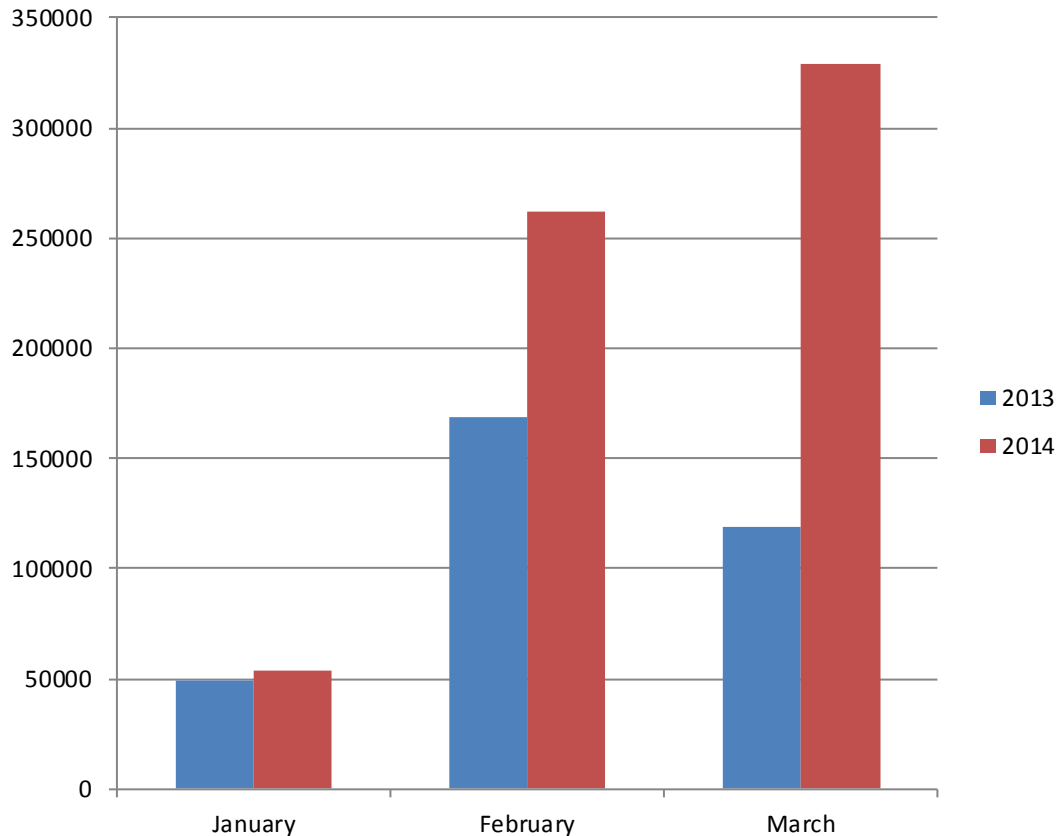
- Initial Case Review – All cases are analyzed for potential fraud. Those cases with identified potential fraud are classified as field or desk assignments, with priority given to those cases requiring a more lengthy investigation.
- “Fast-Track” Cases – Cases which are particularly egregious, with ongoing 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 3RD QUARTER FY 2014

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

Month	Collected Amount	# of Payments
January 2014	\$53,678	866
February 2014	\$262,086	1,017
March 2014	\$328,714	1,048
Quarter Total	\$644,479	2,931

QUARTERLY DTA RECOVERY PAYMENTS YEAR OVER YEAR



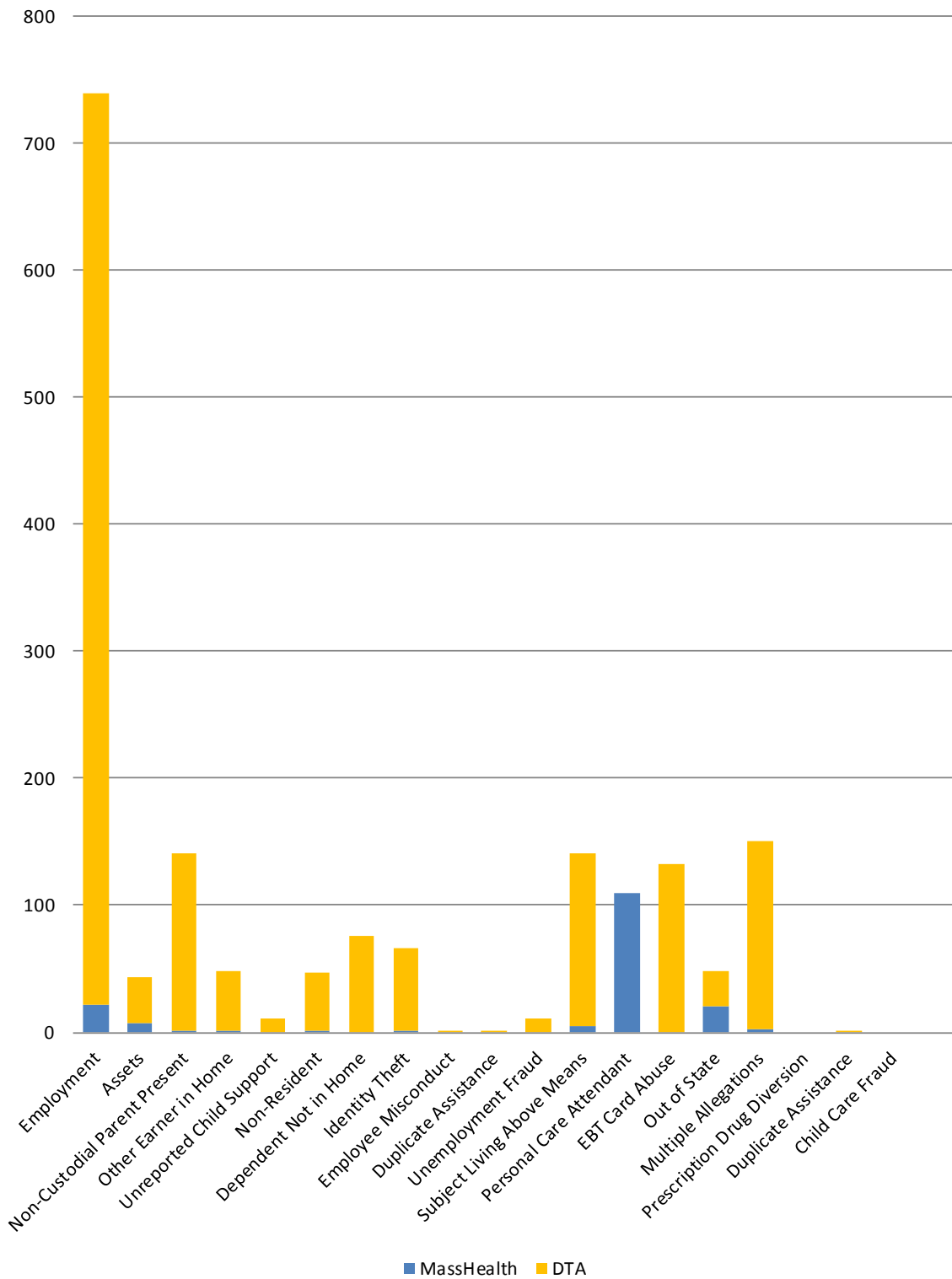
MASSHEALTH AND DEPARTMENT OF TRANSITIONAL ASSISTANCE – PROGRAM SUMMARY

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:

- 45 cases totaling \$186,164.71 in Transitional Aid to Families with Dependent Children benefits
- 150 cases totaling \$759,380.78 in Supplemental Nutrition Assistance Program (SNAP) benefits
- 11 cases totaling \$25,537.49 in Emergency Aid to Elders, Disabled and Children benefits
- 44 cases totaling \$1,449,043.01 in MassHealth Programs benefits

CASES REFERRED BY ALLEGATION TYPE



BSI PROSECUTIONS

Commonwealth v Ming Tsao and Sandy Tsao

Ming and Sandy Tsao fraudulently received \$31,303.55 in MassHealth benefits from September 2, 2009 to March 19, 2012 by intentionally providing a false address in the Commonwealth instead of their true address in New Hampshire. On several MassHealth Eligibility Review Forms, the Tsaos reported their residential address as 31 Beach Street, Boston, MA. Cindy Lam of CDC Realty Corporation, listed as the owner of the property at 31 Beach Street, Boston, MA, verified that Ming Tsao and Sandy Tsao were not tenants at 31 Beach Street, Boston, MA.

Ming Tsao and Sandy Tsao reside in Bristol, New Hampshire with their two children, Oscar and Austin Tsao. They have resided at 290 Lake Street Bristol, New Hampshire since 2007. Ming Tsao is the owner and registered agent for the Cheerful Garden Restaurant located at 290 Lake Street Bristol, New Hampshire. Ming has owned the business since 2006. Pao Shih-Yu and Tong L. Chen, listed as the owners of 290 Lake Street, Bristol, New Hampshire, verified Ming Tsao and Sandy Tsao have been tenants there since 2007.

Both defendants were charged with Larceny over \$250 and false statements for medical assistance. The defendants defaulted at their arraignments on April 2, 2014.

Commonwealth v Jeanette Paul

Jeanette Paul fraudulently collected \$17,805.00 in Supplemental Nutritional Assistance Program (SNAP), \$2,183.00 in Emergency Assistance for the Elderly, Disabled and Children (EAEDC) and \$73,948.50 in MassHealth benefits between December 12, 2006 and November 20, 2013 by intentionally withholding the fact that she was a resident of Nova Scotia, Canada. Jeanette Paul continued her scheme by making false representations on twelve (12) Department of Transitional Assistance (DTA) re-determination forms and two (2) Division of Medical Assistance (DMA) Eligibility Review forms between December 22, 2006 and May 13, 2012 continuing to claim she was a resident of the Commonwealth.

DTA and DMA regulations require benefit recipients to provide truthful information and notify the departments of any change in circumstance that would affect program eligibility. Jeanette Paul received benefits from the Commonwealth for herself, her daughter, Blair Nevin, and her grandchild,

Cassey Nevin, while she was usually and publicly a resident of Indian Brook, Nova Scotia, Canada. As a result, Jeanette Paul defrauded the Commonwealth of \$93,936.50.

Jeanette Paul also fraudulently collected \$10,347.45. in Supplemental Security Income (SSI) Disability benefits between April 2012 and January 2014 by intentionally withholding the fact that she was a resident of Nova Scotia, Canada.

Social Security Administration (SSA) regulations also require benefit recipients to provide truthful information and notify the departments of any change in circumstance that would affect program eligibility, and true and accurate information regarding an SSI beneficiary's living arrangements and address is material to SSA's determination of initial or continuing eligibility for SSI benefits. Jeanette Paul received benefits from SSA for herself while she was usually and publicly a resident of Indian Brook, Nova Scotia, Canada. As a result, Jeanette Paul defrauded the Social Security Administration of \$10,347.45. The Boston Municipal Court issued a warrant for Paul's arrest on March 14, 2014.

