

**Annual Report on the Results of Periodic  
Representative Payee Site Reviews and  
Other Reviews**



**Social Security Administration**

**Fiscal Year 2018**

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# **Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews**

**October 1, 2017 through September 30, 2018**

## **Background**

The Social Security Act (Act) amended by the Social Security Protection Act of 2004, and the Strengthening Protections for Social Security Beneficiaries Act of 2018 (SPSSBA), requires the Social Security Administration (SSA) to report the results of site reviews of specific types of representative payees (payee) and any other reviews of payees conducted during the prior fiscal year (FY).<sup>1</sup> Our site reviews strengthen our oversight of payees and supplement the annual accounting process. This report provides the results of the reviews of payees who manage the benefits of Social Security, Special Veterans Benefits, and Supplemental Security Income (SSI) beneficiaries. This FY 2018 report is our 15<sup>th</sup> annual report.

As required by the SPSSBA, this report includes a description of all of the problems identified by the reviews, the action that we took or plan to take to correct the problems, and the following additional information:

1. The number of reviews;
2. The results of the reviews;
3. The number of cases in which the payee was changed and why;
4. The number of reviews conducted in response to allegations or concerns about the performance or suitability of the payee;
5. The number of cases discovered in which there was a misuse<sup>2</sup> of funds;
6. The total dollar amount of benefits determined to have been misused by a representative payee;
7. The number of cases discovered in which misuse of funds resulted from the negligent failure of SSA to investigate or monitor a representative payee;
8. The final disposition of such misuse cases, including any criminal penalties imposed, the total dollar amount of misused benefits repaid to beneficiaries, and the total dollar amount of misused benefits recovered;
9. Any updates to prior years reports necessary to reflect subsequent recoveries and repayments pertaining to misuse determinations in prior years;
10. Other information as deemed appropriate.

We presume that a legally competent adult beneficiary is capable of managing or directing someone else to manage his or her benefits, unless there are indicators or evidence to the contrary. We are required to pay legally incompetent adult beneficiaries and children under age 15 through a payee. A payee is a third party who manages the benefits of a beneficiary to meet the beneficiary's needs such as food, clothing, shelter, medical care, and personal comfort items. After meeting the beneficiary's current and reasonably foreseeable needs, the payee must

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<sup>1</sup> Sections 205(j)(12), 807(k)(2), and 1631(a)(2)(G)(ii) of the Act, 42 U.S.C. §§ 405(j)(12), 1007(k)(2), and 1383(a)(2)(G)(ii).

<sup>2</sup> Section 105(a) of the SPSSBA amended section 205(j) of the Act, 42 U.S.C. § 405(j).

conserve or invest any remaining Social Security benefits for the beneficiary's future use. In all payee selections, our primary concern is the beneficiary's best interests.

Our policies reflect our commitment to ensure that payees use benefits to promote the physical, mental, and emotional well-being of beneficiaries in a manner that preserves the dignity and protects the basic rights of our beneficiaries. Most payees carefully and compassionately provide much-needed help to beneficiaries on a volunteer basis.

We have approximately 6 million payees<sup>3</sup> managing \$70 billion in annual benefits<sup>4</sup> for 8.3 million beneficiaries<sup>3</sup>. Fifty-two percent of the beneficiaries with payees are minor children<sup>4</sup>. The payee program relies heavily upon family relationships. Family members, primarily parents or spouses, serve 84.9 percent of the beneficiaries who have payees<sup>4</sup>. Of the 6 million payees, 33,197 (less than one percent) are organizational payees<sup>3</sup> serving approximately 952,000 beneficiaries<sup>3,4</sup>. Among the 33,197 organizational payees, 1,315 are fee-for-service (FFS) organizational payees<sup>3</sup> that we authorize to collect a fee as payment for providing payee services. FFS organizational payees serve approximately 212,500 beneficiaries<sup>3</sup>. Generally, we will appoint an organizational payee only when a family member is unable, unavailable, unwilling, or unqualified to serve.

Our responsibility does not end when we appoint a payee. We monitor payees to ensure they continue to meet our qualifications and appropriately spend benefits on behalf of the beneficiary. Our monitoring activities help deter misuse. Section 102 of the SPSSBA exempts custodial parents of minor children and disabled individuals as well as spouses from annual payee accountings. Certain State mental institutions are also exempt from annual payee accountings, as discussed on page 4 of this report.

For the period October 2016 through September 2017, we mailed 8,881,211 accounting reports to our payees asking that they complete and return them as soon as possible. Of the 8,881,211 reports mailed, 6,666,756 were initial accounting reports and 2,214,455 were follow-up reports mailed to representative payees who did not reply to an initial request<sup>5</sup>. We mail the accounting reports throughout the fiscal year; therefore, the data that we provide in this report only covers FY 2017. We will provide the details of the FY 2018 accounting reports in the FY 2019 annual report. During FY 2017, payees failed to return approximately 1,180,710 reports (about 18 percent of the total) in a timely manner. In an attempt to reduce the burden of families with the responsibility of completing the annual report, the enactment of Section 102 of the legislation, stopped mailing of accounting forms to exempt payees on June 1, 2018<sup>6</sup>. Any exempt payees under Section 102 that were found to have annual accountings with pending actions were systematically closed out as part of the legislation. If a payee does not respond to our requests for an accounting report, the appropriate field office (FO) makes all reasonable attempts, including directing the payment checks to the FO, to contact the payee. Once we make contact, we advise the payee of the importance of this annual accounting, secure a completed accounting report, and determine if we should find a new payee or pay the beneficiary directly. We

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<sup>3</sup> Electronic Representative Payee System (eRPS) - September 2018

<sup>4</sup> Office of Research, Evaluation & Statistics - December 2017

<sup>5</sup> All accounting report data derived from Representative Payee Accounting Database

<sup>6</sup> On May 17, 2018, the U. S. District Court for the Western District of Oklahoma announced its decision to grant Social Security partial relief from the 1984 *Jordan v. Schweiker* decision, allowing Section 102 to move forward.

immediately investigate any indications of misuse of funds or poor performance by a payee and take all appropriate actions to protect the beneficiary's best interests.

In addition to the annual accounting process, we monitor payees' fiduciary performance through site reviews. These initiatives protect beneficiaries from misuse of benefits by organizational and other payees and ensure these payees carry out their duties and responsibilities in compliance with our policies and procedures. We define each of the payee types and the different reviews we conduct beginning on page 4.

Individuals who need payees are among our most vulnerable beneficiaries. The decision to appoint a payee is a serious one, and we carefully follow the law and regulations when deciding to appoint one. When it is necessary to appoint a payee, we make every effort to choose one who is well qualified.

Another part of Strengthening Protections for Social Security Beneficiaries Act of 2018 is Section 201, set for enactment in FY 2020. Section 201 will allow beneficiaries to designate an individual(s) to serve as payee should the need arise, and will require SSA to select the designated individual with certain exemptions. Advance Designation will require annual notifications to beneficiaries with advance designations regarding the name(s) of their advance designees.

## Types of Payees

Below we define all of our payee types. We report the results of our payee reviews and the problems found during the reviews beginning on page 6.

1. **Volume Payee:** An organization serving 50 or more beneficiaries. This category of payee does not include certified community-based nonprofit social service agencies (e.g., fee-for-service (FFS) payees) or certain State mental institutions. We review volume payees every four years. See sections 205(j)(6)(A)(iii) and 1631(a)(2)(G)(i)(III) of the Act. Examples of payees included in this category are State and local social service agencies, private non-profit social service agencies that are not FFS payees, and nursing homes.
2. **State Mental Institutions:** A State-operated psychiatric hospital providing care and treatment. As of September 2018, 208 State mental institutions participate in our onsite review program, established under sections 205(j)(3)(B) and 1631(a)(2)(C)(ii) of the Act. These sections of the statute do not require participating State mental institutions to provide an annual accounting form for each of the beneficiaries they serve. Instead, we conduct a site review of each of these institutions at least once every three years. Institutions deciding not to participate in this onsite review program must complete annual accounting forms for each beneficiary they serve and are still subject to periodic site reviews. (See “State Onsite Reviews” in the section titled “Type of Payee Reviews” on page 5.)
3. **Fee-for-Service (FFS) Payee:** A State or local government agency or a certified community-based nonprofit social service organization we authorize to collect a fee for payee services. The agency or organization must regularly serve five or more beneficiaries. We review FFS payees every three years. See sections 205(j)(4), 205(j)(6)(A)(ii), 1631(a)(2)(D), and 1631(a)(2)(G)(i)(II) of the Act.
4. **Individual Payee:** An individual who serves one or more beneficiaries. We review payees serving 15 or more beneficiaries every 4 years. We use a predictive model to select individual payees serving 14 or fewer beneficiaries for review. The model selects payees for review based on payee and beneficiary characteristics that indicate a higher likelihood of potential misuse. See sections 205(j)(6)(A)(i) and 1631(a)(2)(G)(i)(I) of the Act.
5. **Other Organizational Payees:** Government agencies, and organizations, other than those described above, serving 49 or fewer beneficiaries. We use a predictive model to select organizations for review. The model selects payees for review based on payee and beneficiary characteristics that indicate a higher likelihood of potential misuse.

## **Types of Payee Reviews**

Below we define our payee reviews. We also report the results of our reviews and the problems found during the reviews. Please see Appendix A that provides detailed descriptions of some of the problems identified.

1. **Periodic Site Review:** At least once every 3 or 4 years, we monitor the performance of individual payees who serve 15 or more beneficiaries, volume payees, and FFS payees, through a face-to-face meeting with the payee and an examination of the payee's records. We assess the payee's recordkeeping and interview beneficiaries. These reviews are required under sections 205(j)(6)(A) and 1631(a)(2)(G)(i) of the Act.
2. **Targeted Review:** A targeted review is a site review conducted in response to an event that raises a question about the payee's performance or suitability. Examples of events that may trigger a targeted review include allegations of misuse or improper use of benefits from a beneficiary or third party, reports of employee theft, adverse media coverage, and an investigation of the payee by another governmental agency.
3. **Educational Visit:** We visit all new FFS payees six months after appointment. The purpose of the educational visit is to ensure that these payees fully understand their responsibilities and are on the right track with recordkeeping and reporting. We may also conduct educational visits to other types of payees. For example, we may make an educational visit to a volume payee if we learn the payee had changes in key personnel.
4. **State Onsite Reviews:** We conduct onsite reviews to evaluate the fiduciary performance of State mental institutions serving as payees for our beneficiaries at least once every 3 years, pursuant to sections 205(j)(3)(B) and 1631(a)(2)(C)(ii) of the Act. A team of agency personnel visits the institution to conduct financial accountings and to observe and interview the beneficiaries served by the institution.
5. **Optional Reviews:** Since FY 2008, as resources allow, we conduct additional reviews of payees who may need more oversight due to weak recordkeeping skills.
6. **Predictive Model Reviews:** We use a predictive model to select organizational payees serving 49 or fewer beneficiaries and individual payees serving 14 or fewer beneficiaries for review. This model selects organizational and individual payees based on payee and beneficiary characteristics that indicate a higher likelihood of potential misuse.

## **Results of Our Reviews**

We conducted a total of 3,450 payee reviews in FY 2018, via face-to-face interviews. All reviews included the examination of the payee’s financial records and supporting documentation.

Included in this total were onsite reviews at 33 State institutions. All of the institutions reviewed were performing satisfactorily with no significant problems or corrective recommendations noted. Therefore, we do not provide details for State onsite reviews.

Although this report covers reviews conducted in FY 2018, we may not have completed all of the corrective actions in FY 2018. For example, a payee reviewed late in the year may not have finished correcting the titles on payee bank accounts by end of the FY, or we may need several months to review hundreds of records in a case of misuse.

Table 1 below provides the types of reviews we performed by payee category. We include a detailed description of the problems discovered throughout the review process and the corrective actions taken in Appendix A.

***Table 1: Number of Reviews by Review Type and Payee Type<sup>7</sup>***

	Periodic Site Reviews	Targeted Reviews	Educational Visits	State Onsite Reviews	Optional Reviews	Predictive Model Reviews	Total
<b>Volume Payees</b>	767	81	8	0	0	0	<b>856</b>
<b>State Mental Institutions</b>	0	0	0	33	0	0	<b>33</b>
<b>FFS Payees</b>	355	30	22	0	0	0	<b>407</b>
<b>Individual Payees</b>	121	10	3	0	0	401	<b>535</b>
<b>Other Organizational Payees</b>	0	0	0	0	0	1,619	<b>1,619</b>
<b>Total</b>	<b>1,243</b>	<b>121</b>	<b>33</b>	<b>33</b>	<b>0</b>	<b>2,020</b>	<b>3,450</b>

<sup>7</sup> Representative Payee Monitoring Application (RPMA), FY18

***Table 2: Number of Payees with Problems Identified During the 1,243 Periodic Site Reviews<sup>8</sup>***

<b>Problems</b>	<b>Volume Payees</b>	<b>FFS Payees</b>	<b>Individual Payees</b>	<b>Total</b>
<b>Incorrect titling of bank accounts</b>	98	35	7	<b>140</b>
<b>Interest not posted timely</b>	18	4	0	<b>22</b>
<b>Bank account not interest bearing</b>	25	15	2	<b>42</b>
<b>Deposit to beneficiary accounts not timely</b>	14	1	1	<b>16</b>
<b>Beneficiary funds in agency operating account</b>	21	2	0	<b>23</b>
<b>Over SSI resource limit</b>	74	52	7	<b>133</b>
<b>Beneficiary expenses not properly documented</b>	108	57	13	<b>178</b>
<b>No personal needs allowance given</b>	21	2	2	<b>25</b>
<b>Incorrect/Unauthorized Fee charged</b>	10	28	5	<b>43</b>
<b>Conserved funds not returned</b>	68	22	3	<b>93</b>
<b>Failure to report changes</b>	90	52	13	<b>155</b>
<b>Payee did not exercise oversight of benefits (Conduit Payee)</b>	24	19	3	<b>46</b>
<b>Annual accounting forms not returned</b>	40	14	0	<b>54</b>
<b>Recordkeeping problems (e.g., minor math errors, weak internal controls)</b>	140	68	17	<b>225</b>
<b>Payment after death not returned</b>	14	8	2	<b>24</b>
<b>Payee repaid itself without SSA approval</b>	46	7	0	<b>53</b>
<b>Collective account not approved by SSA</b>	41	7	0	<b>48</b>
<b>Misuse suspected (e.g., employee theft)</b>	9	2	2	<b>13</b>
<b>Misuse Found</b>	8	1	0	<b>9</b>
<b>Total</b>	<b>869</b>	<b>396</b>	<b>77</b>	<b>1,342</b>

*Note: Some payees made multiple errors*

<sup>8</sup> RPMA, FY18

***Table 3: Number of Payees with Problems Identified During the 121 Targeted Reviews<sup>9</sup>***

<b>Problems</b>	<b>Volume Payees</b>	<b>FFS Payees</b>	<b>Individual Payees</b>	<b>Total</b>
<b>Incorrect titling of bank accounts</b>	17	0	1	<b>18</b>
<b>Interest not posted timely</b>	3	0	0	<b>3</b>
<b>Bank account not interest bearing</b>	4	0	0	<b>4</b>
<b>Deposit to Beneficiary Accounts not Timely</b>	4	2	0	<b>6</b>
<b>Beneficiary Funds in Agency Operating Account</b>	5	0	0	<b>5</b>
<b>Over SSI Resource Limit</b>	9	0	0	<b>9</b>
<b>Beneficiary Expenses Not Properly Documented</b>	33	1	5	<b>39</b>
<b>No Personal Needs Allowance Given</b>	5	0	0	<b>5</b>
<b>Incorrect/Unauthorized Fee Charged</b>	3	1	0	<b>4</b>
<b>Conserved Funds not Returned</b>	11	0	1	<b>12</b>
<b>Failure to Report Changes</b>	16	1	4	<b>21</b>
<b>Payee Did not Exercise Oversight of Benefits (Conduit Payee)</b>	9	0	2	<b>11</b>
<b>Annual Accounting Forms not Returned</b>	11	0	2	<b>13</b>
<b>Recordkeeping Problems (e.g., minor math errors, weak internal controls)</b>	34	2	3	<b>39</b>
<b>Payment After Death Not Returned</b>	3	0	0	<b>3</b>
<b>Payee Repaid Itself Without SSA Approval</b>	4	0	2	<b>6</b>
<b>Collective Account Not Approved By SSA</b>	14	1	0	<b>15</b>
<b>Misuse suspected (e.g., employee theft)</b>	14	3	1	<b>18</b>
<b>Misuse found</b>	12	2	0	<b>14</b>
<b>Total</b>	<b>211</b>	<b>13</b>	<b>21</b>	<b>245</b>

*Note: Some payees made multiple errors.*

<sup>9</sup> RPMA, FY18

**Table 4: Number of Payees with Problems Identified While Conducting 33 Educational Visits<sup>10</sup>**

<b>Problems</b>	<b>Volume Payees</b>	<b>FFS Payees</b>	<b>Individual Payees</b>	<b>Total</b>
<b>Incorrect Titling of Bank Accounts</b>	0	1	1	<b>2</b>
<b>Interest not Posted Timely</b>	0	0	0	<b>0</b>
<b>Bank Account not Interest Bearing</b>	0	0	0	<b>0</b>
<b>Deposit to Beneficiary Accounts not Timely</b>	0	0	0	<b>0</b>
<b>Beneficiary Funds in Agency Operating Account</b>	0	0	0	<b>0</b>
<b>Over SSI Resource Limit</b>	1	0	0	<b>1</b>
<b>Beneficiary Expenses Not Properly Documented</b>	3	1	2	<b>6</b>
<b>No Personal Needs Allowance Given</b>	0	0	0	<b>0</b>
<b>Incorrect/Unauthorized Fee Charged</b>	0	0	0	<b>0</b>
<b>Conserved Funds not Returned</b>	1	0	0	<b>1</b>
<b>Failure to Report Changes</b>	2	1	1	<b>4</b>
<b>Payee Did not Exercise Oversight of Benefits (Conduit Payee)</b>	1	0	0	<b>1</b>
<b>Annual Accounting Forms not Returned</b>	0	0	0	<b>0</b>
<b>Recordkeeping Problems (e.g., minor math errors, weak internal controls)</b>	2	0	0	<b>2</b>
<b>Payment After Death Not Returned</b>	1	1	0	<b>2</b>
<b>Payee Repaid Itself Without SSA Approval</b>	0	0	0	<b>0</b>
<b>Collective Account Not Approved by SSA</b>	0	0	0	<b>0</b>
<b>Misuse Suspected (e.g., employee theft)</b>	1	0	0	<b>1</b>
<b>Misuse Found</b>	0	0	0	<b>0</b>
<b>Total</b>	<b>12</b>	<b>4</b>	<b>4</b>	<b>20</b>

*Note: Some payees made multiple errors.*

<sup>10</sup> RPMA, FY18

## **Predictive Model Reviews**

In July 2016, we awarded a contract to ISN Corporation to conduct organizational and individual payee reviews selected by a misuse predictive model. The goal was to be strategic in *whom* we reviewed, *what* we reviewed, and *how* we completed the reviews. Specifically, our plan allowed us to:

- Conduct a greater number of representative payee reviews and beneficiary interviews;
- Target high-risk representative payees; and
- Conduct home visits to more effectively identify misuse of benefits and ensure the payees manage benefits to meet the beneficiaries' needs.

ISN's contract required them to monitor additional types of payees in a more robust manner than previous contracts to identify payee misuse and suitability. For example, ISN developed and implemented corrective plans to ensure that payees remedied fiduciary problems, such as incorrect titling of bank accounts, recordkeeping problems, and untimely or overdue accounting reports, as well as notifying us of any programmatic issues that SSA staff needed to investigate, such as possible misuse. In addition, ISN made referrals to outside agencies for immediate health and safety threats, financial exploitation, and other beneficiary identified needs.

We extended ISN's contract for the first year through December 2017. The five-month extension was necessary to account for the initial time needed to process ISN employees for suitability and credentialing, and for ISN to assess and obtain approval for equipment and logistics, refine its business process, and establish quality control standards. The reviews conducted from October 2017 to December 2017 are included in this annual report. The second year required ISN to complete 1,300 predictive model representative payee reviews. These reviews were conducted from January 2018 to July 2018 and are also included in this annual report. No additional reviews were conducted after July 31, 2018.

The SPSSBA of 2018 requires the Commissioner of Social Security to make annual grants to State Protection and Advocacy groups (P&As). The State P&As will conduct all periodic onsite reviews and additional discretionary reviews, develop corrective action plans, submit review reports to SSA, and conduct initial onsite assessments of fee-for-service organizations. Additional information regarding reviews conducted by the State P&As will be provided in the FY 2019 Annual Representative Payee Report.

***Table 5: Number of Problems Identified While Conducting 2,020 Predictive Model Reviews<sup>11</sup>***

<b>Problems</b>	<b>Total</b>
<b>Incorrect titling of bank accounts</b>	<b>297</b>
<b>Interest not posted timely</b>	<b>0</b>
<b>Bank account not interest bearing</b>	<b>1</b>
<b>Deposit to beneficiary accounts not timely</b>	<b>9</b>
<b>Beneficiary funds in agency operating account</b>	<b>138</b>
<b>Over SSI resource limit</b>	<b>0</b>
<b>Beneficiary expenses not properly documented</b>	<b>103</b>
<b>No personal needs allowance given</b>	<b>3</b>
<b>Incorrect FFS charged</b>	<b>11</b>
<b>Conserved funds not returned</b>	<b>11</b>
<b>Failure to report changes</b>	<b>231</b>
<b>Payee did not exercise oversight of benefits</b>	<b>0</b>
<b>Annual accounting forms not returned</b>	<b>81</b>
<b>Recordkeeping problems</b>	<b>0</b>
<b>Payment after death not returned</b>	<b>0</b>
<b>Payee repaid itself without SSA approval</b>	<b>0</b>
<b>Collective account not approved by SSA</b>	<b>414</b>
<b>Misuse suspected/ alleged</b>	<b>3</b>
<b>Misuse Found</b>	<b>2</b>
<b>Failure to pay a vendor</b>	<b>2</b>
<b>Total</b>	<b>1,306</b>

*Note: Some payees made multiple errors.*

<sup>11</sup> Contractor Review Tracking System (CRTS)

**Table 6: Outside Agency Referrals Resulting from Predictive Model Reviews<sup>12</sup>**

<b>Referrals</b>	<b>Total</b>
<b>Immediate health or safety threat to the beneficiary</b>	<b>16</b>
<b>Possible financial exploitation</b>	<b>7</b>
<b>Beneficiary identified needs</b>	<b>7</b>
<b>Total</b>	<b>30</b>

*Note: For descriptions of the types of outside referrals, see Appendix B.*

### **Change of Payee Situations**

During the FY 2018 review period, we removed 139 payees as a result of the reviews. Eighty-nine resulted from predictive model reviews (Table 7) and 50 resulted from all other types of reviews (Table 8). In these cases, we determined we could better serve our beneficiaries by appointing new payees or we determined some beneficiaries were now capable of managing their own Social Security benefits. The FO must conduct a capability determination to determine if the beneficiary still needs a payee and take steps to initiate direct payment when we determine a beneficiary is capable, or find a new payee if we determine the beneficiary is not capable. For additional information on payee changes, involving misuse cases, see the *Findings of Misuse* section, page 14.

**Table 7: Payee Change Reasons for Predictive Model Reviews<sup>11</sup>**

<b>Change Reasons</b>	<b>Org &lt; 50</b>	<b>Ind. &lt; 15</b>	<b>Total</b>
<b>Business Sold</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Business Closed</b>	<b>13</b>	<b>0</b>	<b>13</b>
<b>Payee Withdrew</b>	<b>8</b>	<b>1</b>	<b>9</b>
<b>Poor Performance</b>	<b>5</b>	<b>4</b>	<b>9</b>
<b>Misuse investigation</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>More suitable payee identified</b>	<b>15</b>	<b>12</b>	<b>27</b>
<b>Beneficiary is capable</b>	<b>12</b>	<b>17</b>	<b>29</b>
<b>Total</b>	<b>54</b>	<b>35</b>	<b>89</b>

<sup>12</sup> Contractor Review Tracking System

**Table 8: Payee Change Reasons for All Other Types of Reviews**

Change Reasons	Org. < 50	Org. >50	Ind. < 15	Ind. >15	Fee-for-Service	Total
<b>Business Sold</b>	0	0	0	0	0	<b>0</b>
<b>Business Closed</b>	7	5	2	0	0	<b>14</b>
<b>Payee Withdrew</b>	1	0	0	0	1	<b>2</b>
<b>Poor Performance</b>	11	3	2	2	7	<b>25</b>
<b>Misuse Investigation</b>	3	2	2	2	0	<b>9</b>
<b>Total</b>	<b>22</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>8</b>	<b>50</b>

**Findings of Misuse**

Based on the FY 2018 reviews, we found that 35 payees were suspected of misusing beneficiaries’ funds. Thirty-two of these payees were organizations and three were individual payees. We removed the payee in six cases. We retained the payee in 29 cases, though some cases are still pending further investigation. We retain a payee we label as a misuser *only* if we believe the payee continues to be the best payee for the beneficiary *and* the payee makes restitution or has a definite plan to make restitution. This situation may occur, for example, with a theft conducted by a rogue employee of an organizational payee.

**FY 2018 Misuse Allegations**

**Anns Abbey, Woodstown, NJ.** The organization failed to provide appropriate documentation and would not cooperate with our review. The estimated amount of misused funds is \$59,064 affecting four beneficiaries. The misuse investigation is ongoing. The case was referred to the Office of Inspector General (OIG). OIG will review the allegation for appropriate action.

**Assisted Residential Services Inc., Spokane, WA.** A site review uncovered misuse due to isolated employee theft. The estimated amount of misused funds is \$8,508, affecting nine beneficiaries. The payee reimbursed the affected beneficiaries. The misuse investigation is ongoing. The case was referred to OIG. OIG closed the allegation in October 2018 because the allegation did not meet case opening guidelines.

**Behavioral Health Network, Springfield, MA.** We retained this organization because the misuse was due to an isolated employee theft incident. The estimated amount of misused funds is \$1026, affecting eight beneficiaries. The payee reimbursed the beneficiaries. The misuse investigation is ongoing. An OIG referral is pending upon completion of the misuse determination.

**BSW, Butte, MT.** We retained this organization because the misuse was due to an isolated employee theft incident. The amount of misused funds was \$1490, affecting seven beneficiaries. The employee who misused the funds is no longer part of the payee organization. The organization has reimbursed the beneficiaries and taken corrective action to prevent future misuse. An OIG referral is pending upon completion of the misuse determination.

**Centex Association for Retarded Children Inc., Mexia, TX.** The organization used funds for non-beneficiary needs. The amount of misused funds is not yet available. We are in the process of finding a new payee for each of the 118 affected beneficiaries. The case was referred to OIG. OIG will review the allegation for appropriate action.

**Community Systems Inc., Torrington, CT.** We retained this organization because the misuse was due to an isolated employee theft incident. The estimated amount of misused funds is \$1,297, affecting one beneficiary. The payee reimbursed the beneficiary. We will complete the investigation and review the payee's actions. An OIG referral is pending upon completion of the misuse determination.

**Crest Services, Ottumwa, IA.** We retained this organization because the misuse was due to an isolated employee theft incident. The estimated amount of misused funds is \$10,000, affecting twelve beneficiaries. The misuse investigation is ongoing. An OIG referral is pending upon completion of the misuse determination.

**Crossroads of Western Iowa, Sioux City, IA.** We retained this organization because the misuse was due to an isolated employee theft incident. The estimated amount of misused funds is \$80,000, affecting 18 beneficiaries. The misuse investigation is ongoing. An OIG referral is pending upon completion of the misuse determination.

**Easter Seals El Mirador, Santa Fe, NM.** We retained this organization because the misuse was due to an isolated employee theft incident and they reimbursed the beneficiaries. The estimated amount of misused funds is \$10,000, affecting seven beneficiaries. An OIG referral is pending upon completion of the misuse determination.

**Human Service Options, Weymouth, MA.** We retained this organization because the determination of misuse was due to an isolated employee theft incident and they quickly reimbursed the affected beneficiary. The final amount of misused funds is \$144, affecting one beneficiary. OIG closed the allegation in May 2018 because it did not meet case opening guidelines.

**Individual Payee, Oakland, CA.** We uncovered misuse caused by the payee charging fees in excess of those permissible. The payee has refused to cooperate. As a result, the estimated amount of misuse is unavailable. Nineteen beneficiaries are affected. We took appropriate action for six of the beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. Two have since passed away, and 11 remain pending. The case was referred to OIG. OIG will review the allegation for appropriate action.

**Individual Payee, Enfield CT.** The payee, for whom we received allegations that she used money for her own personal needs, has not complied with the review process. The payee failed to provide records for the beneficiaries. The estimated amount of misused funds is \$641,842, affecting 24 beneficiaries. We took appropriate action for 23 of the beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. One beneficiary remains pending. OIG will review the allegation for appropriate action.

**Individual Payee, San Antonio TX.** A media report surfaced of an arrest in June 2014 for injury to a disabled individual under the payee's care. The payee failed to meet her reporting responsibilities as payee. The estimated amount of misused funds is \$10,934, affecting five beneficiaries. The misuse investigation is ongoing. The case was referred to OIG. OIG closed the allegation in March 2018 because it did not meet case opening guidelines.

**Jones and Jones, Richmond, VA.** A review uncovered misuse due to owner/board member theft. The amount of misused funds is unknown at this time, affecting approximately 19 beneficiaries. The misuse investigation is ongoing. The payee has been retained until the investigation is complete. The case was referred to OIG. OIG will review the allegation for appropriate action.

**Legacy Patient Care, Baton Rouge, LA.** A review found the owner of this organization was also an individual payee and kept funds for beneficiaries no longer in her care. The funds were co-mingled with other beneficiaries' and the organization's funds. The owners charged fees in excess of those permissible. The estimated amount of misused funds is \$463,958, affecting 12 beneficiaries. We took appropriate action for all 12 of the beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. The case was referred to OIG. OIG closed the allegation because it did not meet case opening guidelines.

**Lochland School Inc., Geneva, NY.** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the organization has taken appropriate action to prevent further misuse. The final amount of misused funds is \$18,850, affecting seven beneficiaries. The employee who committed the theft was terminated and the organization has reimbursed all the affected beneficiaries. The organization took corrective action to prevent future misuse. OIG's investigation verified the theft of funds and the allegation was closed after corrective action was taken to replenish all missing funds.

**Mission Mountain, Kalispell, MT.** We retained this organization because the misuse was due to an isolated employee theft incident. The estimated amount of misused funds is \$2,168 affecting 13 beneficiaries. The employee was terminated. The organization took corrective action to prevent future misuse. An OIG referral is pending upon completion of the misuse determination.

**MSW Living, Prince George, VA.** We retained this organization because the misuse was due to employee theft. The estimated amount of misused funds is \$750, affecting two beneficiaries. The misuse investigation is ongoing. The case was referred to OIG. OIG closed the allegation in October 2018 because it did not meet case opening guidelines.

**New Hope Village, Carroll, IA.** We retained this organization because the misuse was due to an isolated employee theft incident and all beneficiaries have been reimbursed. The final determination of misused funds is \$1031, affecting four beneficiaries. The case was referred to OIG. OIG closed the allegation in October 2018 with a referral to SSA for administrative action.

**Paloma Blanca Health and Rehab, Albuquerque, NM.** We retained this organization because the misuse was due to an isolated employee theft incident. The estimated amount of misused funds is \$130, affecting one beneficiary. The payee terminated the employee and reimbursed the beneficiary. An OIG referral is pending upon completion of the misuse determination.

**Pine County Health and Human Services, Sandstone, MN.** A routine site review of this FFS payee uncovered fees in excess of those permissible. The estimated amount of misused funds is \$11,388, affecting 73 beneficiaries. We retained the payee while the investigation continues. The payee is otherwise suitable and provides onsite housing for the beneficiaries. An OIG referral is pending upon completion of the misuse determination.

**REM Iowa Community Services, Waterloo, IA.** Upon investigation, the misuse was due to an isolated employee theft incident. The final determination of misused funds is \$40,342, affecting 13 beneficiaries who have all been reimbursed. The payee decided to discontinue providing payee services. We took appropriate action for all 13 of the beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. The case was referred to OIG. OIG closed the allegation in November 2017 with a referral to SSA for administrative action.

**Residential Support Services, Billings, MT.** The organization could not provide appropriate documentation to account for individual beneficiary funds and expenses. The final determination of misused funds was \$105,725, affecting 44 beneficiaries due to co-mingling of funds within group homes. The letter of findings was issued on November 13, 2018 and instructed the payee to reimburse the beneficiaries in 90 days (February 15, 2019). The organization took corrective action to prevent future misuse and we retained them as payee. An OIG referral is pending upon completion of the misuse determination.

**Schmitz Representative Payee Service, St. Peter, MN.** During annual certification of FFS bonding, we uncovered an incident of employee misuse. The estimated amount of misused funds is unknown at this time, affecting 11 beneficiaries. This payee is currently retained pending the results of the payee investigation. An OIG referral is pending upon completion of the misuse determination.

**SouthTowne Memory Care, Eugene, OR.** The organization fired two employees convicted of criminal mistreatment of patients, and OIG requested assistance to determine if financial misuse was an issue. We found no misuse of benefits. The employees who mistreated patients are no longer involved with this business. This organization was retained and all corrective actions are complete. The case was referred to OIG. OIG closed the allegation in May 2018.

**Standing Rock Child Protection Services, Ft Yates, ND.** The organization could not provide appropriate documentation to account for individual beneficiary expenses. The Director of the organization resigned, and the position has not been filled. The final determination of misused funds is \$269,308, affecting 38 beneficiaries. We took appropriate action for 33 of the beneficiaries, in most cases finding a new payee. We are in the process of finding suitable payees for the remaining five beneficiaries. The case has been referred to OIG. OIG will review the allegation for appropriate action.

**Standing Rock Elderly Protection Team, Ft Yates, ND.** We retained this organization because the misuse was due to an isolated employee theft incident. The former Director embezzled funds. He has been indicted and is no longer with the organization. The estimated amount of misused funds is \$297,178, affecting 18 beneficiaries. The organization took corrective action to prevent future misuse. An OIG referral is pending upon completion of the misuse determination.

**Tenco Industries, Ottumwa, IA.** We retained this organization because the misuse was due to an isolated employee theft incident. The estimated amount of misused funds is \$52,000, affecting 15 beneficiaries. We are working with the organization to take appropriate action and complete the investigation. The misuse investigation is ongoing. An OIG referral is pending upon completion of the misuse determination.

**The Resource Center, Jamestown, NY.** We retained this organization because the misuse was due to an isolated employee theft incident. The final determination of misused funds is \$780, affecting ten beneficiaries. The employee who committed the theft was terminated and the organization reimbursed the affected beneficiaries. The case was referred to OIG. OIG closed the case in December 2017 because it did not meet case opening guidelines.

**Thomas Allen Inc., West St. Paul, MN.** During a routine site review of this organization, we uncovered an incident of employee misuse. The estimated amount of misused funds is \$2,490, affecting one beneficiary. The payee is being retained pending the results of the investigation. The case was referred to OIG. OIG closed the allegation because it did not meet case opening guidelines.

**Venture Community Services Inc., Sturbridge, MA.** We retained this organization because the misuse was due to an isolated employee theft incident and the payee reimbursed the beneficiary upon discovery of the event. The estimated amount of misused funds is \$1,200, affecting one beneficiary. The misuse investigation is ongoing. The case was referred to OIG. OIG will review the allegation for appropriate action.

**Westridge Gardens Rehab and Health Care, Raytown, MO.** We retained this organization because the misuse was due to an isolated employee theft incident and the payee reimbursed the beneficiary upon discovery of the event. The final determination of misused funds is \$800, affecting one beneficiary. The case was referred to OIG. OIG closed the allegation with a referral to SSA for administrative action.

**Westview Manor of Peabody, Peabody, KS.** The organization failed to return conserved funds from prior SSA beneficiaries. The estimated amount of misused funds is \$1000, affecting one beneficiary. The misuse investigation is ongoing. An OIG referral is pending upon completion of the misuse determination.

**Work Community Independence, Waltham, MA.** We retained this organization because the misuse was due to an isolated employee theft incident and the organization promptly reimbursed the beneficiaries upon discovering the event. The estimated amount of misused funds is \$2500, affecting two beneficiaries. An OIG referral is pending upon completion of the misuse determination.

**Wyoming Life Resource Center, Lander WY.** We found misuse due to employee theft and failure to provide appropriate documentation of beneficiary expenses. The final determination of misused funds was \$51,057, affecting 18 beneficiaries. The three employees associated have been fired and are no longer associated with the facility. We retained the organization, which has taken corrective action to prevent future misuse. The case was referred to OIG. OIG closed the allegation in April 2018 because it did not meet case opening guidelines.

#### **Updates for FY 2017 Misuse Allegations**

**Advocates Payee Services, Caldwell, ID.** The organization charged fees in excess of those permissible, affecting four beneficiaries. The amount of the misused funds was \$15,000. We removed the payee. We took appropriate action for each of the four beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. OIG closed the allegation with a referral to SSA for administrative action.

**Update:** We completed all required actions on three of the four cases. The final amount was \$1,513 in misused funds due to one beneficiary. OIG will re-review the allegation for appropriate action.

**Assurance Payee Services, Missoula, MT.** The organization could not account for the funds of the beneficiaries. The misuse investigation is ongoing, affecting 210 beneficiaries. The amount of misused funds is not yet available. We removed the payee. We took appropriate action for each of the 210 beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. An OIG referral is pending upon completion of the misuse determination.

**Update:** Misuse allegation referred to OIG in November 2018 and currently under review by OIG. The final amount of misuse is \$1,998,886.07 affecting 188 beneficiaries.

**Atlantis Community Inc., Denver, CO.** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$49,229, affecting nine beneficiaries. The payee has taken corrective action to prevent future misuse. OIG will review the allegation for appropriate action.

**Update:** The payee reimbursed the affected beneficiaries. The payee has taken corrective action to prevent future misuse. OIG will review the allegation for appropriate action.

**BestCare Treatment Services, Madras, OR.** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee reimbursed all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$39,278, affecting 10 beneficiaries. The payee has taken corrective action to prevent future misuse. OIG will review the allegation for appropriate action.

**Update:** We are in the process of completing the misuse determinations. OIG will review the allegation for appropriate action.

**Caring Hands and More, Iowa City, IA.** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee reimbursed all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$6,734, affecting seven beneficiaries. The payee has taken corrective action to prevent future misuse. OIG closed the allegation with a referral to SSA for administrative action.

**Update:** The misuse amount was decreased to \$6,534 based on documentation provided by the payee. The payee repaid all misused funds and the beneficiaries were repaid. Our actions regarding this case are complete.

**Chapel Ridge Assisted Living, Mineral Point, MO.** The organization could not account for the funds of the beneficiaries. The estimated amount of the misused funds was \$11,772, affecting 23 beneficiaries. We removed the payee. We took appropriate action for each of the 23 beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. An OIG referral is pending upon completion of the misuse determination.

**Update:** OIG closed the allegation in February 2018 because it did not meet case opening guidelines. All funds have been repaid to the affected beneficiaries. The payee has not returned the misused funds to SSA as the facility is now closed. Our actions regarding this case are complete.

**Continuum of Care Inc., New Haven, CT.** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee reimbursed all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$1,500, affecting one beneficiary. The payee has taken corrective action to prevent future misuse. An OIG referral is pending upon completion of the misuse determination.

**Update:** Upon completion of its misuse investigation, SSA determined the payee properly used benefits for the beneficiary needs. No misuse was found.

**Daphne's Adult Care Home, Reidsville, NC.** The organization continued receiving monthly payment for a resident who was no longer in its care. Due to poor recordkeeping, the payee thought the funds were for another resident that was not receiving Social Security payments and applied the funds toward the wrong resident's cost of care. The amount of the misused funds was \$11,280, affecting one beneficiary. We will make a final determination regarding the retention of this payee based on the payee's action to reimburse us for the misused funds. OIG will review the allegation for appropriate action.

**Update:** OIG closed the allegation because it did not meet case opening guidelines. We decided to retain the payee because the payee made a repayment plan. We billed the payee and the payee made the first payment in October. The remaining balance is \$10,965.

**Developmental Disabilities Association of NJ, Sewaren, NJ.** We retained this organization because the allegation of misuse was due to an isolated employee theft incident. We are working with the organization and developing the misuse allegation. The employee who misused the funds is no longer part of the payee organization. The amount of the misused funds and the number of beneficiaries affected are not yet available. An OIG referral is pending upon completion of the misuse determination.

**Update:** The misuse involved one beneficiary. The final misuse determination for the one beneficiary was \$1,005. The payee directly reimbursed the one beneficiary. The case was referred to OIG. OIG closed the allegation in September 2018 because corrective action was taken. The employee who committed the theft resigned. All actions are complete.

**Elder Services of the Merrimack Valley, Lawrence, Massachusetts.** The organization charged unauthorized fees. The estimated amount of misused funds was \$10,947, affecting 57 beneficiaries. The misuse investigation is ongoing. We will make a final determination regarding the retention of this payee based on the payee's action to reimburse us for the misused funds. An OIG referral is pending upon completion of the misuse determination.

**Update:** We are in the process of completing our investigation of this case. A review of the records indicates that the organization charged unauthorized fees. The estimated amount of misused funds is \$10,947, affecting 57 beneficiaries. We will refer the case to OIG once the investigation and misuse determination are complete.

**Individual Payee, MN.** We retained this payee because the determination of misuse was due to an isolated employee theft incident and the payee reimbursed all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$1,434, affecting two beneficiaries. The payee has taken corrective action to prevent future misuse. We are in the process of referring the case to OIG.

**Update:** The case was referred to OIG. OIG closed the allegation because it did not meet case opening guidelines. The organization reimbursed \$1,437. The payee is an otherwise suitable payee and continues to serve. All actions are complete.

**Guardians Incorporated, Firth, NE.** The organization could not account for the funds of the beneficiaries. The estimated amount of misused funds is \$16,000, affecting eight beneficiaries. We removed the payee. We took appropriate action for each of the eight beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. The misuse investigation is ongoing. An OIG referral is pending upon completion of the misuse determination.

**Update:** The misuse investigation is ongoing. We will refer the case to OIG once the investigation and misuse determination are complete.

**Individual Payee, Port Ludlow, WA.** The former payee admitted to depositing funds from her personal account into the beneficiary's account, because she misused the beneficiary's funds. The amount of the misused funds is not yet available, affecting 14 beneficiaries. We removed the payee. We took appropriate action for each of the 14 beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. OIG will review the allegation for appropriate action.

**Update:** We completed all required misuse actions and determined there was \$24,347 stolen from four beneficiaries. OIG will review the allegation for appropriate action.

**Individual Payee, Hutchinson, KS.** The former payee could not account for the funds of the beneficiaries. The estimated amount of misused funds was \$80,000, affecting eight beneficiaries. We removed the payee. We took appropriate action for each of the eight beneficiaries, either finding a new payee, or transitioning the beneficiary to direct pay. The misuse investigation is ongoing. An OIG referral is pending upon completion of the misuse determination.

**Update:** We determined the payee misused \$53,205. The case was referred to OIG. OIG reviewed the allegation and returned to SSA for administrative actions.

**Individual Payee, Holton, KS.** The former payee misused \$1,278, affecting one beneficiary. We removed the payee and appointed a new payee for the beneficiary affected. OIG closed the allegation because it did not meet case opening guidelines.

**Update:** The beneficiary has not been reimbursed. Our actions regarding this case are complete.

**Life Force Services, Tacoma, Olympia, and Vancouver, WA.** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$15,984, affecting 10 beneficiaries. On 10/17/17, the former employee of Life Force Services, appeared in U.S. District Court for the Western District of Washington at Tacoma, and pled guilty of one count of Social Security Representative payee fraud and agreed to restitution of \$15,984. OIG will review the allegation for appropriate action.

**Update:** We removed the payee due to lack of corrective action subsequent to the discovery of the employee theft. After we made the determination that a former employee stole \$15,984 in misused beneficiary funds, we located a record-keeping error of \$6,326 in conserved funds due a former beneficiary. The final misuse amount was \$22,311 and the payee reimbursed the 11 affected beneficiaries. Our actions regarding this case are complete.

**Lutheran Social Services, Des Plaines, IL.** We retained this organization because the allegation of misuse was due to an isolated employee theft incident and the payee reimbursed the beneficiary. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$11,061, affecting one beneficiary. We are in the process of completing the misuse investigation. OIG closed the allegation because it did not meet case opening guidelines.

**Update:** The servicing FO confirmed the payee reimbursed the beneficiary. The payee is an otherwise suitable payee and continues to serve. All actions are complete.

**MAB Community Services Inc., Brookline, MA.** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee reimbursed all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$15,000, affecting four beneficiaries. The payee took corrective action to prevent future misuse. We are in the process of referring the case to OIG.

**Update:** Upon completion of our investigation, we determined the total amount of misused funds was \$7,916 and there were three affected beneficiaries. We referred the allegation to OIG. OIG closed the allegation because it did not meet case opening guidelines. We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee reimbursed all beneficiaries. The employee who misused the funds is no longer part of the payee organization. Our actions regarding this case are complete.

**May Institute Inc., Mashpee, MA.** We retained this organization because the allegation of misuse was due to an isolated employee theft incident and the payee has indicated its intention to reimburse all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The total amount of the misused funds, affecting five beneficiaries, is not yet available. We are working with the organization and developing the misuse allegation. The payee has taken corrective action to prevent future misuse. An OIG referral is pending upon completion of the misuse determination.

**Update:** Upon completion of our investigation, we determined the total amount of misused funds was \$888 and there were five affected beneficiaries. We referred the allegation to OIG. OIG closed the allegation because it did not meet case opening guidelines. We retained this organization because the allegation of misuse was due to an isolated employee theft incident and the employee who misused the funds is no longer part of the payee organization. The payee made direct restitution to all of the affected beneficiaries. Our actions regarding this case are complete.

**North Village Park, Moberly, MO.** The organization could not account for the funds of the beneficiaries. The misuse investigation is ongoing, affecting 40 beneficiaries. The amount of misused funds is not yet available. We removed the payee. We took appropriate action for each of the 40 beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. OIG closed the allegation with a referral back to SSA for administrative actions.

**Update:** All funds have been repaid to the affected beneficiaries. Our actions regarding this case are complete.

**Road to Responsibility, Marshfield, MA.** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee reimbursed all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$880, affecting three beneficiaries. The payee has taken corrective action to prevent future misuse. We are in the process of referring the case to OIG.

**Update:** Upon completion of our investigation, we determined the total amount of misused funds was \$700 and there was one affected beneficiary. We referred the allegation to OIG. OIG closed the allegation because it did not meet case opening guidelines. We retained this organization because the determination of misuse was due to an isolated employee theft incident and the employee who misused the funds is no longer part of the payee organization. The payee reimbursed the affected beneficiary. Our actions regarding this case are complete.

**Service First of Northern California, Modesto, CA.** The organization charged fees in excess of those permissible, affecting an undetermined number of beneficiaries. The misuse investigation is ongoing. The amount of the misused funds is not yet available. We are in the process of referring the case to OIG.

**Update:** The organization returned the excess fees. The amount of misuse was determined to be \$13,111. We referred the case to OIG. OIG closed the allegation because the case did not meet case opening guidelines. Our actions regarding this case are complete.

**Turning Point Recovery Center, Springfield, VT.** The payee charged unauthorized fees to the beneficiaries, affecting 20 beneficiaries. The estimated amount of misused funds was \$8,362. We removed the payee. We took appropriate action for each of the 20 beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. The payee is in the process of reimbursing the misused funds to SSA. OIG closed the allegation because corrective action was taken.

**Update:** A quick response check was completed on June 7, 2017. On August 7, 2017, SSA determined that the agency misused \$8,362 by charging fees without SSA authorization. There were 20 beneficiaries affected. SSA found new payees for all beneficiaries served by this payee and terminated the payee on August 1, 2017. SSA initiated recovery on August 31, 2017. SSA has recovered \$6,655 in misused funds from the payee. SSA is in the process of reimbursing the remaining beneficiaries.

#### **Updates to FY 2016 Misuse Allegations**

**Arbor Health, Akron, OH:** An OIG agent initiated a referral to us based on employee theft. A targeted review identified misuse for approximately 11 beneficiaries. The employee who misused the funds is no longer part of the payee organization. This payee is no longer in business. We took appropriate action for each of the 11 beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. The amount of misused funds is not yet available. The misuse investigation is ongoing. An OIG referral is pending upon completion of the misuse determination.

**Update:** The final misuse amount is \$20,320. The case was referred to OIG. OIG closed the allegation because it did not meet case opening guidelines. Restitution payments released to the victims. All actions are complete.

**Bay Community Support Services, Edgewater, MD:** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$2,178, affecting seven beneficiaries. The payee reimbursed the affected beneficiaries. We are in the process of referring the case to OIG.

**Update:** Case referred to OIG. OIG closed the case because it did not meet case opening guidelines. All actions are complete.

**Bridgewell Inc., Lynnfield, MA:** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$11,000, affecting five beneficiaries. After the determination of \$11,000 in misused funds, we identified issues with the bank accounts used by the payee. We are continuing to develop for misuse. An OIG referral is pending upon completion of the misuse determination.

**Update:** Due to administrative issues, this misuse allegation was completed in two separate iterations. Upon completion of our investigation, we determined the following:

- The total amount of misuse for this allegation is \$10,905 and it affected two beneficiaries. We referred the allegation to OIG. OIG reviewed and closed the allegation because corrective action was taken. The payee remitted full payment to SSA. SSA reimbursed one of the beneficiaries. We are currently developing for an estate of the remaining beneficiary who is deceased to release the underpayment.
- The total amount of misuse for this allegation is \$25,264 and it includes four beneficiaries. We referred the allegation to OIG. OIG reviewed and closed the allegation because it did not meet case opening guidelines. The payee directly reimbursed each of the affected beneficiaries except one. We reimbursed one of the beneficiaries.

Our actions regarding this case are complete. We retained this organization because the determination of misuse was due to isolated incidents of employee theft and the employees who misused the funds are no longer part of the payee organization. The case was referred to OIG. OIG will review the allegation for appropriate action.

**Individual Volume Payee, Long Lake, MN:** We received a media report that the payee was no longer serving as a conservator for SSA beneficiaries. We initiated a targeted review and decided to remove the payee based on his unwillingness to cooperate with our investigation. We took appropriate action for each of the 37 beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. The misuse investigation is ongoing. An OIG referral is pending upon completion of the misuse determination.

**Update:** The total amount of misuse for this allegation is \$21,586, affecting nine victims. The case was referred to OIG. OIG will review the allegation for appropriate action. The payee has a pending appeal on the amount of misused funds with the servicing FO. Technicians are working on making restitution and pursuing collection of misuse from the payee.

**Coleman Professional Services, Lima, OH:** During a site review, we uncovered poor performance, poor recordkeeping, and beneficiary allegations of misuse. The payee failed to provide organized records to assist in the investigation. The amount of misused funds was \$2.7 million, affecting 204 beneficiaries. The misuse investigation is ongoing. We removed the payee. We took appropriate action for each of the 204 beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. We are processing an appeal of the overpayment resulting from the misuse determination, based on additional financial evidence from the payee. OIG will review the allegation for appropriate action.

**Update:** OIG closed the allegation because it did not meet case opening guidelines. This case was declined for prosecution by the United States Attorney's Office, Northern District of Ohio. The Office of the General Counsel (OGC) was cleared to proceed with efforts to collect under the bond. A hearing request was filed January 26, 2018 and is pending with the Office of Hearings Operations on the administrative finding of misuse. OGC is suspending collection on the bond pending the final outcome of the hearing appeal.

**Delta Projects, Dedham, MA:** We temporarily retained this payee because the organization is cooperating with our misuse investigation and alleges reimbursing the beneficiaries directly. The organization does not currently serve any beneficiaries. The amount of misused funds was estimated at \$9,912, affecting nine beneficiaries. We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee reimbursed all beneficiaries. The employee who misused the funds is no longer part of the payee organization. We determined that the actual amount of misused funds was \$8,050, affecting nine beneficiaries. We are in the process of documenting the funds reimbursed by the payee to the affected beneficiaries. OIG closed the allegation because corrective action was taken.

**Update:** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the employee who misused the funds is no longer part of the payee organization. The payee directly reimbursed each of the affected beneficiaries. Our actions regarding this case are complete.

**Gateway Healthcare, Pawtucket, RI:** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$76,637, affecting 47 beneficiaries. During the investigation of this allegation, we discovered a second instance of employee theft involving a second former employee of Gateway. In this case, the employee misused funds from 10 beneficiaries. We determined the total amount misused was \$3,055. We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The payee has taken corrective action to prevent future misuse. OIG closed the allegation because the allegation did not meet case opening guidelines.

**Update:** Upon completion of our investigation, we determined that the payee misused \$3935, affecting 10 beneficiaries. We referred the allegation to OIG. OIG closed the allegation because the allegation did not meet case opening guidelines. We retained this organization because the misuse resulted from isolated employee theft and the employees who misused the funds are no longer employed by the organization. We are in the process of issuing the initial notices requesting repayment of the misused funds.

**God's Blessings, Austin, TX:** During a site review, we found that the payee did not maintain a beneficiary list, accounting records, or receipts. Therefore, the reviewer could not account for how the payee used beneficiary funds. The amount of misused funds was \$122,514, affecting 81 beneficiaries. We removed the payee. We took appropriate action for each of the 81 beneficiaries, either finding a new payee, or transitioning the beneficiary to direct pay. We completed the misuse investigation and referred the case to OIG. OIG will review the allegation for appropriate action.

**Update:** The investigation revealed \$28,160 as the amount of misused funds. OIG received the allegation. OIG will review the allegation for appropriate action.

**Life Designs, Bloomington, IN:** A site review uncovered two instances of employee theft of funds, involving two different employees. The employees who misused the funds are no longer part of the payee organization. After further investigation, we uncovered additional isolated incidents of employee theft. The amount of misused funds was \$11,215, affecting seven beneficiaries. We retained this organization because the determination of misuse was due to isolated employee theft incidents and the payee reimbursed all beneficiaries. The employees who misused the funds are no longer part of the payee organization. The payee has taken corrective action to prevent future misuse. We are in the process of referring the case to OIG.

**Update:** After further investigation, SSA uncovered isolated incidents of employee theft for minor dollar amounts. The payee has reimbursed all the beneficiaries and we find the payee to be suitable after taking these corrective measures. We are in the process of referring the case to OIG.

**Matthew House, Chicago, IL:** We removed this payee upon discovering that it was acting as a conduit payee, maintaining inadequate financial records, and possibly charging unauthorized fees. The amount of misused funds was \$44,054 affecting 71 beneficiaries. We took appropriate action for each of the 71 beneficiaries, either finding a new payee, or transitioning the beneficiary to direct pay. The misuse investigation is complete. We are working on reimbursing the affected beneficiaries. OIG closed the allegation because corrective action was taken.

**Update:** SSA made restitution to all affected beneficiaries. Our actions regarding this case are complete.

**Minute Man Arc for Human Services, Concord, MA:** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$200, affecting two beneficiaries. The payee reimbursed the affected beneficiaries. The payee has taken corrective action to prevent future misuse. OIG closed the allegation because corrective action was taken.

**Update:** Upon completion of our investigation, we determined that the correct amount of misused funds was \$227 and there were four affected beneficiaries. We referred the allegation to OIG. OIG closed the allegation because corrective action was taken. We retained this organization because the determination of misuse was due to an isolated employee theft incident and the employee who misused the funds is no longer part of the payee organization. The payee reimbursed the affected beneficiaries. Our actions regarding this case are complete.

**Newbridge Place, Lodi, OH:** We conducted a targeted review in response to annual accounting from this payee showing unauthorized fee charging. We are investigating to determine the amount of misuse and number of beneficiaries affected. OIG closed the allegation in July 2016 because no SSA violation was identified. The amount of misused funds was \$2,810 due to unauthorized fees. We are currently allowing the payee to continue to serve as a payee as the improper fee charging seems to have resulted from a delayed approval of its fee for service status. We are awaiting the payee's remittance of the misused funds. We will make a final determination regarding the retention of this payee based on its action to reimburse us for the misused funds.

**Update:** The payee has reimbursed all the beneficiaries and we find the payee suitable to serve. All actions are complete.

**Reach, Inc., Plymouth, MA:** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The estimated amount of misused funds was \$1,500, affecting two beneficiaries. We determined that the total misuse amount was \$5,221. The payee has been cooperative throughout the misuse investigation. We are awaiting the payee's remittance of the misused funds. We will make a final determination regarding the retention of this payee based on their action to reimburse us for the misused funds. OIG closed the allegation because the allegation did not meet case opening guidelines.

**Update:** Upon completion of our investigation, we determined that the total misuse amount was \$5,221, affecting three beneficiaries. We referred the allegation to OIG. OIG closed the allegation because the allegation did not meet case opening guidelines. We retained this organization because the determination of misuse was due to an isolated employee theft incident and the employee who misused the funds is no longer part of the payee organization. The payee remitted payment to SSA. SSA reimbursed two of the beneficiaries. We are currently developing for an estate of the remaining beneficiary who is deceased to release the underpayment.

**Residential Management Services, Kensington, CT:** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The estimated amount of misused funds was \$10,488, affecting five beneficiaries. We did not identify additional misuse. We determined that the correct amount of funds misused was \$8,459, affecting six beneficiaries. We will make a final determination regarding the retention of this payee based on their action to reimburse us for the misused funds.

**Update:** We referred the allegation to OIG. OIG closed the allegation because the allegation did not meet case opening guidelines. We retained this organization because the determination of misuse was due to an isolated employee theft incident and the employee who misused the funds is no longer part of the payee organization. The payee reimbursed all funds directly to the beneficiaries. All actions for this case are complete.

**Individual Payee, North Grosvenordale, CT:** The payee admitted to misusing funds from multiple beneficiaries over a period of approximately three years. In addition, the payee failed to return the conserved funds. The amount of misused funds was \$17,120, affecting 24 beneficiaries. We removed the payee. We took appropriate action for each of the 24 beneficiaries, either finding a new payee, or transitioning the beneficiary to direct pay. The misuse investigation is ongoing. We have completed misuse determinations for 15 of the 23 affected beneficiaries. An OIG referral is pending upon completion of the misuse determination.

**Update:** Upon completion of our investigation, we determined that the payee misused \$17,120, affecting 23 beneficiaries. We took action to replace this payee for each of the 23 beneficiaries. We referred the allegation to OIG. OIG will review the allegation for appropriate action.

**Statewide Representative Payee Services, Savannah, GA:** The payee collected unauthorized fees. We retained the payee because it has a plan to repay the misused funds. The amount of misused funds was \$62,985, affecting 151 beneficiaries. OIG declined to pursue for fraud and closed the allegation. Misuse was not isolated to one employee. We completed all misuse administrative actions and have reimbursed the beneficiaries. The payee is repaying the misused funds. To date, the payee has repaid \$19,585.

**Update:** The payee continues to make installment payments towards the misused amount and the remaining balance is \$23,345.

**Volunteer of America Turning Point, Sioux Falls, SD:** We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$5,472, affecting six beneficiaries. The payee reimbursed the affected beneficiaries. The payee has taken corrective action to prevent future misuse. We are in the process of referring the case to OIG.

**Update:** OIG closed the allegation and referred the matter back to SSA for administrative action. Our actions regarding this case are complete.

#### **Updates to FY 2015 Misuse Allegations**

**Catholic Charities-Stockton Diocese, Modesto, CA:** We retained this organization as the representative payee because the misuse was due to an isolated employee theft and the payee is cooperating with the investigation. The employee who misused the funds is no longer part of the payee organization. The full amount of misuse is still under investigation. We will make a final determination regarding the retention of this payee based on their action to reimburse us for the misused funds. OIG will review the allegation for appropriate action.

**Update:** The full amount of misuse is still under investigation. The case was referred to OIG. OIG will review the allegation for appropriate action.

**Consumer Protection Association (CPA), Cleveland, OH:** We removed this volume organizational payee as a FFS payee due to improper use and mismanagement of benefits while serving as a representative payee. We took appropriate action for each of the 507 beneficiaries, either finding a new payee, or transitioning the beneficiary to direct pay. The local office is conducting a quick response site review to determine the amount of beneficiary funds involved. We have reimbursed the beneficiaries and are attempting to recover the misused funds from the payee's insurance policy. We are dealing with the payee's attorney and banks to recover any SSA funds that may be remaining in the payee's various bank accounts. OIG's investigation is complete, however, the United States Attorney's Office, Northern District of Ohio, declined prosecution.

SSA reviewed 1,005 potential victims and identified 800 cases of SSA misuse. SSA reviewers substantiated \$3.5 million of SSA misuse funds. OIG reported that the Assistant United States Attorney's (AUSA) Office declined to prosecute this case due to lack of evidence of criminal intent, personal gain, as well as the advanced age of the owner. Additionally, the AUSA cited SSA's decision to retain this payee after two prior reviews as lessening the subject's culpability in this case. SSA repaid all misused funds to the victims. After OIG and the AUSA declined prosecution in this case, OGC was cleared to attempt to recover under the insurance policy. OGC is dealing with CPA's attorney and its banks to recover any SSA funds that may be remaining in CPA's various bank accounts, and is also working with CPA's attorney to pursue a claim under the insurance policy.

**Update:** OGC continues to pursue recovery of SSA beneficiary funds held in CPA's accounts. OGC is having difficulty as CPA's owner has switched legal representation multiple times. OGC is still pursuing collection under the insurance policy as well.

**First Mental Retardation (FMR), Dayton, OH:** We removed this volume FFS payee due to poor financial recordkeeping, failure to return conserved funds from prior SSA beneficiaries, potential misuse of beneficiary funds, and allowances of excessive bank fees on established collective accounts. We took appropriate action for each of the 202 beneficiaries, either finding a new payee, or transitioning the beneficiary to direct pay. The final misuse total is \$159,512 affecting 231 beneficiaries. We are working on reimbursing the affected beneficiaries. We are also working with the organization's insurer to recover misused funds from the insurance policy. OIG will review the allegation for appropriate action.

**Update:** OIG concluded its investigation and found that there was no criminal, fraudulent, or otherwise intentional misuse by FMR, but rather just poor record keeping. Because of poor record keeping, OIG was also unable to determine a loss amount with any precision. For these reasons, the Department of Justice declined to pursue the case. Similarly, we will be unable to make a claim or recover under a crime/employee dishonesty policy where our investigation did not find evidence of criminal conduct or employee dishonesty. After OIG's investigation concluded, we proceeded through the misuse process. We denied FMR's reconsideration appeal. FMR did not pursue filing a hearing. OGC remained involved in the matter to facilitate communication with FMR's attorney and attempt to obtain recovery through the standard misuse process. The servicing office is working on completing restitution payments to the victims.

**Mental Health of America (MHA), SC:** This case involves five different locations of this organizational payee. MHA's initial investigation indicated that the misuse amount was \$74,215 in personal expenditures made by a former employee. However, when we started our own misuse investigation, we determined that additional locations were involved (Abbeville, SC and Columbia, SC) and additional funds had been misused. We believe the amount of misused funds was approximately \$500,000, affecting 300 beneficiaries. We removed the payee. We took appropriate action for each of the 300 beneficiaries, either finding a new payee, or transitioning the beneficiary to direct pay. The final misuse total is \$388,241. OIG will review the allegation for appropriate action.

**Update:** OIG closed the allegation because the allegation did not meet case opening guidelines.

**Northern Human Services – Mental Health Clinic, Center Conway, NH:** The payee collected improper fees for months during which the three beneficiaries in question did not have sufficient funds remaining from their monthly benefit check. The total estimated misuse was \$240. Recovery efforts will continue following the expiration of the 45-day advance notice period. During our investigation, we uncovered additional misuse. We have completed a misuse investigation and determined the total amount of misused funds was \$725. We retained this organization because the payee cooperated with our investigation and reimbursed all misused funds. We are in the process of referring the case to OIG.

**Update:** Upon completion of our investigation, we determined that the payee misused \$725 by collecting improper fees for months during which the three beneficiaries in question did not have sufficient funds remaining from their monthly benefit check. We referred the allegation to OIG. OIG closed the allegation because the allegation did not meet case opening guidelines. We retained this organization because the payee cooperated with our investigation and reimbursed all misused funds. All of the affected beneficiaries have been reimbursed. All actions for this case are complete.

**Mendez Money Management, Alameda, CA:** The payee was charging unauthorized fees. At this point, we believe the payee is still suitable, pending a complete investigation. The payee alleged that they were not aware that they could not charge a fee. Misuse investigation is ongoing. We took appropriate action for each of the beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. The organization is no longer a payee for SSA beneficiaries. OIG closed the allegation in favor of administrative action.

**Update:** The FO completed payee development for the affected beneficiaries. Mendez Money Management is no longer selected as payee for SSA beneficiaries. The FO has determined the misuse amount to be \$149,000. There are 121 affected beneficiaries. The case has been referred to OIG. OIG will review and allegation for appropriate action.

**Work Services, Newberry, SC:** The New York Times published an article alleging that an SSA beneficiary was living and working in questionable conditions in a turkey plant. Law enforcement, the Equal Employment Opportunity Commission, and the Department of Labor served a search warrant of the business and resident location. The authorities removed four beneficiaries and placed them in the Department of Social Services' custody for suspicion of neglect and exploitation. We initiated a misuse investigation and found misuse. The amount of misused funds was \$318,524, affecting four beneficiaries.

**Update:** OIG will review the allegation for appropriate action.

### **Updates to FY 2014 Misuse Allegations**

**Artrip Health Care, Ashland, KY:** The payee appears to have falsified records and used benefits for personal gain. OIG and the State of Kentucky are currently investigating the fraud allegations. We believe the amount of misused funds is approximately \$189,339, affecting 45 beneficiaries. We removed the payee. We took appropriate action for each of the 45 beneficiaries, either finding a new payee or transitioning the beneficiary to direct pay. We completed the misuse investigation and referred the case to OIG. The misuse was not isolated to an individual employee. OIG will review the allegation for appropriate action.

**Update:** OIG will review the allegation for appropriate action.

**Individual Payee, Farmington, CT:** We completed our misuse investigation and determined that the payee charged \$2,863 in unauthorized fees. The FO is in the process of referring the case to OIG for review. The payee is appealing the overpayment resulting from the misuse determination, alleging that the fees charged were for providing attorney services unrelated to the claimant's financial affairs and unrelated to his duties as representative payee. The FO is in the process of developing evidence to determine whether there is support for the payee's allegation that the fees were not for performing his duties as representative payee. We will make a final determination regarding the retention of this payee based on its action to reimburse us for any misused funds resulting from the investigation. We will refer this allegation to OIG once we complete a misuse determination.

**Update:** The payee ultimately provided documents showing what appeared to be fees for payee services were actually attorney fees for representing the beneficiary in a non-SSA court matter. Based on this evidence, we determined that there was no misuse of beneficiary funds. All actions for this case are complete.

**Individual Payee, West Hartford, CT:** The issue in question involves the payee charging fees in her role as a limited guardian. Connecticut recognizes two types of limited guardians. We have contacted Connecticut's Probate Court for clarification regarding limited guardianship. Once the Connecticut Probate Court responds, we can determine whether these guardianship fees are permissible. We completed a misuse investigation and determined that the payee misused \$875 in beneficiary funds. The payee informed us of her intention to appeal the overpayment resulting from the misuse determination. We will make a final determination regarding the retention of this payee based on the payee's action to reimburse us for the misused funds. OIG closed the allegation because the allegation did not meet case opening guidelines.

**Update:** Upon completion of our investigation, we determined the payee misused \$475 by charging unapproved fees for eight beneficiaries. We referred the allegation to OIG. OIG closed the allegation because the allegation did not meet case opening guidelines. We retained this payee as she fully cooperated with the investigation and she made full restitution. All actions for this case are complete.

**Paradise 4 Living Services, Inc. Atlanta, GA:** The collective account was missing approximately \$107,000, affecting approximately 130 beneficiaries. The director acknowledged the discrepancy prior to the start of the review. We determined it was in the best interest of the beneficiaries to terminate the payee relationship with the payee. We completed the misuse investigation and referred the case to OIG. OIG investigation is complete. The United States Attorney's Office, Northern District of Georgia, declined prosecution. The FO will begin the misuse administrative actions.

**Update:** The FO continues to complete the misuse administrative actions.

#### **Updates to FY 2013 Misuse Allegations**

**Agave Guardianship Service, Albuquerque, NM:** We determined the payee misused \$50,786 of the beneficiaries' funds. We have removed this payee because it was no longer fulfilling its representative payee duties satisfactorily. OIG closed the allegation and referred the matter back to SSA for administrative action. We are working on processing restitution to the affected beneficiaries.

**Update:** This case is pending a negligence determination.

**Individual Payee, Concord, NH:** During a site review, we discovered the payee was charging questionable fees to a beneficiary as the court-appointed legal guardian. The alleged misuse amount is \$5,725. We removed the payee. We took appropriate action for each of the beneficiaries, either finding a new payee, or transitioning the beneficiary to direct pay. The payee filed a request for hearing before an administrative law judge to appeal the overpayment resulting from the misuse determination. We are awaiting the final hearing decision.

**Update:** Upon completion of our investigation, we determined the payee misused \$10,042 in excessive guardianship fees for one beneficiary. We referred the allegation to OIG. OIG closed the allegation because the allegation did not meet case opening guidelines. On February 12, 2018, the overpayment determination was revised by an SSA administrative law judge reducing the misuse overpayment to \$1,304.

**Southwest Connecticut Mental Health, Bridgeport, CT:** A former employee stole approximately \$28,000 from beneficiaries' funds. This case is currently under investigation by the Connecticut Division of Criminal Justice. Once the State's Attorney returns the payee records, we will continue our review of the payee. We have retained the payee pending completion of our misuse investigation because the incident was isolated to one former employee. We delayed our misuse investigation of this payee because the payee was under investigation by the Connecticut Division of Criminal Justice. Following the completion of the investigation of the State's Attorney, we have been working with the representative payee to complete an independent investigation of the misuse. We have identified 307 potentially affected beneficiaries and are working with the payee to complete a review of the financial records for all of these individuals.

**Update:** Following the completion of the investigation of the State's Attorney, we completed a misuse investigation and determined the payee misused \$3,693, affecting 307 beneficiaries. We referred the allegation to OIG. OIG closed the allegation because corrective action was taken. We retained this organization because the determination of misuse was due to an isolated employee theft incident and the employee who misused the funds is no longer part of the payee organization. We will review this decision based on the payee's continued cooperation in refunding all misused funds. The case is in recovery and \$525 has been reimbursed.

**The Hope Center, Lexington, KY:** In December 2012, the Kentucky Protection & Advocacy agency conducted a site review of Hope Center and did not discover any misuse. After the review, the payee decided to conduct an internal review and discovered 104 unexplained debits that were the results of employee theft. In January 2013, we conducted a site review and determined the former employee misused \$14,456 of beneficiaries' funds. We are retaining this payee because the incident was isolated to one former employee. Due to the low fraud loss and the subject's unknown whereabouts, this case was closed by OIG in December 2016. The FO will proceed with completing the remaining misuse administrative actions.

**Update:** The FO is in the process of completing the remaining misuse administrative actions. Waiting for clarification on whether the payee reimbursed the beneficiaries directly before completing the remaining misuse administrative actions.

### **Updates to FY 2012 Misuse Allegations**

**City Transformation, Milwaukee, WI:** We uncovered poor recordkeeping and financial irregularities from bank account reconciliations completed during a site review. The total amount of misuse is unknown at this time. We have removed this organization as payee because they were no longer satisfactorily fulfilling their payee duties. The OIG investigation is complete. The United States Attorney's Office, Eastern District of Wisconsin accepted the case for prosecution. The executive of City Transformation pled guilty to representative payee fraud and was sentenced to six months in prison, three years' probation, and to pay restitution of \$251,559 to SSA. We have reimbursed the beneficiaries.

**Update:** The servicing office verified restitution was made to all victims. All actions are complete.

## **Conclusion**<sup>13</sup>

Our reviews found that the overwhelming majority of payees are properly using beneficiaries' funds. We made final determinations of misuse totaling \$1,012,914 and identified an additional \$3,469,991 in suspected misused funds. We repaid \$360,735 of misused funds to beneficiaries.

Beneficiaries who need a payee are of particular concern to us because of their vulnerability. As stewards of public funds, we take our responsibility to our beneficiaries and the taxpayers seriously. We look forward to continuing to work with Congress on measures to improve our programs.

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<sup>13</sup> All monetary amounts rounded to the nearest dollar.

**APPENDIX A – Descriptions of Problems and Corrective Actions Taken**

	Description of Payee Problems	Corrective Action Taken
<p><b>Incorrect Titling of Bank Accounts</b></p>	<p>Bank accounts did not clearly reflect that the beneficiary, rather than the payee, was owner of the account, or the payee did not title the account in such a way to prevent the beneficiary from gaining direct access to the account. The bank account(s) in question may be an individual or collective account.</p>	<p>At our direction, payees re-titled their accounts.</p>
<p><b>Interest Not Posted Timely</b></p>	<p>The payees did not post the earned interest timely to each beneficiary’s account, so the money was not available for the beneficiary’s use.</p>	<p>We directed payees to start posting interest timely.</p>
<p><b>Bank Account Not Interest Bearing</b></p>	<p>Payees did not use interest-bearing accounts for beneficiaries’ funds.</p>	<p>We directed the payees to move beneficiaries’ funds to interest-bearing accounts.</p>
<p><b>Deposit to Beneficiary Accounts Not Timely</b></p>	<p>Payees receiving paper checks for beneficiaries did not deposit the checks immediately, thereby increasing the risk of loss or theft.</p>	<p>We educated payees about the risks of paper checks and encouraged them to switch to direct deposit.</p>
<p><b>Beneficiary Funds in Agency Operating Account</b></p>	<p>Payees deposited beneficiaries’ funds in an operating account that did not reflect beneficiaries’ ownership of funds.</p>	<p>We directed payees to move beneficiaries’ funds into correctly titled accounts.</p>
<p><b>Over SSI Resource Limit</b></p>	<p>SSI recipients acquires or accumulates countable resources that exceed \$2,000 for an individual or \$3,000 for a couple, thus causing ineligibility.</p>	<p>We reminded payees of the resource limit and the requirement to report when recipients exceed the limit. We recommended that the payees put controls in place to flag accounts nearing this limit. In addition, we sent overpayment notices to begin the collection process.</p>

<p><b>Beneficiary Expenses Not Properly Documented</b></p>	<p>Payees did not keep receipts to document how they used beneficiaries' funds.</p>	<p>We reminded payees of their recordkeeping responsibilities and advised them to keep receipts to document major purchases. In addition, we verified large expenditures with competent beneficiaries. We also interviewed beneficiaries regarding their satisfaction with their payee's management of their benefits.</p>
<p><b>No Personal Needs Allowance Given</b></p>	<p>The payees applied all benefits toward the cost of care for institutionalized beneficiaries and did not provide any money to beneficiaries for their personal needs.</p>	<p>We advised payees that current maintenance for institutionalized beneficiaries includes expenses for personal needs and directed them to set aside funds for personal needs and to repay any money incorrectly withheld.</p>
<p><b>Incorrect FFS Charged</b></p>	<p>In some cases, the payees charged a fee that we did not authorize. In other situations, we authorized the payees to charge a fee, but the payees charged fees in excess of the statutory limit.</p>	<p>We instructed payees who were not FFS payees to stop charging fees. We also instructed the appropriate FFS payees to stop charging a fee in excess of the statutory limit. We discuss these cases in the "Findings of Misuse" section (beginning on page 13).</p>
<p><b>Conserved Funds Not Returned</b></p>	<p>Payees stopped serving as payee, but did not promptly return conserved benefits to us for re-issuance to the new payee or to a capable beneficiary.</p>	<p>We advised payees of our policy regarding conserved funds.</p>
<p><b>Failure to Report Changes</b></p>	<p>Payees failed to comply with reporting responsibilities for both Social Security and SSI beneficiaries. The most common problems in this area were a failure to report a change in a beneficiary's residence address or change in income.</p>	<p>We reviewed reporting responsibilities with payees who did not report the changes and updated each beneficiary's record.</p>
<p><b>Payee Did Not Exercise Oversight of Benefits</b></p>	<p>Payees did not use the beneficiaries' benefits for their current needs, but rather gave the funds directly to the beneficiaries.</p>	<p>We completed capability determinations for the beneficiaries who received their benefits in full directly from the</p>

		payees to determine if the beneficiaries could manage their own money. We also reminded the payees to report whenever they believe a beneficiary in their care is capable of managing his or her money. For those beneficiaries we found to be capable, we began paying them directly.
<b>Annual Accounting Forms Not Returned</b>	Payees did not complete annual accounting forms to account for how they used beneficiaries' funds.	We obtained outstanding accounting forms from payees.
<b>Recordkeeping Problems</b>	Payees had poor recordkeeping practices or made bookkeeping errors.	We instructed payees on how to improve their recordkeeping, and we worked diligently with payees to ensure they improved.
<b>Payment After Death Not Returned</b>	Payees failed to return payments after the death of a beneficiary.	We required payees to refund the amounts received after the beneficiaries' deaths and reminded the payees of their responsibility to promptly refund payments not due after a beneficiary's death.
<b>Payee Repaid Itself Without SSA Approval</b>	Payees did not obtain our approval before reimbursing themselves for past debts. Our policy requires payees to seek approval from us before they take money from a beneficiary because of a past debt to ensure repayment is not detrimental to the beneficiary.	We reminded payees of our policy and reviewed each payee's actions for conformity with our rules and regulations.
<b>Collective Account Not Approved by SSA</b>	Payees did not obtain our approval before they deposited a beneficiary's funds in a collective bank account. We require payees to ask for permission before depositing a beneficiary's funds to ensure the account is properly titled, account records are clear and up-to-date, and the payee has	We reviewed the accounts to ensure each met our requirements.

	agreed to make account and supporting records available.	
<b>Misuse Suspected</b>	Payees kept such poor records that it suggested the possibility of misuse of benefits.	We determined that the payees had poor recordkeeping practices, but no misuse of benefits. We instructed these payees on how to improve recordkeeping and worked with them to ensure they improved.
<b>Misuse Suspected/Alleged (Predictive Model Cases)</b>	Payees kept such poor records that it suggested the possibility of misuse of benefits or there was an allegation made at the review.	We are still looking into these misuse allegations or have concluded there is no misuse.
<b>Misuse Found</b>	Payees received beneficiaries' benefits, but did not use the money for the beneficiaries.	We discuss misuse found cases beginning on page 13 under "Findings of Misuse."
<b>Failure to Pay a Vendor</b>	Untimely or non-payment for goods or services by the payee.	We remind the payees of their responsibility to pay bills and pay them timely.

## **APPENDIX B – Descriptions of Types of Referrals**

### **Referrals for an immediate health or safety threat to the beneficiary**

If the reviewer becomes aware of a serious risk of harm to the beneficiary, for example:

- Evidence of physical abuse; (e.g., bruises, burns, scars, etc.)
- Malnourishment;
- Unsafe housing and living conditions; or
- Worker exploitation.

### **Referrals for possible financial exploitation by individuals other than the representative payee**

If the reviewer becomes aware of possible financial exploitation of a beneficiary by someone other than the representative payee (e.g., by family, friends, neighbors, caregivers, acquaintances, employers, or strangers), for example:

- Taking the beneficiary's money without permission;
- Failing to repay borrowed money or return property;
- Charging too much for services or not doing things the beneficiary paid the individual, agency, or company to do;
- New or unusual "gifts" being bought; or
- Exerting pressure on the beneficiary to change his or her will, life insurance, retirement annuity.

### **Referrals for beneficiary identified needs**

The reviewer may refer the beneficiary to available resources in the beneficiary's community to assist with any beneficiary identified need, only with written consent of the beneficiary or legal guardian, including:

- Employment related services;
- Occupational skills;
- Community resources; and
- Any other needs the beneficiary identifies that will assist him or her.