



Fraud Prevention and Detection

**Albert Davenport, Supervisory Special Agent
Office of Inspector General
for the Railroad Retirement Board**

Railroad Retirement Board

- **The Railroad Retirement Board's (RRB) mission statement emphasizes paying “benefits to the right people, in the right amounts, in a timely manner” and taking appropriation action to safeguard customers' trust funds.**

Railroad Retirement Board Cont.

- **During fiscal year 2020, the RRB paid about \$13.6 billion in benefits, net of recoveries and offsetting collections, to roughly 570,000 beneficiaries.**
- **RRB's benefit paying programs are codified under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA).**

Office of Inspector General

- **The RRB's first Inspector General (IG) was appointed in 1986.**
- **RRB's Inspector General is a Presidential Appointee, with Senate confirmation.**
- **Office of Inspector General (OIG) is an independent and objective office**

Office of Inspector General Cont.

- **The OIG's responsibilities:**
- **Promote economy, efficiency and effectiveness in RRB's programs and operations and**
- **Prevent and detect fraud, waste and abuse.**

Office of Inspector General Cont.

- **OIG Reporting Responsibilities:**
informs the RRB and Congress about problems and deficiencies the RRB programs and necessity and progress of corrective action.

Office of Inspector General Cont.

- **The OIG has three operational components: the immediate Office of the Inspector General, the Office of Audit, and the Office of Investigations.**

OIG's Mission Statement

- **The OIG promotes economy, efficiency, and effectiveness in the RRB's programs and operations by focusing audit and investigative efforts on protecting the integrity of the RRB's trust funds and improving the delivery of benefits to the railroad community.**

Office of Audit

- **The Office of Audit (OA) conducts financial, performance, and compliance audits and evaluations of RRB programs and operations.**

Office of Audit Cont.

- **In addition to focusing on mandated audit requirements, OA strategically identifies areas affecting program performance, the efficiency and effectiveness of agency operations, and areas of potential fraud, waste, and abuse.**

Office of Audit Cont.

- **OA recently published reports regarding:**
 - **RRB's financial statements;**
 - **RRB's CARES Act benefit payments;**
 - **management and performance challenges facing the RRB; and**
 - **Payment Integrity Information Act compliance.**

Office of Investigations

- **The Office of Investigations (OI) focuses its efforts on identifying, investigating, and presenting RRB benefit fraud cases for prosecution.**

Fiscal Year 2020

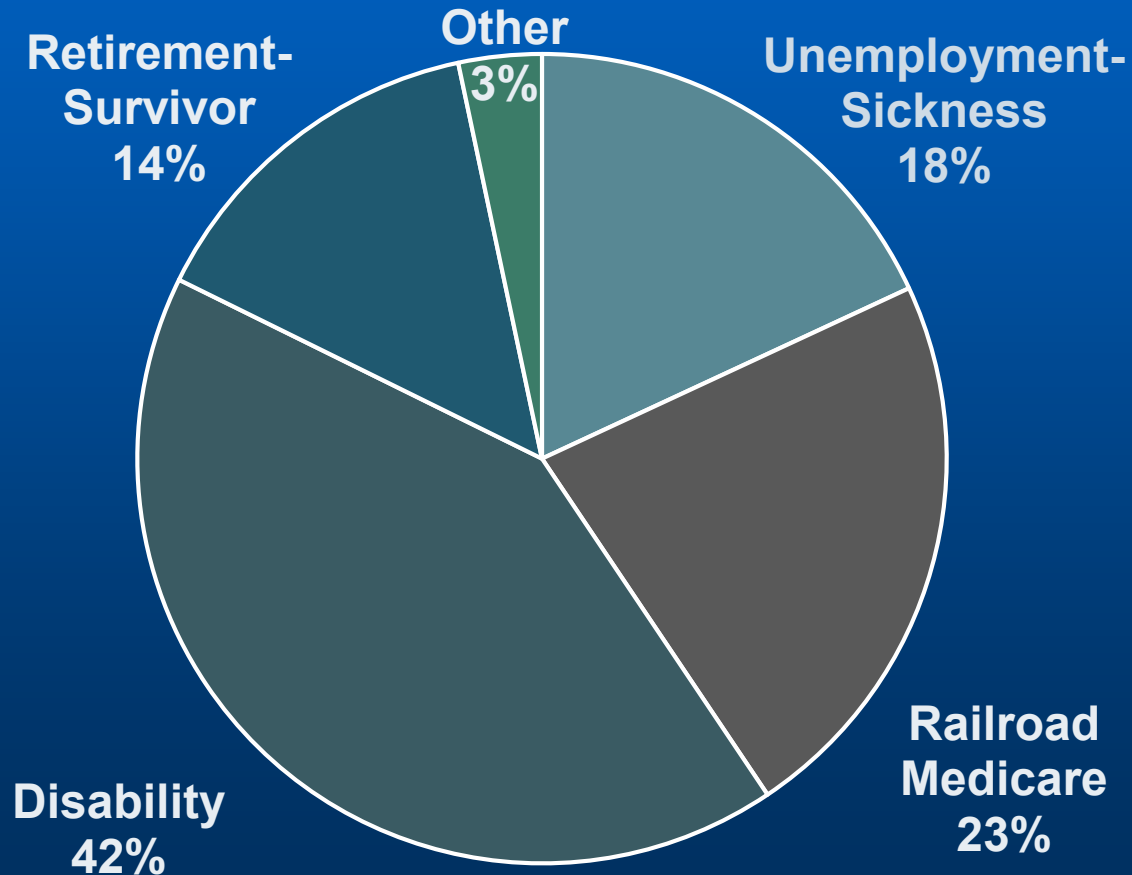
Investigative Accomplishments

- 17 indictments/informations;**
- 25 convictions;**
- 14 civil judgments;**
- more than \$14.8 million in financial accomplishments (which includes amounts recovered from jointly worked cases).**

Investigative Caseload

- **As of March 31, 2021, OI's caseload totaled 271 matters. This represents more than \$522 million in potential fraud losses including overall government loss from OI's joint case work.**

Caseload by Case Type as of March 31, 2021



Fraud Prevention

- **Prevention is key - prevent improper payments from going out the door in the first place.**
- **Proper controls should be put in place upfront.**
 - **What controls are in place? An Inspector General? Auditors? A fraud referral hotline? Policies/Procedures?**

Identify Systemic Weaknesses or Vulnerabilities

- **Report and respond to any weaknesses or vulnerabilities detected in your program.**
 - **Identify the weakness or vulnerability. Why and how did it happen?**
 - **How does it impact program integrity?**
 - **What is the best way to legally close the loophole?**

Systemic Weaknesses or Vulnerabilities Cont.

- **For Example:**

- **Identified Weakness/Vulnerability:**
Railroad employee improperly received occupational disability benefits.
- **How did it happen:** Applicant provided false information about the difficulties of their job duties to obtain benefits.

Systemic Weaknesses or Vulnerabilities Cont.

- **Solution:**

- Ask follow up questions to the applicant.
- Question anything that does not look right.
- Encourage employers to verify job duties that were reported by the applicant.

Types of Fraud We See

- **Disability**
 - Applicant submits false information.
 - Disability annuitant working while collecting disability payments.
- **Unemployment/Sickness**
 - Claimant working while collecting benefits.

Types of Fraud We See Cont.

- **Retirement/Survivor**

- **Annuitant fails to report information to the RRB that may disqualify them from receiving benefits.**
- **Instances of theft and/or fraudulent receipt of retirement benefit checks by someone other than the authorized RRB annuitant.**

Types of Fraud We See Cont.

- **Representative Payee**
 - Representative payee misappropriating RRB benefits for their own personal gain.
- **Railroad Medicare**
 - Physicians billing for services not rendered or billing for a higher service than performed (upcoding).

Long Island Rail Road Prosecution

- **Massive fraud scheme perpetrated by former LIRR employees, doctors, and disability facilitators.**
- **Conspiracy between employees, doctors, and facilitators to falsify RRB disability applications.**
- **Joint investigation with the FBI.**

LIRR Cont.

- **Thirty-three individuals were indicted by the U.S. Attorney's Office for the Southern District of New York.**
- **Twenty-eight individuals pleaded guilty and five were convicted at trial.**

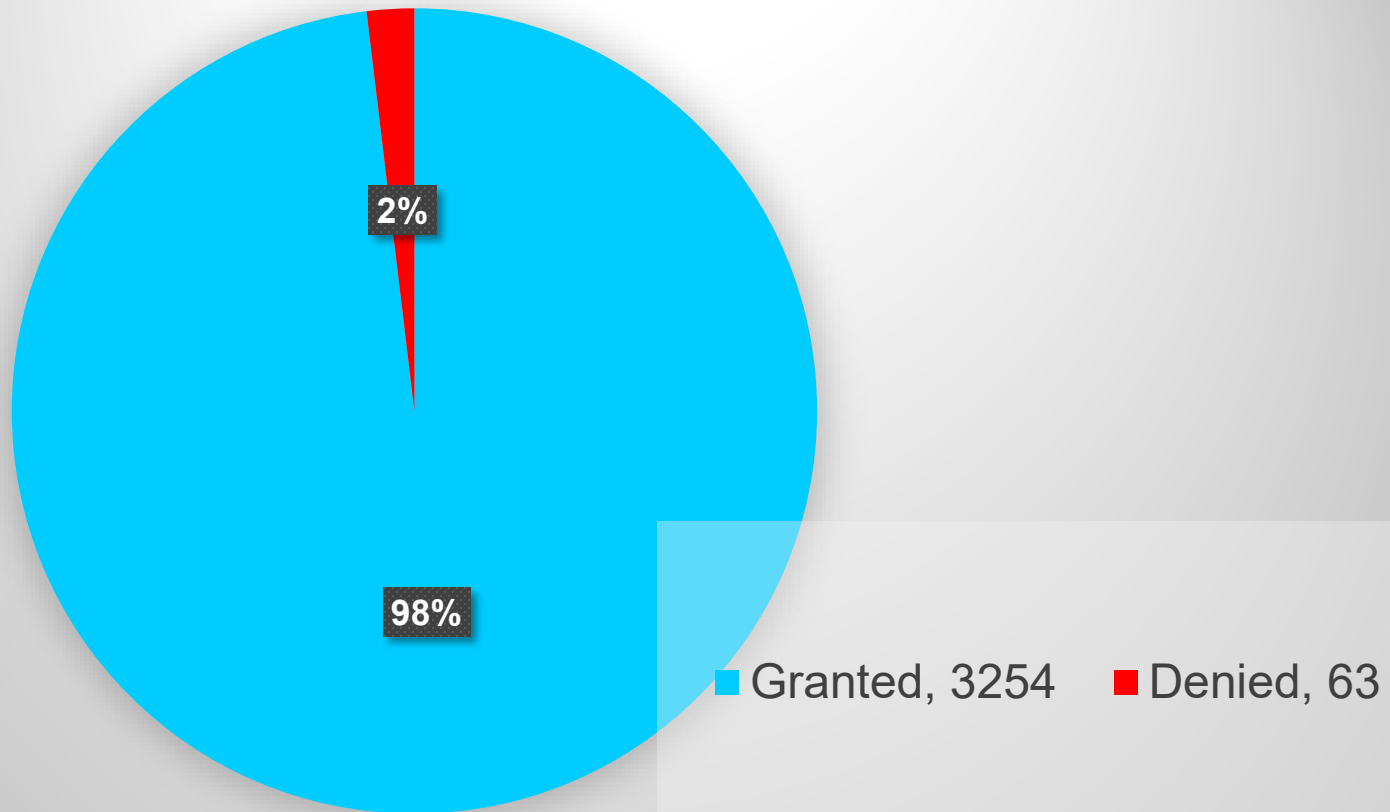
LIRR Cont.

- **Federal sentences imposed totaled:**
 - 544 months of prison,
 - 594 months of probation,
 - 456 months of supervised release,
 - 57 months of home confinement,
 - 300 hours of community service, and
 - approximately \$614 million in restitution, forfeiture, and fines.

Recent Disability Indictments

- **On May 26, 2021, the U.S. Attorney's Office for the Northern District of Illinois announced indictments against six former railroad employees for alleged disability fraud.**
- **These indictments represent the initial phase of our ongoing investigation.**

RRB's Occupational Disability Application Outcomes 1/18 – 3/21



Deterring Fraud is Everyone's Job

- **Employers play an important role in fraud prevention.**
- **Fraud prevention should be a priority and should be incorporated into staff training.**
- **Explain RRB program criteria, rules, and regulations to your employees.**

Deterring Fraud is Everyone's Job

Cont.

- **Stress the importance of due diligence.**
- **Explain the consequences of submitting false statements to the RRB (criminal, civil, and administrative).**

Deterring Fraud is Everyone's Job

Cont.

- **Contact supervisor and/or RRB-OIG if something just does not seem right.**
- **RRB-OIG**
 - **Hotline: (800) 772- 4259**
 - **hotline@oig.rrb.gov**

Responsiveness May Prevent or Deter Fraud

- **The RRB reports that from January 2021 through May 2021, more than 50 percent of occupational disability applications were adjudicated without vocational information from employers.**
- **Accurate job duties are critical to occupational disability decisions.**

Responsiveness May Prevent Fraud Cont.

- **Employer responsiveness is crucial to program integrity.**
- **It is important to have meaningful safeguards in place - you could make a real difference!**

Responsiveness May Prevent Fraud Cont.

- **Some railroad employers expressed interest in receiving the actual vocational information submitted by the applicant.**
- **This simple change would provide useful information to the employers and would also act as a deterrent against false claims.**

Contact Information

**Office of Inspector General for the
Railroad Retirement Board**

Hotline: (800) 772- 4259

hotline@oig.rrb.gov