

MINNESOTA FAMILY SUPPORT & RECOVERY COUNCIL
 2018 ANNUAL CONFERENCE




Welfare Fraud Investigations 101

A County Perspective


9/19/2018 MFSRC Annual Conference 1

Welfare Fraud Investigations 101



- Preston Cowing
- Brown County Welfare Fraud Investigator
- Brown County Collections Officer
- Process Server for Brown County Child Support
- 507-359-6545 Brown Co Direct Line
- preston.cowing@co.brown.mn.us

Welfare Fraud Investigations 101



- Jim Backlund
- Clay County Welfare Fraud Investigator
- Clay County Child Support and Collections
- 218-299-7092 Clay Co Direct Line
- jim.backlund@co.clay.mn.us

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.

Pendulum Swing



- When I started over 20 years ago, most investigators carried a gun and were associated with law enforcement.
- Over the next few years FPI became the trend replacing law enforcement with former Financial Workers and Collections Officers. Kinder gentler approach.
- Five years ago the trend began to change. Nearly all the investigators in my region are now law enforcement.
- Why the change?

Penalty warnings and qualification questions

If you get cash or SNAP benefits, you must follow the rules listed below:

- Do not give false information or hide information to get or continue to get benefits. If you get cash or SNAP benefits and give false information or hide information about your identity and residency to get multiple benefits for the same period of time, you may be barred for 10 years.
- Do not trade or sell SNAP benefits or Electronic Benefit Transfer (EBT) access cards. The trade or sale of benefits valued at over \$100 may result in permanent ineligibility.
- Do not use cash or SNAP benefits to buy ineligible items, such as alcohol and tobacco.
- Do not use someone else's EBT access card(s) to get cash or SNAP benefits for your household.

The state may bar household members who break any of these rules. The bar lasts one year for the first fraud, two years for the second fraud and is permanent for the third fraud. The months you are barred from MFIP for breaking the rules may count toward your 60-month lifetime limit.

You can also be prosecuted for fraud if you break the rules and additional fines and penalties may apply. The maximum penalty is a fine of \$250,000 or a jail term of 20 years, or both.

Special SNAP penalty warning: If a federal, state or local court finds you or any household member guilty of giving or receiving SNAP benefits in exchange for:

- Controlled substances, that household member will be barred from getting SNAP for 24 months for the first offense and permanently for the second offense.
- Firearms, ammunition or explosives, that household member will be barred from getting SNAP permanently.

If you admit committing a drug felony in the past 10 years, the agency may ask you to take random drug tests. The first time you fail a drug test, the agency will reduce your household's MFIP or SNAP benefits by 30 percent. If you fail the test a second time, you will be permanently disqualified.

- Yes No 1. Has a court or any other civil or administrative process in Minnesota or any other state found anyone in the household guilty or has anyone been disqualified from receiving public assistance for breaking any of the rules above?
- Yes No 2. Has anyone in the household been convicted of making fraudulent statements about their place of residence to get cash or SNAP benefits from more than one state?
- Yes No 3. Is anyone in your household hiding or running from the law to avoid prosecution, being taken into custody, or to avoid going to jail for a felony?
- Yes No 4. Has anyone in your household been convicted of a drug felony in the past 10 years?
- Yes No 5. Is anyone in your household currently violating a condition of parole, probation or supervised release?

If you checked yes to any of the above questions, list the household member(s) and question number below:

QUESTION NO.	HOUSEHOLD MEMBER	QUESTION NO.	HOUSEHOLD MEMBER
--------------	------------------	--------------	------------------

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.

Fraud Prevention Investigation Referral (See instructions on last page)

A. Referral

B. Investigative findings (Checkboxes found; Summary of Findings attached)

C. Case actions (Indicate case actions taken and enter dollar amounts to compute case month savings)

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 as 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. Recent changes to policy.
- 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.
- METS! Cases are being closed, overpayments established and referrals to County Attorney.



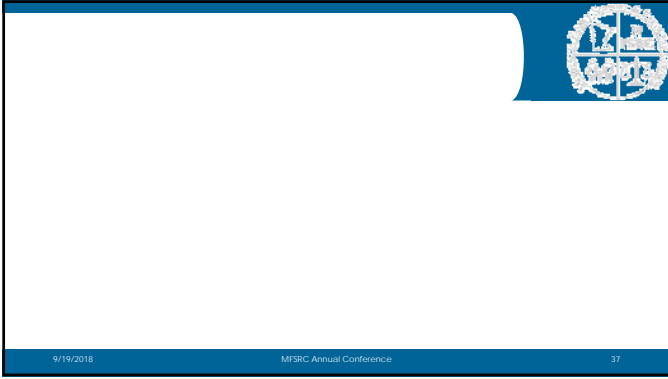
9/19/2018 MFSRC Annual Conference 35

MINNESOTA FAMILY SUPPORT & RECOVERY COUNCIL

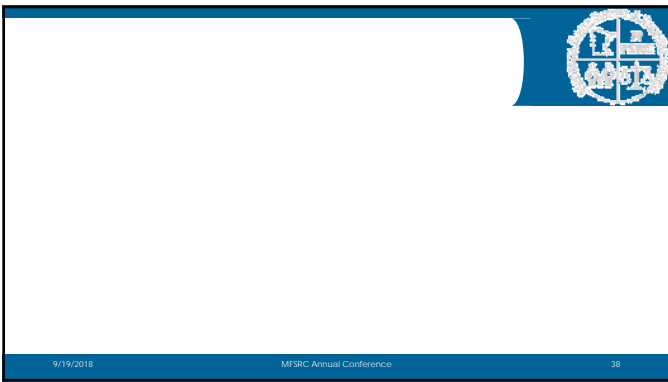
2018 ANNUAL CONFERENCE



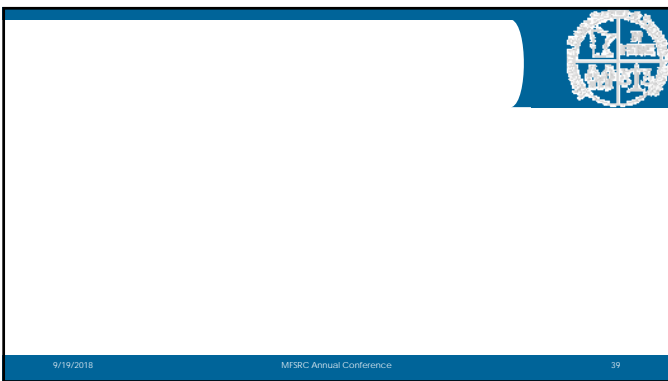

9/19/2018 MFSRC Annual Conference 36



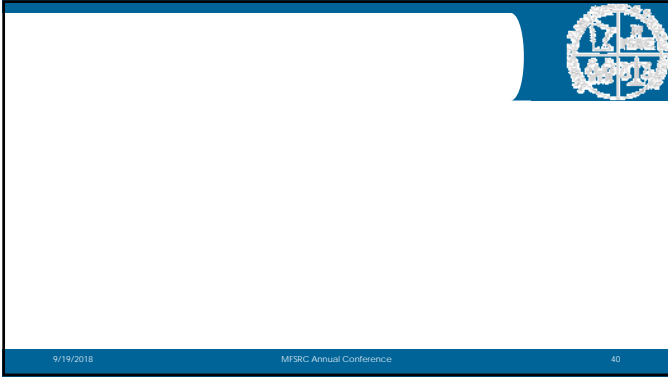
9/19/2018 MSRC Annual Conference 37



9/19/2018 MSRC Annual Conference 38



9/19/2018 MSRC Annual Conference 39



9/19/2018 MSRC Annual Conference 40
