



**Maine Department of Health and Human Services
Commissioner's Office
11 State House Station
221 State Street
Augusta, Maine 04333-0011**

**PAUL R. LEPAGE
GOVERNOR**

**BETHANY L. HAMM
ACTING COMMISSIONER**

Testimony

of
Thomas J. Roth
Director, Fraud Investigation and Recovery Unit
Maine Department of Health and Human Services
before the
House Committee on Oversight and Government Reform
Subcommittee on Intergovernmental Affairs
Subcommittee on Healthcare, Benefits, and Administrative Rules
September 26, 2018

Chairman Palmer, Chairman Jordan, Ranking Members Raskin and Krishnamoorthi, and Members of the Committee, thank you for the privilege of testifying and representing the State of Maine. I am Tom Roth, the Director of the Fraud Investigation and Recovery Unit for the Maine Department of Health and Human Services. I oversee the daily operations of 17 Fraud Investigators statewide and present their criminal cases to our Attorney General's office for prosecution. I enjoyed a 27-year law enforcement career before taking my current position. I am a Certified Welfare Fraud Investigator and in addition to supervising Maine's Fraud Unit, I work an active case-load, so I see firsthand the fraud and abuse in our public benefit system.

Although Maine is relatively small in terms of population, with 1.3 million residents, we have more than 250,000 persons receiving welfare benefits in our state. That is slightly more than 18 percent of our population. Annually we receive thousands of tips from citizens alleging fraud in the welfare system. In addition to tips from citizens, we receive information from eligibility workers, law enforcement, and other government agencies. Additionally, our Overpayment Specialists, who assist Investigators by calculating identified losses to the system, identify hundreds of intentional program violations committed by recipients.

Our Unit has two focuses. Investigators primarily work cases for criminal prosecution. These are large-scale theft cases occurring over multi-year periods. Our Overpayment Specialists primarily examine administrative cases that are not prosecuted criminally, as well as our disqualification hearings. Each of these groups has a different burden of proof requirement. Criminal cases require proof beyond a reasonable doubt, and administrative disqualification hearings require clear and convincing evidence.

In 2017 we submitted more than 100 criminal cases for prosecution, which totaled more than \$1.4 million. That same year, our Overpayment Specialists identified nearly 5,000 overpayments totaling \$4.1 million.

One of our largest criminal cases to date was adjudicated this spring. This case involved a welfare recipient who scammed the system for more than ten years. This client lived comfortably with her husband, making more than a decent living by Maine standards. She failed to report that her husband lived in the household, did not report his income, and did not accurately report her assets or income. Together, she and her husband had over a six-figure income. Her case involved the theft of more than \$229,000 from the system. She is now incarcerated.

Another massive case investigated by our Unit was the Ahram Halal Market case. In this case, two brothers routinely took in customers' Electronic Benefit Transfer (or EBT) cards and provided the benefit recipients with cash. The brothers would pocket a certain percentage, with no food or groceries ever being purchased. Additionally, the brothers were involved in an illegal WIC benefits redemption scam. Their deceitful efforts took in more than \$1.4 million dollars in SNAP and WIC benefits that never went to the intended recipients who truly depend on this assistance. The brothers are now incarcerated.

While these two cases are extremely large, we regularly work cases in which recipients provide false information and fraudulently receive tens of thousands of dollars. On a smaller scale, we also investigate cases involving the misuse of EBT cards. These typically involve someone selling or trading their EBT card for drugs. While individually these cases may only represent one or two hundred dollars in theft, they have significant cumulative effect and represent another mechanism to commit welfare fraud.

Almost weekly we see a new scam involving EBT cards. One trick involves recipients returning food items for cash. Another has a scammer weighing beer on a scale at a self-checkout register but entering in bananas as produce so that the user can purchase beer with their EBT card. Another scheme involves the recipient buying cases of bottled water and then dumping the water out in the parking lot and returning the empties for the 5-cent deposit per bottle. We also get regular reports of the active use of a deceased person's EBT card and have to track those thieves down. These are all schemes we have seen in Maine.

My point in providing you with a very brief overview of the type of fraud cases we work is to illustrate the fact that fraud exists and when you look for it, you find it. I constantly get asked "what percentage of fraud is occurring out there?" That is the proverbial "64-thousand-dollar question" and I have no way of quantifying the answer. I cannot tell you how many people are committing fraud and have not been caught. What I can tell you is how many people we are catching and the dollar amount that represents. I also routinely get asked if our fraud efforts are paying for themselves—does the operating cost of the Unit justify the amount of money we are recovering? One incalculable component of these questions is "what is the deterrent effect of our cases?" We try to publicize our indictments and convictions so others see that if you commit welfare fraud, you may get discovered, fined, and even jailed.

Maine utilizes a host of mechanisms to detect fraud. We have diligent Investigators and Overpayment Specialists working cases, we rely heavily on tips and information from the public, we do data mining and look for fraudulent trends, and we scan various databases looking for unreported income or assets. Maine is successful in finding fraud because we take an active role

in looking for it, we solicit tips from the public, and we publicize our results. When crimes like these are committed, it is Maine's neediest that go without. I take great pride in the work we do to keep our welfare programs safe from fraud and abuse.

Again, thank you for the opportunity to testify before you today, and I am happy to answer any questions you may have.