



Fraud Prevention and Detection

**Douglas Williams, Acting Inspector General for
Investigations**

**Office of Inspector General – Railroad
Retirement Board**

Railroad Retirement Board

- The Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal Government. The RRB administers comprehensive disability, retirement-survivor, and unemployment-sickness insurance benefit programs for the nation's railroad workers and their families.

Railroad Retirement Board (con'd)

- These programs are codified under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA), respectively.
- In fiscal year 2023, the RRB paid retirement-survivor benefits of approximately \$13.9 billion (including \$847,995,000 in disability annuities) to about 493,000 beneficiaries and paid unemployment-sickness benefits of approximately \$54.7 million to about 15,000 claimants.

Railroad Retirement Board (con'd)

- The RRB has administrative responsibilities for certain benefit payments under the Social Security Act, including the administration of Medicare benefits for qualified railroad workers and their dependents.

Office of Inspector General

- The RRB's Inspector General (IG) is a Presidential Appointee, with Senate confirmation, who serves as an independent and objective voice to the RRB Board Members and the Congress.
- Current: Acting IG Ben Wagner

Office of Inspector General (con'd)

- It is the Office of Inspector General's (OIG's) responsibility to promote economy, efficiency, and effectiveness in the RRB's programs and operations.
 - The OIG conducts audits/reviews of the RRB's programs and operations.
 - The OIG also identifies and investigates cases of fraud, waste, and abuse in the RRB's programs and operations.

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/reviews of the RRB's programs and operations.

Office of Investigations

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

Office of Investigations (con'd)

- OI conducts investigations throughout the United States related to:
 - the fraudulent receipt of RRB benefit payments (disability, unemployment insurance (UI), sickness insurance (SI), or retirement-survivor benefits);
 - Railroad Medicare fraud;
 - false reporting by railroad employers; and
 - criminal violations and misconduct by RRB personnel.

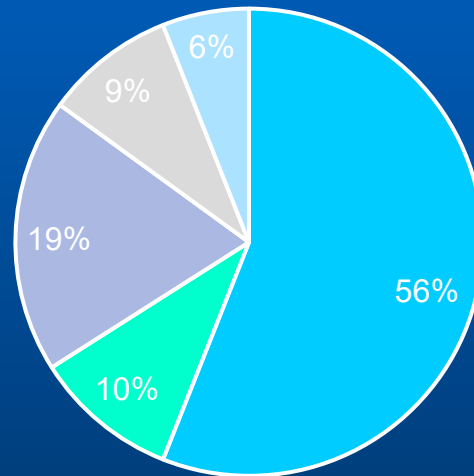
Investigative Accomplishments (April 1, 2023 – March 31, 2024)

- **16 Indictments / Informations;**
- **21 Convictions;**
- **7 civil judgments;**
- **\$16.4 million in Financial Accomplishments (which includes amounts recovered from jointly worked cases).**

Investigative Caseload

- **As of March 31, 2024, OI's maintained 339 open cases.**

Investigative Caseload by Case Type, as of March 31, 2024



■ Unemployment-Sickness ■ Railroad Medicare ■ Disability ■ Retirement-Survivor ■ Other*

Fraud Prevention

- **Everyone has a role to prevent improper RRB payments from going out the door in the first place.**
 - **OIG (OA & OI)**
 - **RRB**
 - **General Public / You (See Something, Say Something!)**

Fraud Prevention (con'd)

- OA strategically identifies areas affecting program performance, the efficiency and effectiveness of agency operations, and areas of potential fraud, waste, and abuse.

Fraud Prevention (con'd)

- OI focuses its efforts on identifying, investigating, and presenting RRB benefit fraud cases for prosecution.
- OI conducts awareness briefings.

Fraud Prevention (con'd)

- **RRB regularly review regulations and internal policies; and, review and implement OIG recommendations, where appropriate.**

Fraud Prevention (con'd)

- **General Public / You**

- Hear people bragging or see the fraud
- Imperative to report any potential fraud to the OIG Hotline:

(800) 772- 4259

hotline@oig.rrb.gov

Identify Systemic Weaknesses or Vulnerabilities - for RRB employee

- 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 - for RRB employee (con'd)

- **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. - for RRB employee (con'd)

- **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.

Fraud Examples

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

Fraud Examples (con'd)

- **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.**

Fraud Examples (con'd)

- **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 (LIRR) 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 Prosecution(s)

- OI investigated a disability annuitant who failed to report his earnings to the RRB.
 - Indicted in USAO – Eastern Dist. of TN
 - Plead guilty.
 - Sentenced to 14 months in jail, 3 years of probation, and ordered to pay full restitution of more than \$148,000.

Deterring Fraud is Everyone's Job – for RRB Employee

- 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 – for RRB Employee (con'd)

- 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 – for RRB Employee (con'd)

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

Contact Information

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Railroad Retirement Board**

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