



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

Making government work better

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Bureau of Special Investigations

1st Quarter Report – FY 2015

July 1, 2014 – September 30, 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. BSI has embraced State Auditor Bump's resolve to help government work better by instituting and enhancing several initiatives and organizational changes, focused around this simple, yet vital, mission: to ensure that taxpayer dollars are spent as properly and as efficiently as possible.

It is important to keep in mind, however, that fraud is not endemic to public benefits programs, the amount of identified fraud is a small fraction of the billions of dollars spent on public benefits, and finding fraud in public benefits programs helps to make the funds available to help those Massachusetts residents who are truly in need.

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 and 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, the U.S. Health and Human Services, the U.S. Attorney's Office, Office of the Attorney General, the State Police, District Attorneys' Offices, local police, and administering agencies.

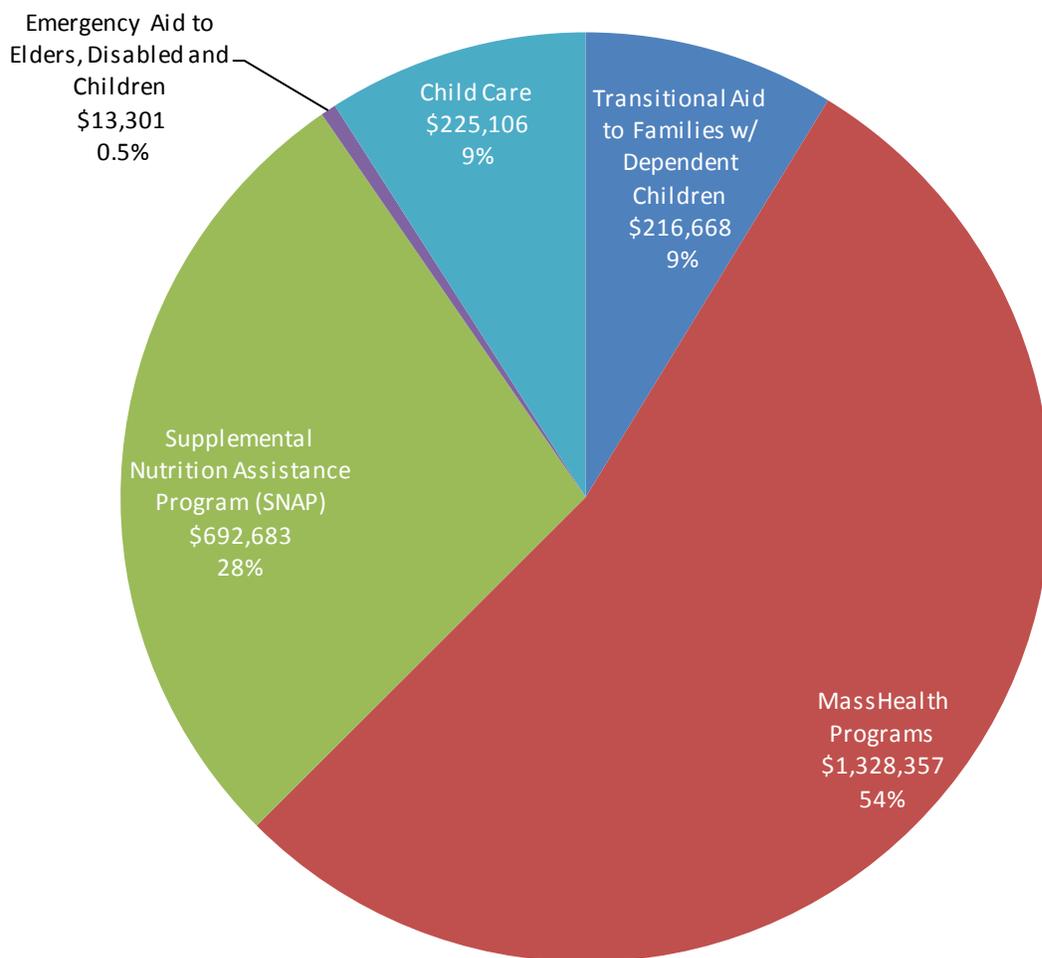
Under Auditor Bump's leadership in bringing in an experienced prosecutor to direct BSI's operations, BSI not only investigates potential fraud in public benefits programs, but also prosecutes criminal cases that arise out of those investigations.

1ST QUARTER ACTIVITIES AND ACCOMPLISHMENTS

During the 1st quarter of FY 2015, BSI received 2,207 complaints of suspected fraud in public assistance programs. Of the completed investigations, BSI examiners identified nearly \$2.5 million in fraudulent claims which are subject to civil recovery or prosecution by the Commonwealth.

\$2,476,115

IN FRAUD IDENTIFIED 1ST QUARTER FY 2015



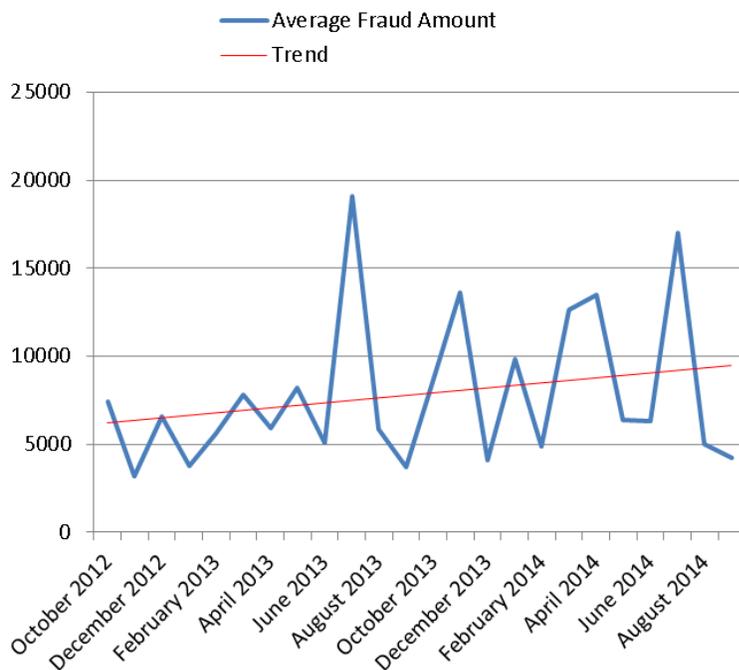
CASE SUMMARY 1ST QUARTER FY 2015

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, establishing restitution payments and the collection of settlement amounts.

	Child Care	Mass Health	DTA	Hotline	Other	Total Case Counts
Beginning Balance	3	500	2309	1	6	2819
New Investigations	0	223	1984	0	0	2207
Completed w/o Fraud	0	123	1274	0	0	1397
Completed w/ Fraud	1	61	176	0	0	238
Ending Balance	2	539	2843	1	6	3391

At the end of the previous quarter, BSI's caseload included 2,819 cases in various stages of investigation. BSI received 2,207 new allegations of fraudulently obtained public assistance benefits and services between July 1, 2014 and September 30, 2014. BSI ended the 1st quarter of FY 2015 with a case load of 3,391. During this quarter, BSI examiners completed a total of 1,635 cases.

MONTHLY AVERAGE CASE FRAUD AMOUNT AND TREND



Of those cases completed, 238 were associated with fraudulent claims, which equates to an average of \$10,770.51 in identified fraud per case.

DTA RECOVERIES THROUGH 1ST QUARTER FY 2015

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.

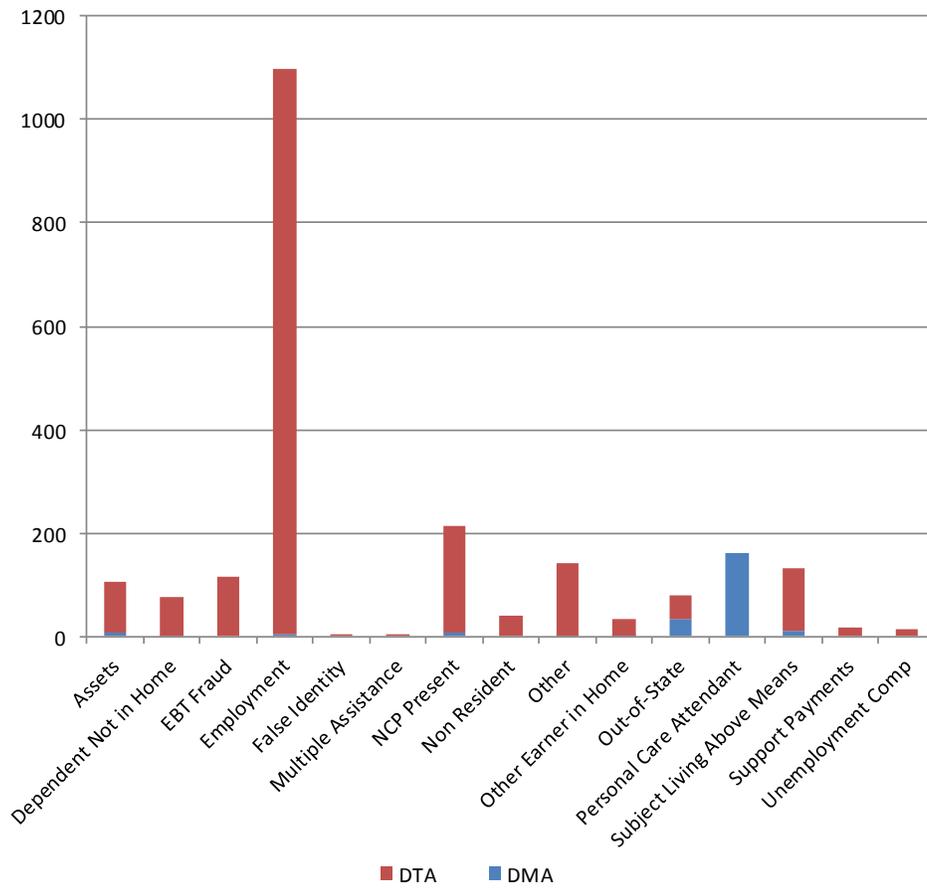
Month	Collected Amount	# of Payments
July 2014	\$78,180	1,088
August 2014	\$28,311	871
September 2014	\$51,260	756
Quarter Total	\$157,750	2,715

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. This quarter, BSI examiners identified fraud in:

- 1 case totaling \$225,105.52 in Child Care benefits
- 6 cases totaling \$13,301.28 in Emergency Aid to Elders, Disabled and Children benefits
- 64 cases totaling \$1,335,504.49 in MassHealth Programs benefits
- 47 cases totaling \$216,668.19 in Transitional Aid to Families w/ Dependent Children benefits

CASES REFERRED BY ALLEGATION TYPE



BSI PROSECUTIONS

Commonwealth v. Marc Lederman

The Department of Transitional Assistance (DTA) sent BSI a fraud referral for Marc Lederman (Lederman) after receiving tax documents showing an income greater than what Lederman reported to DTA on his Supplement Nutritional Assistance Program (SNAP) applications. Lederman reported his household income was only \$400.00 per week, but evidence uncovered through BSI's investigation showed Lederman was actually earning significant income from different sources, including several different companies he had an ownership interest in. Lederman also owns a house, that was assessed at approximately \$900,000 in 2008 and 2009.

Due to his misrepresentations to DTA, Lederman fraudulently received \$13,121.00 in SNAP benefits. BSI Fraud Examiner William Keefe filed a criminal complaint against Lederman in Chelsea District Court, charging him with Larceny over \$250, M.G.L. c. 266 §30, and Public Assistance Fraud, M.G.L. c. 18 §5B. Lederman is scheduled for arraignment on February 24, 2015.

While the bulk of cases 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.