

Welfare Fraud Investigations 101

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Welfare Fraud Investigations 101

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Welfare Fraud Investigators

- Investigator has the authority to investigate questionable information provided by clients.
- Application forms include penalty warnings and release of information for fraud investigations.
- Investigator is considered a tool of the financial worker and taxpayers, to ensure the client receives the benefits they are eligible for – no more, no less.

Referral Criteria for Agency

- Expenses exceed income without explanation.
- Current application is inconsistent with prior case information.
- Absent parent information is suspicious.
- History of fraud, overpayments or questionable applications.
- History of working for cash.
- Children not going to school.

Referral Criteria Cont.

- Wage earner leaves family but custodial parent is unaware of wage earners location, but visits every day.
- Wage earner does not report Unemployment Compensation when reportedly unemployed.
- New Hires, Child Support Messages and anonymous tips.
- Some Financial Workers and Child Support Officers can sense something is wrong with a case.

Common Referrals

- Unreported Income – Wages, Child Support, Soc Sec, gambling winnings, gifts...
- Absent parent in the home.
- Child not in the home.
- Boyfriend or other unrelated person in the home.
- Unreported assets – bank accounts, vehicles, property.
- Employment under a different name/social security number.

Common Referrals Cont.

- Residence – Fail to report change of address.
- Selling Food Support benefits.
- Receiving benefits in another state (PARIS).

Child Support Fraud Referrals

- Postal verifications, new hire matches and employment verifications for NCP at same address as CP.
- NCP served at same address as CP.
- NCP questions need to pay support when lives with CP or children reside with NCP.
- ROP states CP and NCP at same address.
- Get to know your local fraud investigator.

Clear Form

Fraud Prevention Investigation Referral

A. Referral

B. Investigative findings

C. Case actions

Types of Investigations

- Fraud Prevention Investigation - FPI
- Fraud Control Investigations – Criminal

FPI Fundamentals

- Referral made to investigator at application to verify erroneous information, prior to determining eligibility.
- Provide recipient an opportunity to clarify, change or withdraw application prior to benefits being approved.
- Referral can also be made anytime during eligibility to clear up any inconsistencies.

FPI Fundamentals Cont.

- Many of the referrals require an unannounced visit to the client's home.
- It is critical that FPI referrals be handled quickly to ensure benefits are correctly determined.
- FPI referrals does not necessarily mean fraud exists – it is a tool used to look into questionable info.

Goals of FPI

- Open applications correctly
- Deny applications correctly
- Close ongoing cases with inconsistent information
- Prevent overpayments
- Prevent fraud
- Ensure assistance goes to those in need

Impact of FPI Investigations

- Contacts made outside the human service agency, the agency extends into the community.
- Verifying inconsistent information with personal contacts at client's home.
- Clients many times will inform financial worker of changes before investigator returns to the office.
- Word of mouth – clients talk to each other regarding experience at agency.

Impact of FPI

- If the agency has an active fraud unit, less likely for clients to risk providing false information.
- Investigators are immediately available to investigate financial workers concern.
- Reduce the amount of overpayments and ineligible issuance of benefits.
- What is your first reaction when you see a patrol car? Slow down, check your seat belt are you are following the rules of the road.

Impact of FPI

- Taxpayer confidence in public assistance program.
- If taxpayers feel those eligible for assistance are receiving assistance, they will support the programs.
- If not, they will resent those who receive assistance if they think they are cheating the programs.
- Saves \$, for every \$1 spent, \$4.50 is returned in savings.

Fraud Control

- If a violation needs further investigation i.e. to criminally prosecute a case, the case is turned over to a fraud control investigator.
- Regional FPI investigators need to refer to a specific county for a control investigator, if they have one.
- This investigator determines what other evidence is needed to criminally prosecute the case.
- In some counties the fraud prevention investigator is also the fraud control investigator and handles the case from start to finish.

Fraud Investigation Outcomes

- No violation found
- Overpayment – the client receives more benefits than they were eligible for. Fraud will not be pursued for an honest mistake, small \$ amounts, or no proof of intent.
- Administrative Disqualification Hearing or Waiver of Hearing (ADH) – an intentional violation did occur.
- Criminal prosecution – proof beyond a reasonable doubt.

ADH

- Administrative Disqualification Hearing, Waiver of Hearing (ADH) – an intentional violation did occur but the \$ amount is low or other reasons exists not to pursue criminal case.
- Client can admit to program violation and sign ADH waiver form.
- Client can refuse to sign the ADH waiver form and investigator can request a hearing with DHS referee.

ADH Penalties

- First offense – client is disqualified from receiving benefits for 1 year.
- Second offense – client is disqualified from receiving benefits for 2 years.
- Third offense – client is disqualified from receiving benefits for lifetime.
- Client is also required to pay money back (referred to collections).

Criminal Prosecution

- Investigation determined that a client fraudulently received benefits with intent and proof beyond a reasonable doubt. Usually need substantial overpayment.
- Case file is referred to the county attorney for prosecution.
- If client is convicted, the same penalties apply as for ADH (disqualification period).

Case Studies – Criminal #1

- MFIP, DWP and SNAP case with absent parent.
- Child Support Hearing - absent parent questions why he has to pay support when he has children.
- Child Support makes fraud referral.
- Interview AP – self-employed business owner, claims children with him during week, with mother on weekends.

Criminal #1 Cont.

- Willing to testify in court, not going to lie because word of mouth business would suffer.
- Interview CP – Claims to have children 50% of the time, AP is wrong.
- He said, She said.
- Contact school – AP is contact person and address of record.
- Contact Bus Company – Children are pick-up and dropped-off each day at AP (rural address).

Criminal #1 Cont.

- Client pleads guilty to Wrongfully Obtaining Assistance.
- \$5,687.00 Overpayment.
- Restitution, 5 years probation, 500 hours community service, no jail.

Criminal Case #2

- CCAP, SNAP, MA case.
- Child Care makes referral, unreported job.
- Verify part-time job causes small OP.
- Child Support also makes referral, full-time reported job income does not match quarterly wage report.
- Contact employer for paystubs, compare with submitted stubs. Client created own stubs and turned them in as proof of wages.

Criminal Case #2 Cont.

- Plead guilty to Wrongfully Obtaining Assistance. Reduced to Gross Misdemeanor.
- \$13,213.33 Overpayment, paid-in-full at sentencing.
- Restitution, 2 years probation.

Criminal Case #3

- SNAP, MA client.
- FW is neighbor to client (small town), father of children in HH. Not reported to FW.
- All public records have NCP using CP's address.
- Client claims NCP lives in different town with adult daughter, knows it looks bad.
- Daughter on PA in other county, does not report NCP in HH.

Criminal Case #3 Cont.

- Child Support case notes on other case NCP reports living with CP and mutual child.
- Plead guilty to Wrongfully Obtaining Assistance.
- \$6,260.00 Overpayment.
- Restitution, 2 years probation, 40 hours community service, no jail.

Trends Observed

- Minnesota Supplemental Aid (MSA). Clients not reporting others in household. 1 criminal, 2 ADH and closure requests in past year.
- Personal Care Assistant (PCA). 3 criminal cases in past year. \$10,000 and \$35,000 cases.
- Spending more time in court defending cases. Contested Omnibus Hearings and Trials.
- No jail time – clients normally do not have much criminal history.
