

# **SPECIAL INVESTIGATIONS DEPARTMENT FISCAL YEAR 2015 ANNUAL REPORT**



This report summarizes the BWC Special Investigations Department's achievements since its inception in 1993 and reviews its performance results during fiscal year (FY) 2015, concluded June 30, 2015. The report identifies fraud trends and highlights strategies for FY 2016 and beyond.

**Summary of fiscal year 2015,  
trends and strategies**



## A NOTE FROM DIRECTOR JIM WERNECKE

This past fiscal year, the Special Investigations Department (SID) celebrated its 22<sup>nd</sup> anniversary of protecting the State Insurance Fund by investigating, detecting and deterring fraud. Marked by a successful year of identifying savings and prosecuting workers' compensation fraud, SID improved upon its accomplishments of the previous year. As the new director of SID, I am honored to announce that the department's FY 2015 highlights include some important and impressive results:

- \$60.5 million | Our highest savings identified in the last five years;
- \$37 million | The second highest savings generated by our intelligence unit;
- \$90,903 | Our highest average savings identified per closed founded case;
- \$39,928 | Our highest average savings identified per closed case;
- 223 | Our lowest number of average investigative days per closed case in the last eight years;
- 151 | Our highest number of convictions;
- 44 | Fraud presentations to educate, inform and involve internal and external stakeholders.

SID continues to enjoy a proud history and an excellent reputation within the law enforcement community as it relates to our day-to-day investigative techniques, tactics and expertise. Employees within the unit continue to forge strong partnerships with our colleagues within the local, state and federal investigative bodies. Embracing technology, and developing and maintaining a strategic plan, remain priorities for SID. The department is meeting its mission to effectively and proactively prevent losses to the workers' compensation system. In addition to achieving its highest savings identified per closed founded case, SID improved its operational efficiencies by decreasing the average number of days required to complete investigations.

Enforcement is not the only method used by SID to support its departmental mission. SID employees exceeded by more than double their goal number of educational presentations to safety councils, civic organizations and other external entities. These efforts educated, informed and built support for the overall BWC mission of "protecting Ohio's injured workers and employers through the prevention, care and management of workplace injuries and illnesses at fair rates." In the coming year, SID plans to continue upholding the overall mission of BWC and to build upon our reputation as a committed criminal justice organization.

### Department mission

*To effectively and proactively prevent losses to the workers' compensation system and to deter, detect, investigate and prosecute workers' compensation fraud*

## SID PERFORMANCE RESULTS

### SID performance results to date

Since its inception in 1993, SID has achieved the following:

- *Researched 114,538 allegations;*
- *Completed 62,465 investigations;*
- *Closed 25,534 founded cases;*
- *Identified \$1.6 billion in savings;*
- *Identified \$26,478 per closed case;*
- *Referred 4,672 subjects for prosecution;*
- *Secured 2,429 criminal convictions.*

During FY 2015, SID identified \$60,450,575 in savings; that's \$326,554 more than the \$60,124,021 in savings identified during FY 2014. SID closed 1,514 cases and 665 (44 percent) of those cases were closed founded, which means the original allegation was proven. Of these 665 founded cases, 229 (34 percent) were referred for prosecution. SID obtained 130 indictments and 151 convictions. These 151 convictions were a 14 percent increase over the previous year. SID received 2,872 allegations and teams are investigating 868 open cases. The average closed founded case in FY 2015 identified \$90,903 in savings to the Ohio workers' compensation system.

## PERFORMANCE TREND ANALYSIS

The SID performance results for FY 2015 are quite significant. They compare favorably to most of the impressive outcomes SID achieved in prior fiscal years. This level of performance was generated by 126 dedicated employees.

### How FY 2015 compares to prior fiscal years

- *Lowest number of average investigative days per closed case in the last eight years*
- *Lowest number of cases open at year-end*
- *Highest savings identified in the last five years*
- *Highest savings identified per closed founded case*
- *Highest savings identified per closed case*
- *Highest percentage of founded cases referred for criminal prosecution*
- *Highest number of convictions*

## PERFORMANCE RESULTS BY TEAM TYPE

Here is a breakdown of our SID FY 2015 performance results by team type:

SID teams	Prosecution referrals	Indictments	Convictions	Identified savings
Intelligence unit	NA	NA	NA	\$690,489
Employer fraud team	65	36	42	\$3,286,721
Health care provider team	11	2	3	\$19,382,499
Regional claimant SIUs	153	92	106	\$37,090,867
<b>TOTAL</b>	<b>229</b>	<b>130</b>	<b>151</b>	<b>\$60,450,575</b>

## STRATEGIC PLANNING

During FY 2015, SID commenced implementation of its fourth strategic plan, which serves as an operational guide through FY 2019. SID personnel formed a strategic planning committee. SID agents, analysts and supervisors reviewed past successes, discussed current operations and identified strategies to ensure that continuous improvement in our fraud prevention program leads to the achievement of our departmental vision.

### Department vision

*To become internationally recognized as a leader in the insurance industry as well as the criminal justice community*

This new strategic plan is comprised of four, broad strategic initiatives:

- Implementing new technologies to detect cases for investigation and to conduct field work;
- Developing a five-year, coordinated marketing campaign to increase fraud awareness through delivering fraud presentations, publicizing convictions and employing new media outlets;
- Improving operational efficiency, effectiveness and quality, and identifying opportunities to complete investigations in an increasingly timely and accurate manner;
- Evaluating our current staffing on a continuous basis to ensure employees are properly trained and appropriately assigned across our teams.

All the while, the heart of our new strategic plan encompasses our overall mission to ensure the effective prevention, detection, investigation and prosecution of workers' compensation fraud and the protection of the State Insurance Fund.

## EMPLOYER FRAUD



SID's employer fraud team has staff throughout the state dedicated to investigating allegations of fraud committed by employers and third-party administrators. The most common complaints include operating without coverage, altering BWC certificates of coverage, obtaining multiple BWC policies through deception, and submitting dishonored payments to the BWC in order to pay premiums. The team works with other BWC departments and external agencies to identify non-compliant and fraudulent employers.

During FY 2015, SID's employer fraud team closed 178 cases and identified \$3,286,721 in savings to the workers' compensation system. The team referred 65 subjects for criminal prosecution. The team achieved 36 indictments and 42 convictions. Below is an example of the FY 2015 criminal prosecution of an employer subject.

### **An employer case in point**

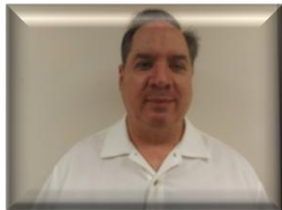
Two Toledo business owners and one of their employees pleaded guilty in April and May 2015 in the Lucas County Court of Common Pleas in connection with lapsed workers' compensation coverage, dishonored payments and altering a workers' compensation coverage certificate.

Wyse Enterprise Inc. co-owner Tim Wyse, of Toledo in Lucas County, pleaded guilty April 27 to two counts of workers' compensation fraud, both fifth-degree felonies. Co-owner Felicia Braggs-Wyse, of Toledo, pleaded guilty the same day to passing bad checks, a first-degree misdemeanor. Business secretary Sarah Washtak, of Maumee in Lucas County, pleaded guilty May 11 to workers' compensation fraud, a first-degree misdemeanor.

BWC fraud investigators had received two allegations about Wyse Enterprise Inc. The collections department reported that a check written for a premium payment was returned for non-sufficient funds, which caused the employer's policy to lapse. Agents provided Wyse with instructions on how to reinstate the company's workers' compensation policy, but Wyse failed to take steps toward becoming compliant. An allegation that the employer passed a false BWC certificate of coverage was also received. Braggs-Wyse told investigators she generated the dishonored check, and Washtak admitted to falsifying and providing the workers' compensation coverage certificate to show that her employer had coverage.

Wyse was ordered to pay \$13,277.59 in restitution and sentenced to serve three years of community control. Braggs-Wyse was ordered to pay \$13,277.59 in restitution and sentenced to serve 180 days of incarceration, which was suspended. Washtak was sentenced to serve 180 days in jail, which was suspended, and two years of community control.

## PROVIDER FRAUD



Booking photo of Michael Brown, D.C.:  
Docket No. 13cr003791 in Franklin  
County Court of Common Pleas

SID's health care provider team (HCPT) has staff throughout the state dedicated to investigating allegations of fraud committed by providers, pharmacies and managed care organizations. The most common complaints received by the HCPT included services not rendered, up-coding, providing medically unnecessary treatment and false billing.

### Searching for the truth

*During FY 2015, HCPT planned, led and/or executed nine search warrants.*

Source – Doug Fisher, special agent in charge, SID health care provider team

During FY 2015, the HCPT continued to aggressively combat providers that commit fraud against the state workers' compensation system – including pill mills and injury mills. The team acted as both a lead and support agency to identify and investigate provider fraud subjects who were suspected of committing health care fraud. Throughout Ohio and points beyond, the HCPT participated in joint investigations and search warrants with local, state and federal law enforcement agencies. HCPT agents conducted nine undercover operations, each consisting of numerous undercover health care visits.

During FY 2015, the HCPT closed 64 cases and identified \$19,382,499 in savings to the workers' compensation system. The team secured 11 referrals for criminal prosecution, two indictments and three convictions. The HCPT is also pursuing civil charges and administrative remedies to secure restitution from subjects of founded, closed cases.

Additionally, the team continued to identify and recommend policy and procedure changes to increase cost savings to employers, enhance service to injured workers and address unsafe medical practices, which impact all Ohio citizens.

Below is an example of the FY 2015 criminal prosecution of a provider subject.

### A provider case in point

Chiropractor Michael L. Brown, of Nelsonville in Athens County, was ordered to repay more than \$394,000 and was sentenced to five years of probation after pleading guilty to one count of workers' compensation fraud, a fourth-degree felony. He voluntarily decertified himself as a BWC health care provider as well.

Multiple individuals contacted BWC about the fraud scheme at Brown's office at 1257 E. Canal St., Nelsonville. A search warrant was executed at the office on June 29, 2010. Records seized at the office clearly showed that patients were not at his office on particular days that BWC was billed for treatment. Brown billed multiple patient claims for treatment on dates the office was closed, and fabricated the amount of treatment patients received to increase the payments for services provided. Interviews confirmed that Brown was the person in control of the billing that was sent out of the office.

We thank our partners at the Ohio Attorney General's office for prosecuting this case, which led to this outcome.

## CLAIMANT FRAUD



*Undercover surveillance footage of  
James Van Buskirk*

SID regional claimant special investigations units have staff members located in most of BWC's customer service offices. These teams are dedicated to investigating allegations of fraud committed by claimants and are assigned to one of three regions: northeast, southeast and west.

During FY 2015, these teams closed 1,235 cases and identified \$37,090,867 in savings, or 14 percent more than FY 2014. These teams referred 153 subjects for criminal prosecution. They secured 92 indictments and 106 convictions, which is 20 more than last year.

Below is an example of the FY 2015 criminal prosecution of a claimant subject.

### **A claimant case in point**

James Van Buskirk, of Akron in Summit County, awaits sentencing scheduled for August 2015 after pleading guilty April 30 in the U.S. District Court in Cleveland to nine counts of wire fraud, one count of fraudulently securing Social Security benefits and one count of theft of government funds.

A confidential source informed SID that, although he was receiving permanent total disability (PTD) benefits, Van Buskirk was operating his own construction business. SID coordinated a joint investigation for this case with the Social Security Administration/Office of the Inspector General, since Van Buskirk was receiving PTD benefits from BWC as well as disability benefits from the Social Security Administration.

Investigators reviewed financial records, and conducted surveillance and interviews, finding that Van Buskirk worked in the construction field, the same type of work he performed when injured, from the onset of his disability in November 2002 and for a total of 11 years. Bank records revealed a number of cash deposits made into the account as well as a substantial amount of checks from possible customers.

An extensive number of interviews were completed with customers who identified Van Buskirk as the individual they had hired to make various home improvement repairs, and customers provided copies of invoices and estimates Van Buskirk had given them. Numerous court records were obtained in which he was either sued for faulty work by his customer or he was suing for non-payment for the work he performed.

SID conducted several surveillances, and observed Van Buskirk working on various construction job sites.

Van Buskirk was located and interviewed by investigators. He was interviewed on a job site where he was observed working on a new roof at a customer's residence in Akron, and admitted and understood that he was not permitted to work while receiving disability benefits. Van Buskirk admitted that he failed to notify the BWC and the SSA about his employment status.



## DIGITAL FORENSICS UNIT



SID's digital forensics unit (DFU) provides a full range of technical support for special agents conducting workers' compensation fraud investigations. The unit's primary duties include forensic imaging and analysis of digital data acquired from electronic storage

### DFU primary function

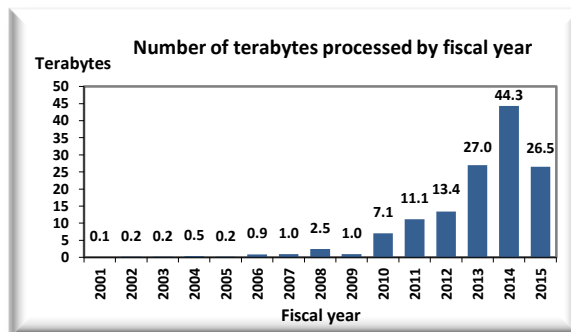
*"The unit's primary duties include the forensic imaging and analysis of digital data from electronic devices – whether on computers, laptops, servers, digital recorders, iPads and even smart phones."*

Source – Joe Lopez, manager, SID digital forensics unit

devices. When executing search warrants, forensic analysts preview, seize or make exact copies of the electronic storage devices. Using specialized training and forensic software, this team analyzes, extracts and provides vast amounts of information to agents in efforts to support fraud allegations.

In FY 2015, the unit previewed, imaged, and/or seized more than 26 terabytes of data, and assisted in six BWC search warrants. The unit assisted the BWC information technology division with four incident response cases which resulted in imaging and analyzing more than six terabytes of data from 40 BWC computer systems.

The unit also responded to more than 65 requests for social media research to support investigations conducted by other SID teams. The unit's social media analysis assisted SID teams in locating claimants, providers and employers. Through this analysis, the DFU identified the employment information of claimant subjects, as well as potential suspects, witnesses and co-conspirators.



## INTELLIGENCE UNIT



During FY 2015, the SID intelligence unit (IU) generated significant results. The IU supported field agents by detecting 720 fraud allegations, resulting in the identification of \$37,087,770 in savings. The number of cases that were closed founded by the IU was 53

percent. The unit also completed 3,364 data requests from the SIUs and assisted with analyses of case information. Additionally, the IU monitored fraud recoveries and assisted courts in following up on convicted subjects with court-ordered restitution.

### IU detection and special projects

*"The SID IU completed 53 detection projects, including the expansion of our cross match of external data. The \$37,087,770 in savings is the team's second highest total since FY 2000."*

Source – Dan Fodor, special agent in charge, SID intelligence unit

## SECURITY



Ensuring safety and security for employees and customers is the mission of SID security. BWC is comprised of 1,868 professionals located in 14 facilities throughout the state.

Some of these facilities

also host employees of the Industrial Commission (IC). In addition, our main headquarters in Columbus, Ohio, furnishes office space to five other state agencies.

BWC facilities annually experience tens of thousands of visitors. Furthermore, employees at BWC facilities experience hundreds of millions of direct customer service interactions through our e-commerce based website ([bwc.ohio.gov](http://bwc.ohio.gov)), telephone calls, mail and email. Each of these interactions must be safe and secure. SID security protects employees and customers against threats and harmful incidents that may result from these interactions.

During FY 2015, SID security deployed dozens of security services statewide, including the coordination of security and safety training for all employees in each facility, such as the coordination and facilitation of fire evacuation drills and floor warden training.

SID security provided facility risk assessment tours for local law enforcement personnel. The team also created and distributed quick reference guides with optimal responses to any building emergency, planned and coordinated the installation of security equipment enhancements, managed the employee emergency notification system for business interruptions or office closures, and responded to incidents.

### Security incident stats

*During FY 2015, the team effectively responded to 189 cases, including 31 threats/security issues against BWC employees, 27 cases involving harassment, 21 IC hearing security cases, 20 claimant suicide threats, 19 inquiries, 17 lost property/theft reports, 12 visitor security issues, nine fraud referrals, eight protection orders, eight security background cases, five domestic referrals, four employee misconducts, and eight others.*

*The team referred 21 to law enforcement agencies.*

## SAFETY VIOLATIONS INVESTIGATION UNIT



The SID safety violations investigation unit's (SVIU) statewide staff is dedicated to investigating potential violations of specific safety requirements (VSSR). A claimant, surviving spouse or dependent may file for a VSSR award when a potential safety violation contributed to an injury, illness or death. The unit submits the results of its investigations to the IC for its determination of the VSSR award.

### SVIU function

*The SVIU's primary function is investigating alleged safety requirement violations that have resulted in a workplace injury, illness or death.*

During FY 2015, the SVIU received 313 claims applying for VSSRs and closed 334 investigations. Additionally, SVIU conducted 34 preliminary investigations of deaths occurring proximate to accidents. Upon request by the IC, SVIU staff also complete correction order investigations to ensure that an employer corrects a cited code violation.

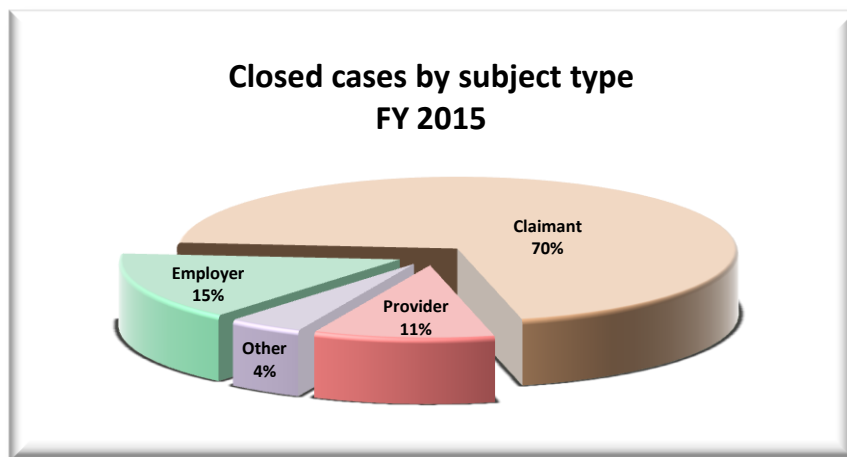


## SUBJECT AND COMPLAINT TYPES

BWC continues to employ significant resources to successfully investigate all subject and complaint types.

### Claimant subjects

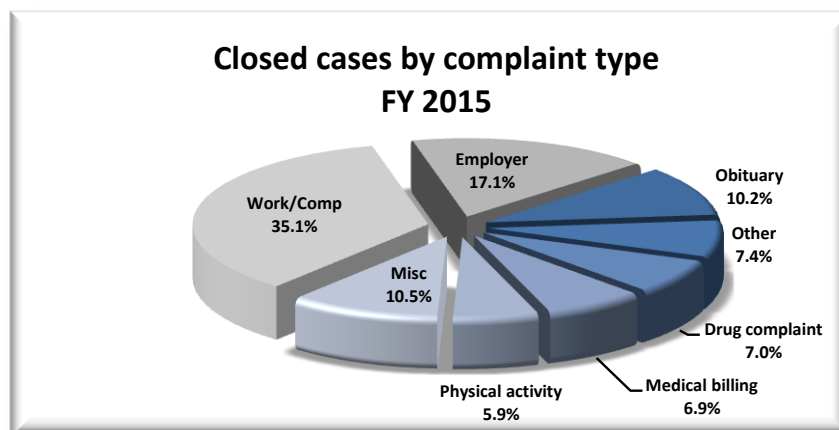
*During FY 2015, “claimant” subjects were 70 percent of all subject types investigated, or more than double the percent of all other subject types combined.*



As the figure below shows, during FY 2015, “Work/Comp” (a claimant subject working while receiving lost-time compensation) was our most commonly investigated complaint type.

### Work/Comp complaints

*During FY 2015, “Work/Comp” complaints were 35 percent of all complaint types investigated.*



## PREScription FRAUD

SID continues to use its various teams in conjunction with other agencies to investigate prescription fraud by suspected pill mill providers and claimants using deception to obtain narcotics. BWC is an active member of the Governor's Cabinet Opiate Action Team, a task force established to address the continuing epidemic resulting from misuse, abuse and overdose of prescription opioids.

### Governor's Cabinet Opiate Action Team

*"This collaborative approach toward reversing the trend of opiate abuse is producing results, but much more work remains."*

Source – Governor's Cabinet Opiate Action Team, May 2012 report: "Attacking Ohio's Opiate Epidemic."

## TRENDS AND STRATEGIES

Based upon its strategic goals, performance and trends, SID continues to implement new strategies to increase the deterrence, investigation and prosecution of all subject types, including those below:

- **Social media:** SID continued its social media campaign, using the BWC Special Investigations Facebook page and @OhioBWC Fraud Twitter account to promote fraud awareness and deterrence. The ongoing social media campaign educates the public on how to detect and report fraud. It notifies the public about prosecutions, anti-fraud efforts and job postings. SID's Facebook page, which has more than 640 likes, furnishes surveillance video footage, booking photos of convicted subjects and descriptions of common fraud schemes to help its readers recognize suspected fraud and report it via a link to an online referral form.
- **International Fraud Awareness Week (IFAW) 2015:** SID prominently participated in IFAW 2015, an annual campaign that was established by the Association of Certified Fraud Examiners. It encourages business leaders and employees to promote anti-fraud awareness and education to help minimize fraud's impacts. To commemorate the week, BWC's communications department posted eight topical articles to SID's blog in five days, including [this video](#). The 60-second video includes footage of several notable cases that were successfully prosecuted.
- **Presentations:** Throughout FY 2015, SID conducted 44 fraud presentations for internal and external stakeholders to educate them about strategies we deploy to accomplish our departmental mission, and to let them know how they may join us in combating fraud. These stakeholders have included other BWC departments, public and private employers, third-party administrators, medical providers and managed care organizations as well as members of associations, such as chambers of commerce, safety councils and bar associations. During these presentations, SID employees share examples of successful cases and furnish all attendees with the means to detect and report suspected fraud.

At the Ohio Safety Congress & Expo 2015, three special agents in charge gave two presentations about workers' compensation fraud and SVIU.

Feedback from attendees indicates these fraud presentations are making a difference.



- **Fugitive Task Force:** SID's fugitive task force (FTF) works closely with local law enforcement, the U.S. Marshals Service, and the Ohio Attorney General's Office to locate subjects with outstanding arrest warrants for BWC related charges. Although SID is a criminal justice agency, it does not have the power to effect an arrest. Therefore, FTF agents conduct surveillance, locate fugitives and then alert local law enforcement agencies. Local authorities execute the arrests, and often with FTF agents present. Frequently, fugitives turn themselves in to local law enforcement when they realize flight is futile.
- **Agency initiatives:** SID employees are ambassadors and subject matter experts for key BWC initiatives, such as:
  - (1) Implementing a new operational system to replace (and combine) claims and policy management applications;
  - (2) Implementing a new reporting tool to replace the data warehouse application;
  - (3) Transitioning to prospective billing for employer premiums;
  - (4) Transitioning to ICD-10 for medical billing.

### **Fugitive task force finds those who flee**

*During fiscal year 2015, 28 FTF arrest warrants were resolved: 11 by arrest and 11 with FTF involvement.*

## **CONCLUSION**

Last year was another successful one for SID. While investigating numerous allegations and bringing open cases to an end, SID employees were both more effective and more efficient. We effectively increased savings identified per closed founded case to more than \$90,000, while efficiently reducing the number of average investigative days per closed case to less than 225 days. To accomplish these operational outcomes, the department implemented new strategies to deter fraud and abuse. We creatively used available resources, such as digital forensics and analytical intelligence, to root out otherwise undetected fraudulent activity. We deployed social media and specialized presentations to build fraud awareness and to educate stakeholders. This resourcefulness and persistence is prevalent in the work of each SID team. We are united in our unfailing commitment to protecting the State Insurance Fund.

## **CONTACT**

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*An electronic version of this report is available at*

- <https://www.bwc.ohio.gov/downloads/blankpdf/FraudAnnualReport.pdf>