



Up to the Challenge

Addressing Fraud Risk in Government Benefit Programs

May 24, 2023 | The Conference That Counts, Albany, NY

James Ruotolo, Director, Financial Crimes, Fraud, & Investigative Services, Guidehouse

Randa Abdelhamid, Associate Director, Financial Crimes, Fraud, & Investigative Services, Guidehouse

Tanya LeClair, Associate Director, Financial Crimes, Fraud, & Investigative Services, Guidehouse

Speakers



James Ruotolo
Director



Randa Abdelhamid
Associate Director



Tanya LeClair
Associate Director

Financial Crime, Fraud & Investigative Services (FFI)
Guidehouse



Agenda

- About Guidehouse
- Fraud Trends
- Fraud Risks in Benefit Programs
- Real World Insights
- Fraud Risk Management
- Q&A

Guidehouse-At-a-Glance

Our Company

 **16,500+** employees

 **50+** locations globally

 **4** consecutive years on Forbes Top Employers

2022 Military Friendly® Program



 GovCon 2020 Contractor of the Year, Over \$300 Million

12  **#1 Rankings**
RESEARCH
Guidehouse


 **Malcolm Baldrige National Quality Award**
2014 Award Recipient
Malcolm Baldrige National Quality Award Recipient

#2 Largest Healthcare Consulting Firm
Modern Healthcare, 2022

Our People

 **33** languages fluently spoken

 **46%** hold professional certifications


 **38%** have advanced degrees


Public Sector




SMITHERS QUALITY ASSESSMENTS

Our Communities

 **7,000+** pro bono and volunteer hours

 Purchased **100%** Renewable Electricity for most of our global offices


 **\$1,400,000+** in employee and corporate donations

 Committed to **Science Based Targets** to reduce our greenhouse gas emissions


Commitment to Inclusion, Diversity and Belonging

 **37%** racially diverse


11 consecutive perfect scores with HRC

 **6** generations of professionals



 **49%** female
51% male

DiversityInc Great Place to Work

 **7** employee affinity groups



 **5%** Veteran and Active Duty



Our Clients



Healthcare:
8 of top 10 U.S. health systems*



Financial Services:
8 of the 10 largest U.S. banks



Life Sciences:
38 of the top 50 pharmaceutical companies*



Energy:
60 of the world's largest electric and gas utilities**



Public Sector:
All **15** executive departments of the U.S. Federal Government



State & Local Government:
30 out of 50 States

* Data Source: Definitive Healthcare

** Data Source: based on 2019 data from PharmExec

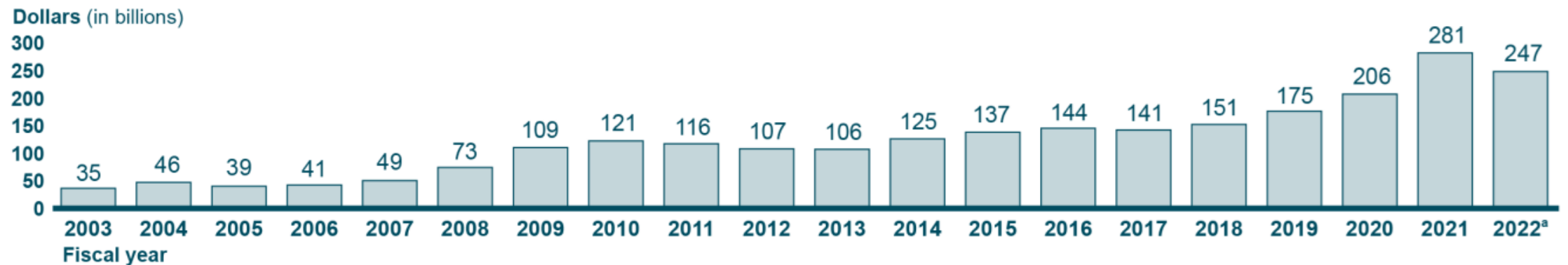
*** Data Source: 2019 S&P Global Platts Top 250 Global Energy Company Rankings®

Fraud Trends

Improper Payments

- Improper payments are a pervasive problem across federal government
- Since 2003, cumulative total about **\$2.4 trillion**
- In 2022, 66% of federal agencies reported improper payments
- In 2022, **17 programs** reported improper payment rates **≥10%**

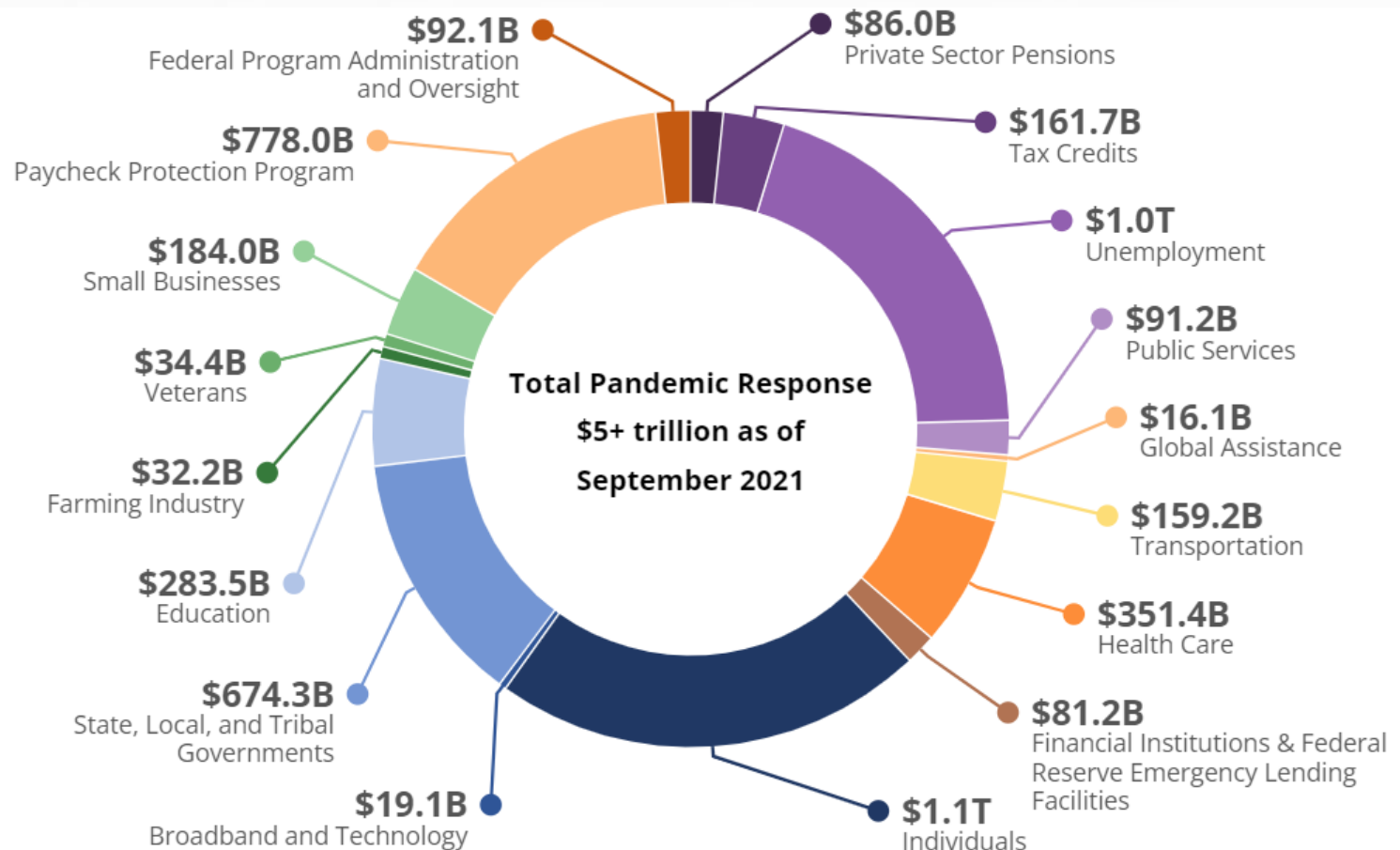
Government-wide Improper Payment Estimates for Fiscal Years 2003–2022



Source: GAO. | GAO-23-106556

Pandemic Relief Funds

During the pandemic, USG provided \$5 trillion through 17 relief programs.



Pandemic Fraud Estimates



+



=

\$200 billion

\$163 billion

Unemployment

OIG estimated 18% improper payment rate (normally $\leq 10\%$)

\$36.7 billion

PPP & EIDL

SBA estimated 4.24% improper payment rate for PPP and 4.50% for EIDL

Conservative estimate, with a significant portion attributable to fraud

Pandemic Fraud Criminal Cases

1,000+

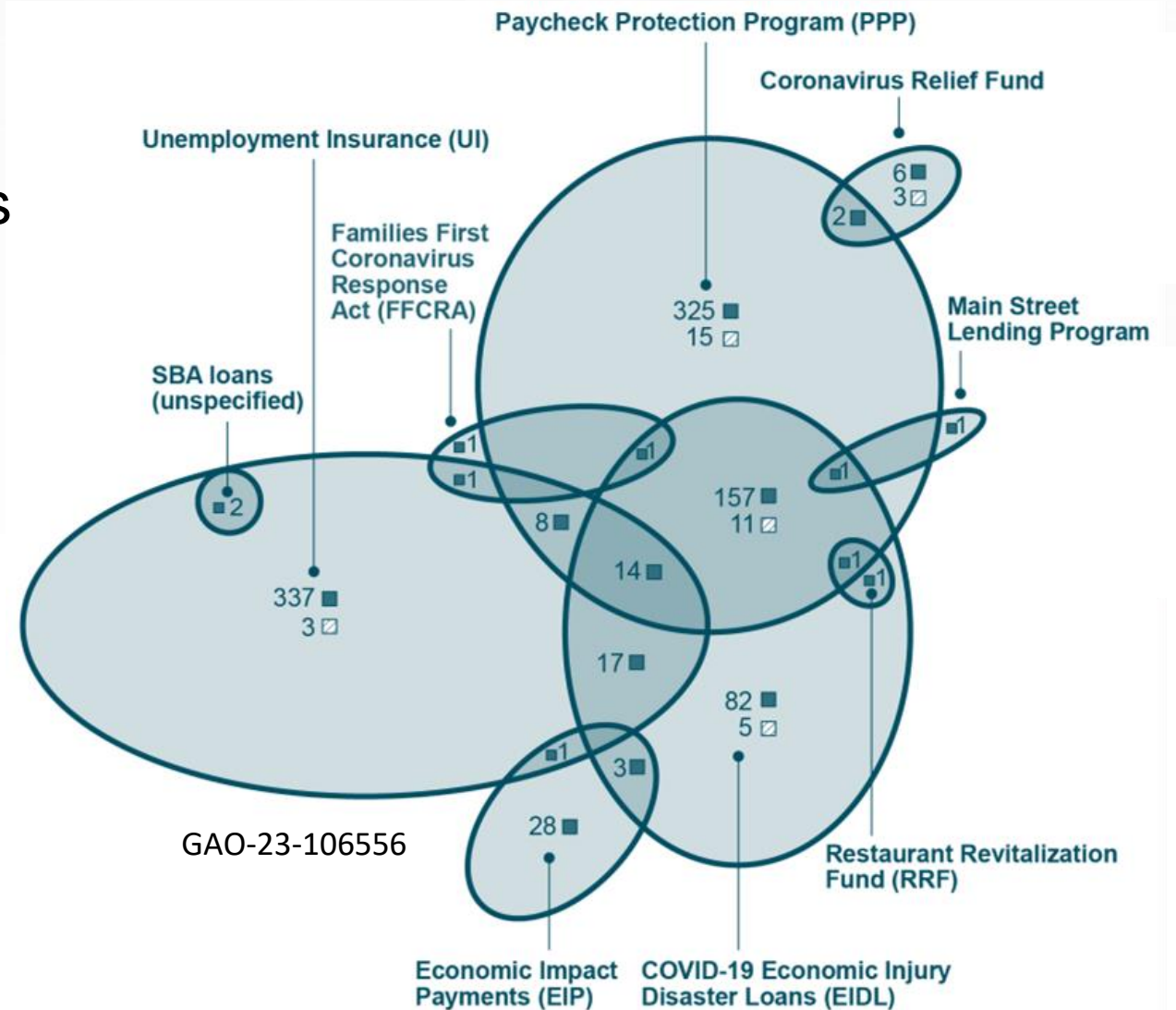
Guilty pleas and convictions as of Jan. 2023

21%

Cases involved multiple defrauded programs



Fraud schemes were transferrable and scalable



Fraud Trends

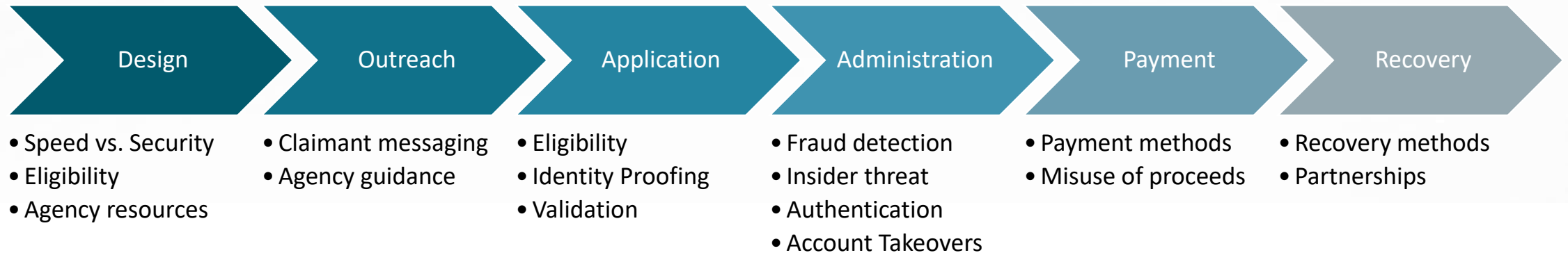
Advancing technologies and data accessibility enabled fraud trends during the pandemic.



Fraud Risks in Benefit Programs

Benefit Program Lifecycle

Fraud risks should be considered during every phase of the program lifecycle.



Program Design

When designing a program, consider how fundamental components may impact fraud risk.



Balance Speed
vs. Security



Determine Eligibility
Requirements



Consider Available
Program Resources

Unemployment Insurance

During the pandemic, state workforce agencies waived normal controls, such as waiting periods, in order to disburse payments quicker.

Outreach Campaign

Messaging and guidance can either prevent or contribute to improper payments.

33 UIPLs

During the pandemic, USDOL issued 33 guidance documents to State Workforce Agencies in 16 months.



Use Plain Language to simplify complexity



Distribute guidance and clarification strategically

Benefit Application

Be prepared to validate and troubleshoot the application process.



Validate Eligibility

- Claimant may not understand eligibility requirements, which can lead to non-fraud improper payments



Prove Identity

- 69K questionable SSNs used to obtain \$5.4 billion in pandemic benefits
- Ensure equity & accessibility are always considered



Validate Documentation

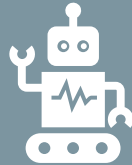
- Need to validate supporting documents and statements
- Self-certification was found to be a poor control

Program Administration

During administration of the program, a layered approach to fraud detection will minimize fraud risk.



Risk
Scoring



Bot
Detection



Contact
Center



Case Management



MFA



Fraud Analytics



Insider
Threat

Benefit Payment

As money is disbursed, consider risks for each payment method and how to monitor misuse of proceeds.



Validate bank accounts and addresses



Checks and prepaid debit cards are vulnerable to theft



Ensure proceeds are used according to program rules



Overpayment Recovery

Deploy a range of mechanisms to claw back improper payments.

9%

Federal agencies were only able to recover \$22.5 billion, or 9%, of overpayments in 2022.



Does your agency accept electronic payments?



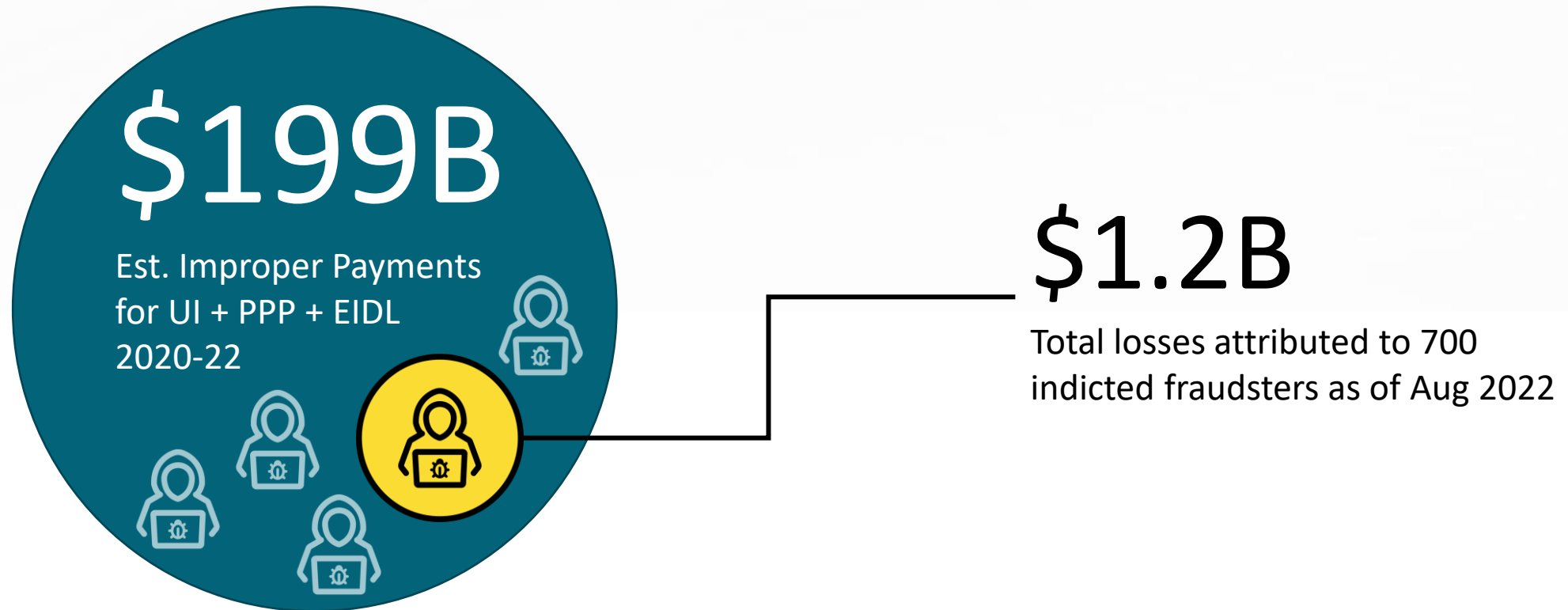
Do you participate in the Treasury Offset Program (TOP)?



Do you partner with law enforcement, financial institutions, debit card providers?

Enforcement Trends

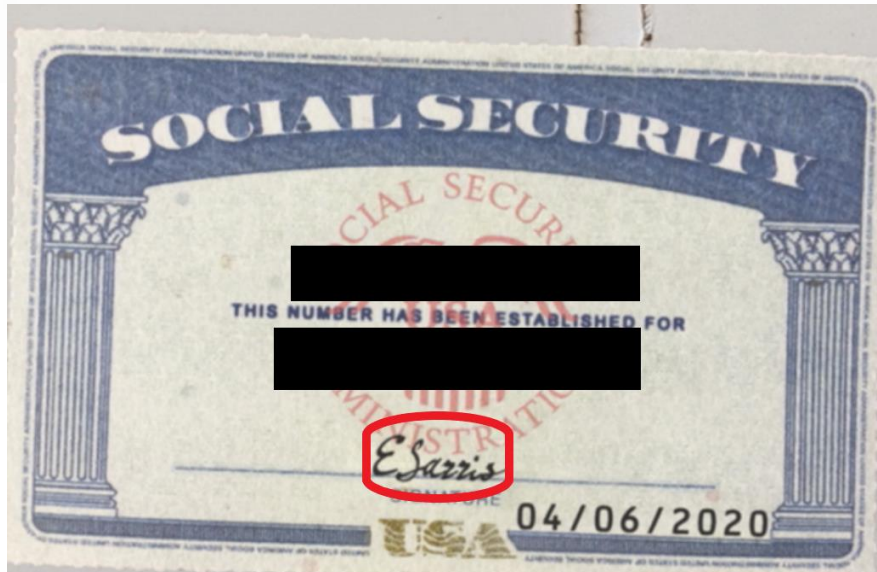
Law enforcement can only go after a comparatively small number of total fraudsters.



Real World Insights

Falsified Documentation

Falsified Documentation

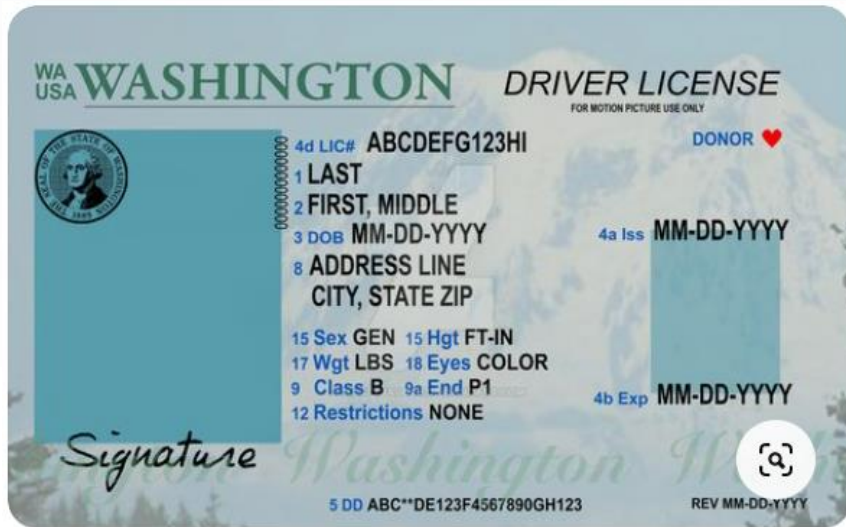


Falsified Documentation

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Blank State I.d. Templates Pdf - Yahoo Image Search Results



Buy real passport, DL,I'd cards,
IELTS certificate, SSN card online
contact us on +1(412)294-8331

Buy real passport, DL,I'd cards, IELTS certificate, SSN card
online contact us on +1(412)294-8331



Falsified W2

22222		Employee's social security number 456-77-899		OMB No. 1545-0008		
b Employer identification number (EIN) 20-1234567		1 Wages, tips, other compensation \$28,660		2 Federal income tax withheld \$1,254		
c Employer's name, address, and ZIP code		3 Social security wages \$28,660		4 Social security tax withheld \$504		
		5 Medicare wages and tips \$28,660		6 Medicare tax withheld \$375		
		7 Social security tips		8 Allocated tips		
d Control number		9		10 Dependent care benefits		
e Employee's first name and initial John Doe		Last name Doe		Suff.		
		11 Nonqualified plans		12a		
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b		
		14 Other		12c		
f Employee's address and ZIP code 678 Water Street Boston, MA 30458		12d				
15 State MA	Employer's state ID number 20-1234567	16 State wages, tips, etc. \$28,660	17 State income tax \$1,254	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement **2020** Department of the Treasury—Internal Revenue Service
Copy 1—For State, City, or Local Tax Department

22222		Employee's social security number 567-88-991		OMB No. 1545-0008		
b Employer identification number (EIN) 21-4567891		1 Wages, tips, other compensation \$28,660		2 Federal income tax withheld \$1,254		
c Employer's name, address, and ZIP code		3 Social security wages \$28,660		4 Social security tax withheld \$504		
		5 Medicare wages and tips \$28,660		6 Medicare tax withheld \$375		
		7 Social security tips		8 Allocated tips		
d Control number		9		10 Dependent care benefits		
e Employee's first name and initial Jane Smith		Last name Smith		Suff.		
		11 Nonqualified plans		12a		
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b		
		14 Other		12c		
f Employee's address and ZIP code 789 Harbor Ave Denver, CO 40256		12d				
15 State CO	Employer's state ID number 21-4567891	16 State wages, tips, etc. \$28,660	17 State income tax \$1,254	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement **2020** Department of the Treasury—Internal Revenue Service
Copy 1—For State, City, or Local Tax Department

Falsified Tax Document

1040 Department of the Treasury—Internal Revenue Service (99) **2020** U.S. Individual Income Tax Return OMB No. 1545-0074 IFS Use Only—Do not write or staple in this space.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial: **Jane A** Last name: **Smith** Your social security number: **9 8 7 6 5 4 3 2 1**
 If joint return, spouse's first name and middle initial: _____ Last name: _____ Spouse's social security number: _____

Home address (number and street). If you have a P.O. box, see Instructions. **456 Coronation Street** Apt. no. **1**
 City, town, or post office. If you have a foreign address, also complete spaces below. State **FL** ZIP code **45678**
Miami Foreign country name: _____ Foreign province/state/county: _____ Foreign postal code: _____
 You Spouse

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? Yes No

Standard Deduction Someone can claim: You as a dependent Your spouse as a dependent Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1956 Are blind **Spouse:** Was born before January 2, 1956 Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> If qualifies for Child tax credit	(5) <input type="checkbox"/> If qualifies for Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1	32,750
2a Tax-exempt interest	2a	
3a Qualified dividends	3a	
4a IRA distributions	4a	
5a Pensions and annuities	5a	
6a Social security benefits	6a	
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	7	
8 Other income from Schedule 1, line 9	8	
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	32,750
10 Adjustments to income:		
a From Schedule 1, line 22	10a	
b Charitable contributions if you take the standard deduction. See instructions	10b	650
c Add lines 10a and 10b. These are your total adjustments to income	10c	650
11 Subtract line 10c from line 9. This is your adjusted gross income	11	32,100
12 Standard deduction or itemized deductions (from Schedule A)	12	12,400
13 Qualified business income deduction. Attach Form 8995 or Form 8995-A	13	
14 Add lines 12 and 13	14	12,400
15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	19,700

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate Instructions. Cat. No. 11320B Form **1040** (2020)

1040 Department of the Treasury—Internal Revenue Service (99) **2020** U.S. Individual Income Tax Return OMB No. 1545-0074 IFS Use Only—Do not write or staple in this space.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial: **John Z** Last name: **Doe** Your social security number: **1 2 3 4 5 6 7 8 9**
 If joint return, spouse's first name and middle initial: _____ Last name: _____ Spouse's social security number: _____

Home address (number and street). If you have a P.O. box, see Instructions. **123 Sesame Street** Apt. no. **1**
 City, town, or post office. If you have a foreign address, also complete spaces below. State **NY** ZIP code **12345**
Manhattan Foreign country name: _____ Foreign province/state/county: _____ Foreign postal code: _____
 You Spouse

At any time during 2020, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? Yes No

Standard Deduction Someone can claim: You as a dependent Your spouse as a dependent Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1956 Are blind **Spouse:** Was born before January 2, 1956 Is blind

Dependents (see instructions):


(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> If qualifies for Child tax credit	(5) <input type="checkbox"/> If qualifies for Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1	32,750
2a Tax-exempt interest	2a	
3a Qualified dividends	3a	
4a IRA distributions	4a	
5a Pensions and annuities	5a	
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8 Other income from Schedule 1, line 9	8	
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b Charitable contributions if you take the standard deduction. See instructions	10b	650
c Add lines 10a and 10b. These are your total adjustments to income	10c	650
11 Subtract line 10c from line 9. This is your adjusted gross income	11	32,100
12 Standard deduction or itemized deductions (from Schedule A)	12	12,400
13 Qualified business income deduction. Attach Form 8995 or Form 8995-A	13	
14 Add lines 12 and 13	14	12,400
15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	19,700

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
Falsified Tax Document

Form 1040 (2020) Page **2**

16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16	3,061
17	Amount from Schedule 2, line 3	17	
18	Add lines 16 and 17	18	3,061
19	Child tax credit or credit for other dependents	19	
20	Amount from Schedule 3, line 7	20	
21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	
23	Other taxes, including self-employment tax, from Schedule 2, line 10	23	
24	Add lines 22 and 23. This is your total tax	24	3,061
25	Federal income tax withheld from:		
	a Form(s) W-2	25a	
	b Form(s) 1099	25b	
	c Other forms (see instructions)	25c	
	d Add lines 25a through 25c	25d	
26	2020 estimated tax payments and amount applied from 2019 return	26	
27	Earned income credit (EIC)	27	1,850
28	Additional child tax credit. Attach Schedule 8812	28	
29	American opportunity credit from Form 8863, line 8	29	
30	Recovery rebate credit. See instructions	30	1,450
31	Amount from Schedule 3, line 13	31	
32	Add lines 27 through 31. These are your total other payments and refundable credits	32	3,300
33	Add lines 25d, 26, and 32. These are your total payments	33	3,300
Refund	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	239
35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	
Direct deposit? See instructions.	b Routing number <u>7 8 9 1 2 3 4 5 6</u> c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number <u>1 3 5 7 9 1 1 1 3 5</u>		
36	Amount of line 34 you want applied to your 2021 estimated tax	36	
Amount You Owe	For details on how to pay, see instructions.		
37	Subtract line 33 from line 24. This is the amount you owe now Note: Schedule H and Schedule SE filers, line 37 may not represent all of the taxes you owe for 2020. See Schedule 3, line 12e, and its instructions for details.	37	
38	Estimated tax penalty (see instructions)	38	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No		
	Designee's name _____ Phone no. _____		
	Personal identification number (PIN) _____		
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Joint return? See instructions. Keep a copy for your records.	Your signature  Date <u>11/01/2021</u> Your occupation <u>Marketing</u>		
	Spouse's signature. If a joint return, both must sign. Date _____ Spouse's occupation _____		
	Phone no. _____ Email address _____		
Paid Preparer Use Only	Preparer's name _____ Preparer's signature _____ Date _____ PTIN _____ Check it: <input type="checkbox"/> Self-employed		
	Firm's name _____ Phone no. _____		
	Firm's address _____ Firm's EIN _____		

Go to www.irs.gov/Form1040 for instructions and the latest information. Form **1040** (2020)

Form 1040 (2020) Page **2**

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19	Child tax credit or credit for other dependents	19	
20	Amount from Schedule 3, line 7	20	
21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	
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24	Add lines 22 and 23. This is your total tax	24	3,061
25	Federal income tax withheld from:		
	a Form(s) W-2	25a	
	b Form(s) 1099	25b	
	c Other forms (see instructions)	25c	
	d Add lines 25a through 25c	25d	
26	2020 estimated tax payments and amount applied from 2019 return	26	
27	Earned income credit (EIC)	27	1,850
28	Additional child tax credit. Attach Schedule 8812	28	
29	American opportunity credit from Form 8863, line 8	29	
30	Recovery rebate credit. See instructions	30	1,450
31	Amount from Schedule 3, line 13	31	
32	Add lines 27 through 31. These are your total other payments and refundable credits	32	3,300
33	Add lines 25d, 26, and 32. These are your total payments	33	3,300
Refund	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	239
35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	
Direct deposit? See instructions.	b Routing number <u>1 2 3 4 5 6 7 8 9</u> c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number <u>2 4 6 8 1 0 1 2 1 4</u>		
36	Amount of line 34 you want applied to your 2021 estimated tax	36	
Amount You Owe	For details on how to pay, see instructions.		
37	Subtract line 33 from line 24. This is the amount you owe now Note: Schedule H and Schedule SE filers, line 37 may not represent all of the taxes you owe for 2020. See Schedule 3, line 12e, and its instructions for details.	37	
38	Estimated tax penalty (see instructions)	38	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No		
	Designee's name _____ Phone no. _____		
	Personal identification number (PIN) _____		
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Joint return? See instructions. Keep a copy for your records.	Your signature  Date <u>11/01/2021</u> Your occupation <u>Marketing</u>		
	Spouse's signature. If a joint return, both must sign. Date _____ Spouse's occupation _____		
	Phone no. _____ Email address _____		
Paid Preparer Use Only	Preparer's name _____ Preparer's signature _____ Date _____ PTIN _____ Check it: <input type="checkbox"/> Self-employed		
	Firm's name _____ Phone no. _____		
	Firm's address _____ Firm's EIN _____		

Go to www.irs.gov/Form1040 for instructions and the latest information. Form **1040** (2020)

Tax Document Signed With a Name Different Than Listed on the First Page

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2020** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Name and middle initial Jane A **Your social security number** 9 8 7 6 5 4 3 2 1
Spouse's first name and middle initial Smith **Spouse's social security number** | | | | | | | |

Home address (number and street). If you have a P.O. box, see Instructions. **456 Coronation Street** Apt. no. **1**
 City, town, or post office. If you have a foreign address, also complete spaces below. State **FL** ZIP code **45678**
 Foreign country name Foreign province/state/county Foreign postal code

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box on this line will result in a \$3 contribution to the Presidential Election Campaign on your behalf. **33** Add lines 25a, 26, and 32. These are your **total payments** **33** **3,000**

Refund **34** If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you **overpaid** **34** **239**
35a Amount of line 34 you want **refunded to you**. If Form 8888 is attached, check here **35a**
35b Routing number **7 8 9 1 2 3 4 5 6** **35b** **c** Type: Checking Savings
35d Account number **1 3 5 7 9 1 1 1 3 5**
36 Amount of line 34 you want **applied to your 2021 estimated tax** **36**

Amount You Owe **37** Subtract line 33 from line 24. This is the **amount you owe now** **37**
Note: Schedule H and Schedule SE filers, line 37 may not represent all of the taxes you owe for 2020. See Schedule 3, line 12e, and its instructions for details.
38 Estimated tax penalty (see instructions) **38**

Standard Deduction **Someone can claim:** You as a dependent Your spouse as a dependent Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** Were born before January 2, 1956 Are blind **Spouse:** Was born before January 2, 1956 Are blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> If qual Child tax cred
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

 If more than four dependents, see instructions and check here

1 Wages, salaries, tips, etc. Attach Form(s) W-2
2a Tax-exempt interest **2a** **b** Taxable interest
3a Qualified dividends **3a** **b** Ordinary dividends

Third Party Designee Do you want to allow another person to discuss this return with the IRS? See instructions **Yes. Complete below.** **No**
 Designee's name **Phone no.** **Personal Identification number (PIN)**

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true and correct. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
 Your signature **John Doe** **11/0 2021** **Marketing** **11/0 2021**
 Spouse's signature, if a joint return, both must sign **Spouse's occupation** **Spouse's occupation**
Phone no. **Email address**

Paid Preparer Use Only
 Preparer's name **Preparer's signature** **Date** **PTIN** **Check it:** **Self-employed**
 Firm's name **Phone no.**
 Firm's address **Firm's EIN**

Go to www.irs.gov/Form1040 for instructions and the latest information. Form **1040** (2020)

Mortgage Statements



Mortgage Statement

Statement Date: 1/20/2022

Account Number	600312749
Payment Due Date	2/1/2022
Amount Due	\$1,829.71
<i>If payment is received after 2/15/22, pay \$1,989.71</i>	

Account Information

Property Address	[REDACTED]
Outstanding Principal	\$264,776.43
Maturity Date	September 2039
Interest Rate (Until October 2022)	4.75%
Prepayment Penalty (Until September 2024)	\$3,500.00

Contact Us

By Phone:	[REDACTED]
Online:	[REDACTED]
<i>See back for mailing addresses</i>	

Transaction Activity (12/20/2021 – 1/19/2022)

Current Payment Due

Principal	\$386.46
Interest	\$1,048.07
Escrow (for Taxes and Insurance)	\$235.18
Regular Monthly Payment	\$1,669.71
Total Fees Charged	\$160.00
Total Amount Due	\$1,829.71



Mortgage Statement

Statement Date: 11/20/2021

Account Number	90041590
Payment Due Date	12/01/2021
Amount Due	\$1,829.71
<i>If payment is received after 12/15/21, pay \$1,989.71</i>	

Account Information

Property Address	[REDACTED]
Outstanding Principal	\$264,776.43
Maturity Date	September 2039
Interest Rate	4.75%
Prepayment Penalty	

Contact Us

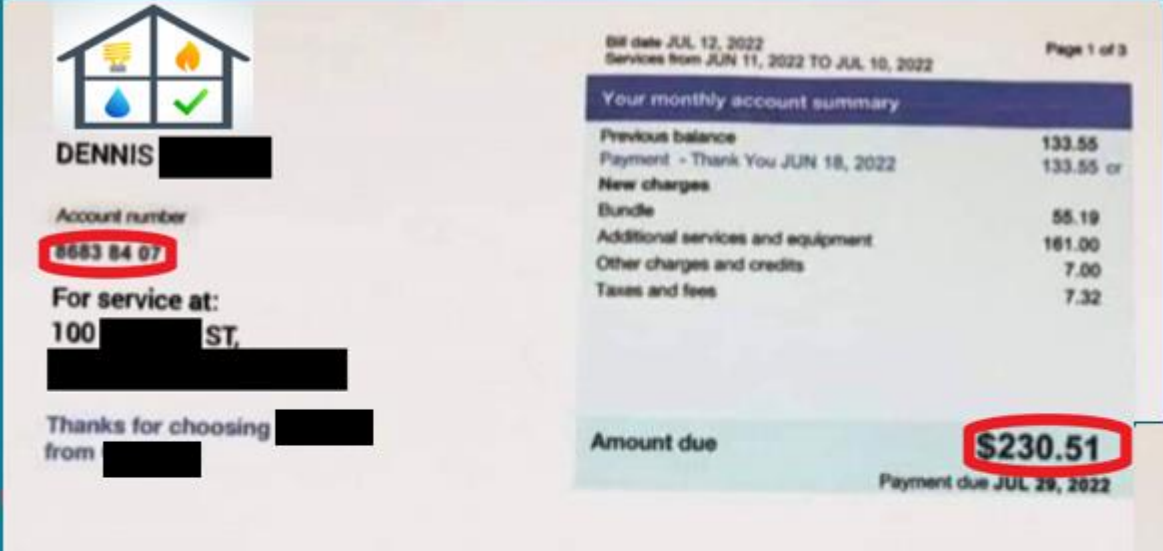
By Phone:	[REDACTED]
Online:	[REDACTED]
<i>See back for mailing addresses</i>	

Transaction Activity (10/20/2021 – 11/19/2021)

Current Payment Due

Principal	\$386.46
Interest	\$1,048.07
Escrow (for Taxes and Insurance)	\$235.18
Regular Monthly Payment	\$1,669.71
Total Fees Charged	\$160.00
Total Amount Due	\$1,829.71

Utility Bills




Bill date JUL 12, 2022
Services from JUN 11, 2022 TO JUL 10, 2022
Page 1 of 3

Your monthly account summary

Previous balance	133.55
Payment - Thank You JUN 18, 2022	133.55 cr
New charges	
Bundle	55.19
Additional services and equipment	161.00
Other charges and credits	7.00
Taxes and fees	7.32

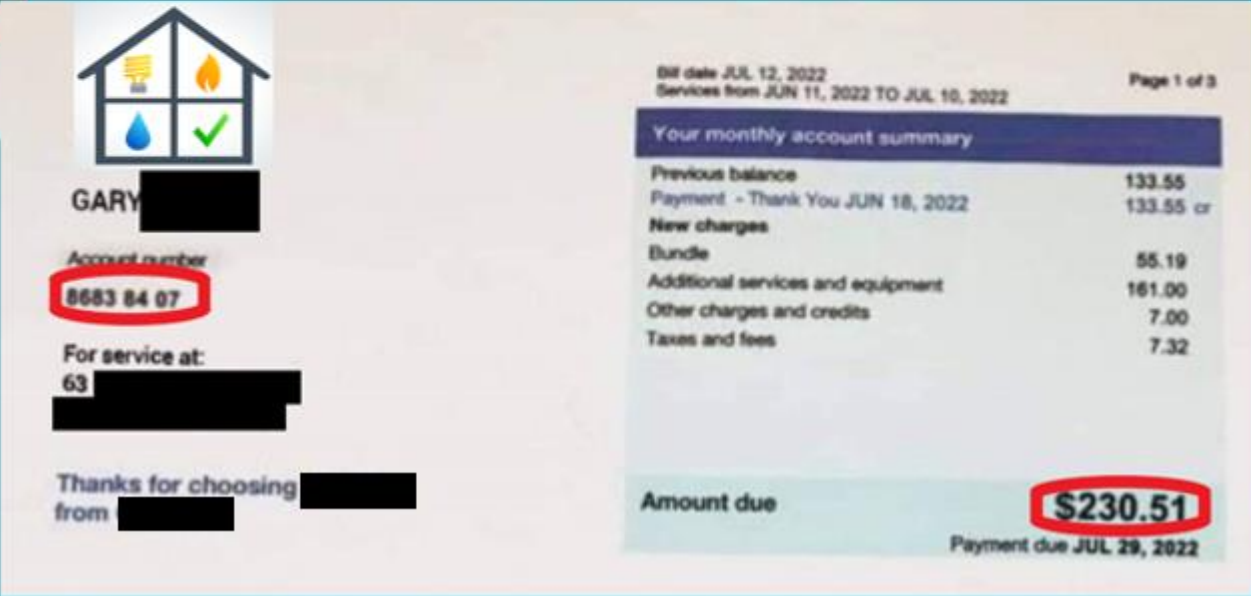
Amount due **\$230.51**
Payment due JUL 29, 2022


DENNIS [REDACTED]

Account number
8683 84 07

For service at:
100 [REDACTED] ST,
[REDACTED]

Thanks for choosing [REDACTED]
from [REDACTED]




Bill date JUL 12, 2022
Services from JUN 11, 2022 TO JUL 10, 2022
Page 1 of 3

Your monthly account summary

Previous balance	133.55
Payment - Thank You JUN 18, 2022	133.55 cr
New charges	
Bundle	55.19
Additional services and equipment	161.00
Other charges and credits	7.00
Taxes and fees	7.32

Amount due **\$230.51**
Payment due JUL 29, 2022


GARY [REDACTED]

Account number
8683 84 07

For service at:
63 [REDACTED]
[REDACTED]

Thanks for choosing [REDACTED]
from [REDACTED]

Burner Emails & Non-Traditional Banks



Untraceable after some period of inactivity

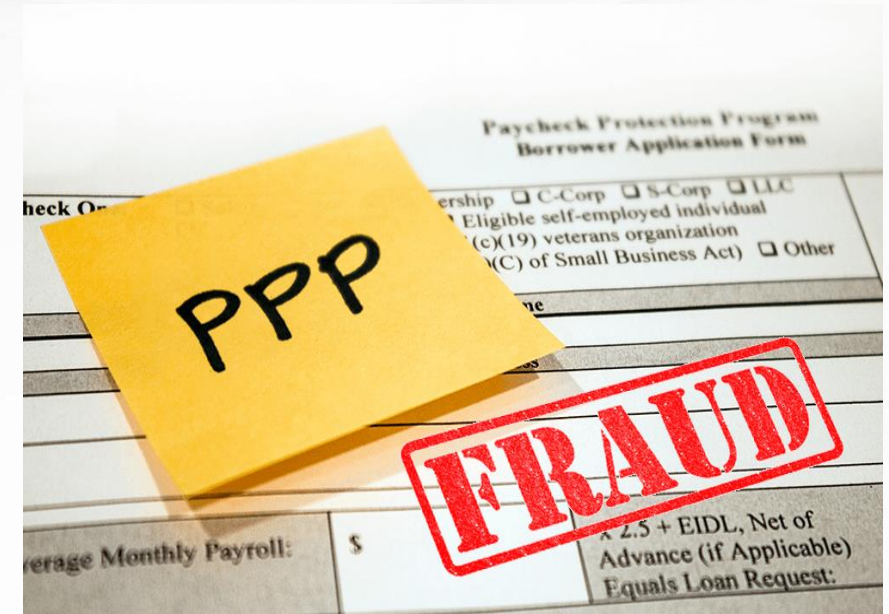


Deficient KYC and CDD controls

Case Studies

Case Study 1: Paycheck Protection Program (“PPP”) Fraud

- Used false representations and documents to fraudulently obtain the approval of the SBA for his company to be a **non-bank lender** through the PPP.
- Issued more than \$800 million in PPP loans to more than 35,000 businesses.
- Collected more than \$70 million in lender fees.
- Living a lavish lifestyle
 - \$10 million villa in the Caribbean
 - \$3 million mansion in the US
 - Chartered jet service
 - Several luxury vehicles
- CEO and primary owner of LLC formed before the pandemic.
- Submitted a **PPP loan application** that included altered tax records containing the forged signature of a tax preparer.
- Obtained a PPP loan for his company for over **\$250,000**, which was disbursed to a bank account controlled by him as the CEO.



Case Study 2: Deed Fraud

An attorney, whose license was previously suspended, and who was indicted for deed fraud on multiple homes prior to the pandemic, submitted a large number of fraudulent applications for rental assistance, some of which were on behalf of other individuals.



Fraud Typologies Observed

Outdated Ownership records

The business phone number and address used by the group came back to one corporation.

According to the state open-source database, many of the ownership entities were dissolved.

Similar set of documents was provided in support of multiple applications.

Documents were potentially signed by the same individual.

Case Study 3: Community-Based Organizations (CBO) Caller ID Query

- **Call monitoring behavior report** identified an individual, linked to one single phone number, who had contacted the program's call center over **200 times** representing himself as either Tenant or Landlord to dozens of applications.
- Query identified the following **common denominators**: IP addresses, email addresses, phone numbers, and bank accounts.
- **Over 900 applications** identified via a query, the majority of which included falsified documentation provided in support of the applications.



Case Study 4: Real Estate Investor Query

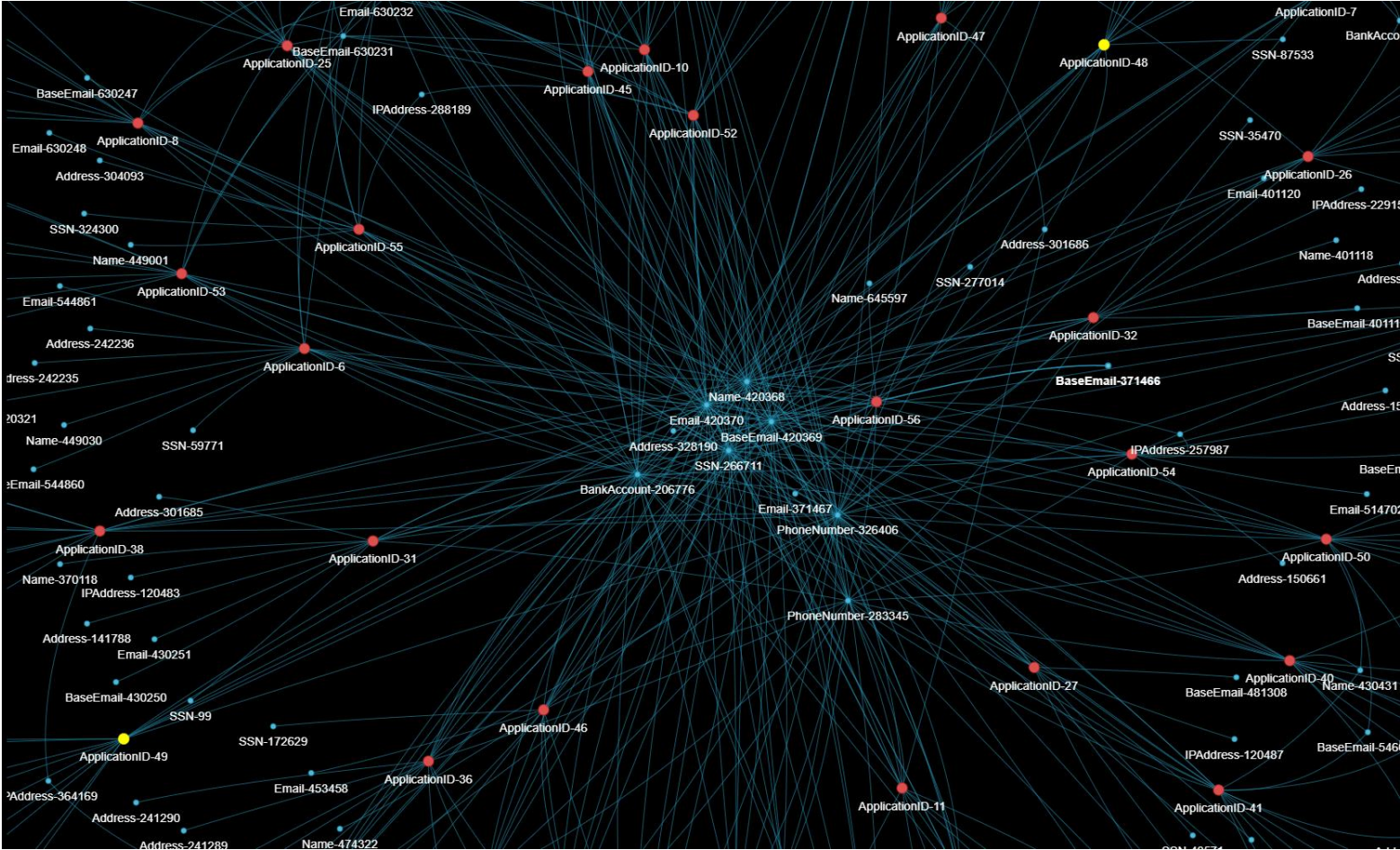
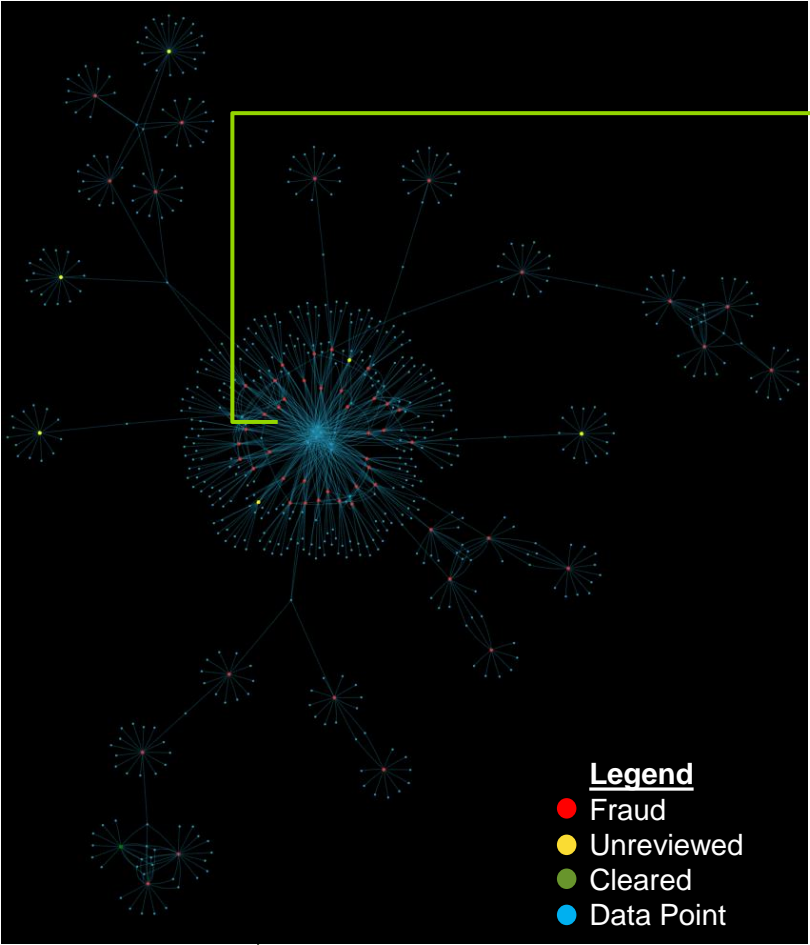
- A real estate investor was convicted on multiple counts of rental assistance fraud and aggravated identity theft.
- The individual was indicted for forging property deeds and falsely claiming to be the owner/landlord of multiple properties then renting to families in need.
- The individual collected > \$1M in rental assistance from various organizations.
- A query based on common denominators identified several applications connected to the individual that included falsified documentation provided in support of the applications.



Fraud Technology

Machine Learning & Network Analysis

Leveraging millions of data points, we can conduct network analyses to find relationships between known fraudulent applications and unreviewed applications.

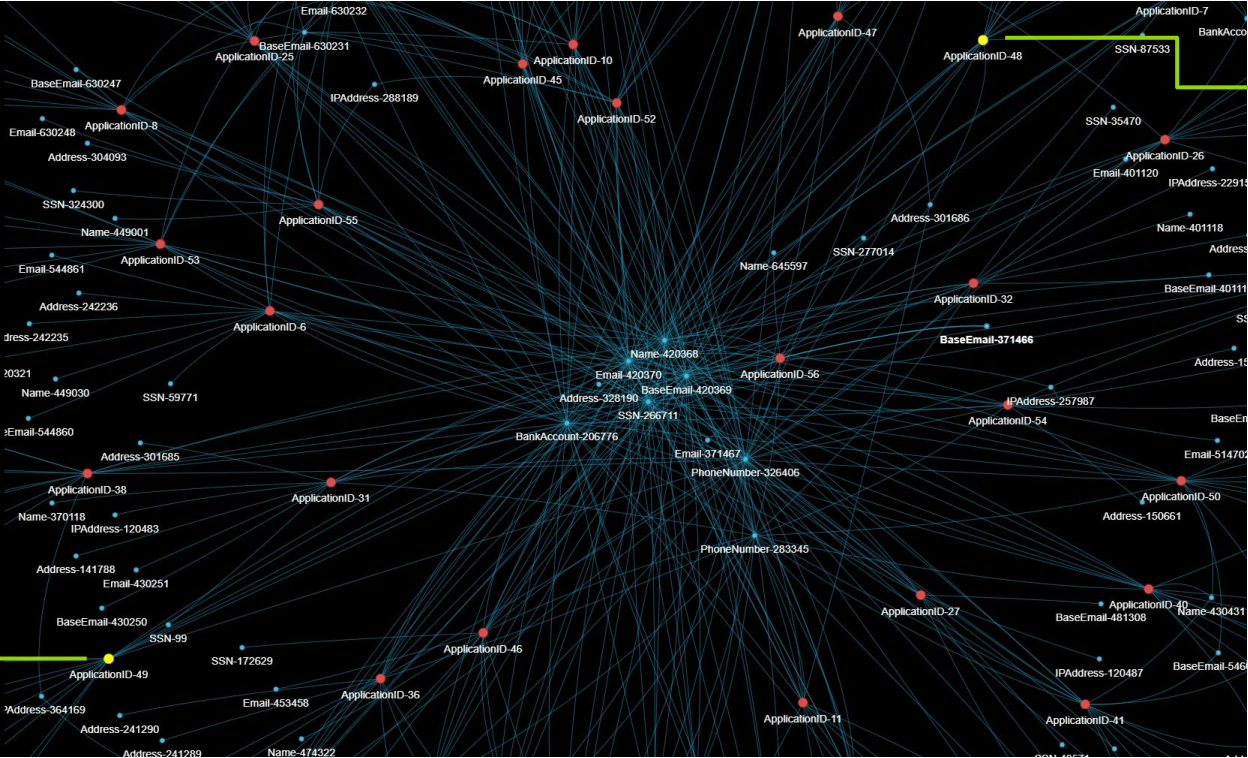


Machine Learning & Network Analysis

By combining machine learning models with network analyses, we are able to take advantage of all the different types of data we have available to gain more confidence in the disposition of unreviewed applications.



Machine learning models predicted probability of being fraud = 93%

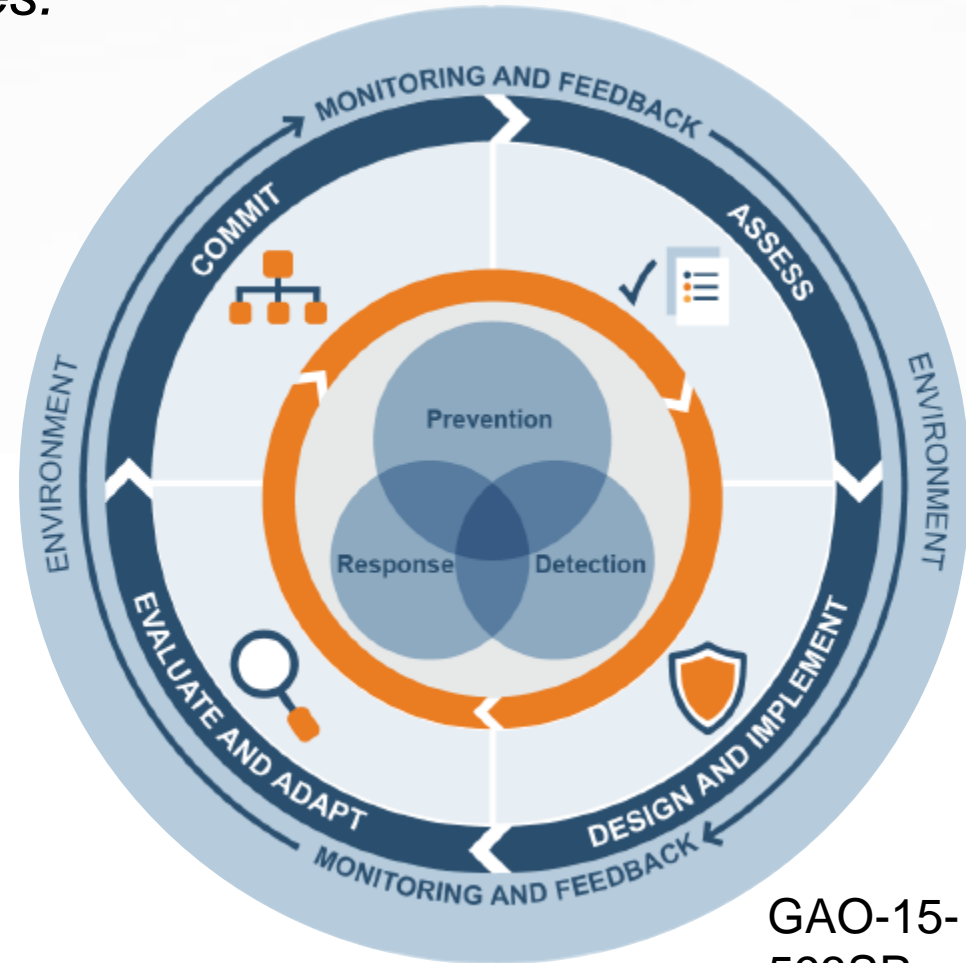


Machine learning models predicted probability of being fraud = 98%

Fraud Risk Management

Proactively managing fraud risks help facilitate strategic goals by ensuring that taxpayer dollars serve their intended purposes.

- 1 Commit to combating fraud
- 2 Assess through regular fraud risk assessments
- 3 Design and implement an antifraud strategy
- 4 Evaluate and adapt your program's performance



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593SPc
May 16, 2023

Questions?



James Ruotolo, Director
Financial Crime, Fraud, & Investigative Services
+1 860 830 4393
jruotolo@guidehouse.com



Randa Abdelhamid, Associate Director
Financial Crime, Fraud, & Investigative Services
+1 646 227 4996
randa.abdelhamid@guidehouse.com



Tanya LeClair, Associate Director
Financial Crime, Fraud, & Investigative Services
+1 646 227 4651
tleclair@guidehouse.com

