STEPPING UP THE FIGHT AGAINST FRAUD
MISSION

TO DETECT AND INVESTIGATE THE
MISAPPROPRIATION
OR
MISUSE
OF STATE ASSETS
IN A MANNER THAT SAFEGUARDS THE INTERESTS OF THE
STATE OF FLORIDA AND ITS TAXPAYERS
MUST INVOLVE MISUSE OF:

- STATE EXPENDITURE FOR GOODS OR SERVICES
- STATE PROPERTY
- FUNDS BEING HELD BY THE STATE
- FUNDS THAT WERE COLLECTED ON THE STATE’S BEHALF
- STATE BASED FUNDS PROVIDED TO CITY OR COUNTY GOVERNMENTS FOR CONTRACTS OR GRANTS
COMMON ISSUES REVIEWED

• DOCUMENTATION - OR LACK THEREOF
• CONTRACT DELIVERABLES
• EXPENDITURES NOT RELEVANT TO THE AGREEMENT
• RELATED PARTY TRANSACTIONS - SUB-CONTRACTS, CONSULTANTS, LEASES
• INELIGIBLE OR NON-EXISTENT CLIENTS
Analysis of Financial Data Usually Proves Whether a Crime Has Been Committed

- Subpoenaed Financial Account Statements Reveal:
  ✓ Financial Transactions Including Check Items and Items Making up Deposits
  ✓ Other Bank Accounts/Credit Cards Being Used

- Spreadsheets Are Created to Analyze:
  ✓ Timeline of Account Activity
  ✓ Who Spent the Funds, and When and Where They Were Spent
Examples of Questionable Transactions:

✓ Checks Written Payable to Cash
✓ Payments to Subsidiaries
✓ Payments to Possible Shell Corporations
✓ Payments to Ghost Employees
✓ Transfers Between Accounts
✓ Payments to Holding Accounts
✓ Purchase of Money Orders

Accountants Summarize Account Activity and Turn Over Results to Investigators
ORIGIN OF CASES

- Internal Referrals From Within DFS
- State Agency Inspectors General
- FBI, FDLE, and Local Law Enforcement
- Other Governmental Agencies
- Consumer Complaints
TYPES OF FRAUD INVESTIGATED

- Contract and Grant Fraud
- Unclaimed Property Fraud
- Electronic Fund Transfer (EFT) Fraud
- Purchasing Card and Payroll Fraud
- Shell Corporations/Ghost Employees
- Theft of State Property
- Fraudulent Debits to State Treasury Accounts
THEFT COMMITTED BY PERSON IN CONTROL OF FINANCE$

CHARACTERIZED BY:

✓ WEAK BOARD

✓ NO OVERSIGHT THROUGH ACCOUNT RECONCILIATIONS OR LACK OF INTERNAL AUDITS

✓ POOR DOCUMENTATION/NO COOPERATION
• Perform **Site visits** to confirm staffing/facility needs
• Examine payment documentation for **inconsistencies/ altered information**
• **Validating** information on clients being served
• **Monitor** for Relate Party Transactions with Subcontractors
• Focus on **authorization** and **accountability** for rebates/discounts
• When in doubt **research** the company:
  ✓ **News articles**
  ✓ **Current financial condition**
  ✓ **Changes in staffing/ownership**
PERFORM A SITE VISIT

Grant and Aid Contract, $475,000 to be used solely for construction of an Assisted Living Facility
Contractor certified that funds had been expended in accordance with the contract, however no work had been done.
A REPLACEMENT RECEIPT WAS PROVIDED WITH THE FOLLOWING P-CARD TRANSACTION

UPON FURTHER REVIEW, IT WAS DETERMINED THAT THE REPLACEMENT RECEIPT PROVIDED WAS NOT THE ACTUAL ITEM PURCHASED
<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Total Price</th>
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<tbody>
<tr>
<td>Ink Cartridges 54A</td>
<td>2</td>
<td>$107.49</td>
<td>$214.98</td>
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Actual Purchase

Transaction Amount
$214.98

Kodak Digital Camera

2-Year Premium Replacement Plan
It is not a good sign when the supporting documentation for an invoice has the provider’s name misspelled.
The Provider

Inflated the invoice by

- Changing Service Units from 8 to \(\frac{1}{4}\) hour -- 32 times higher than the contractual rate

- Added “bonus people” 3 were provider employees, (cont)
**VERIFY THE CLIENTS BEING SERVED**

The Provider

- (cont.) 2 were deceased, 1 was too young for senior care services, 14 people did not exist
- To help hide the fraud no last names on the invoices

<table>
<thead>
<tr>
<th>Seniors</th>
<th>Name</th>
<th>Senior</th>
<th>Quantity</th>
<th>Total Due</th>
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<tbody>
<tr>
<td>Robert</td>
<td>Senior</td>
<td>4</td>
<td>$119.00</td>
<td>$476.00</td>
</tr>
<tr>
<td>Jessica</td>
<td>Senior</td>
<td>2</td>
<td>$119.00</td>
<td>$238.00</td>
</tr>
<tr>
<td>Mildred</td>
<td>Senior</td>
<td>4</td>
<td>$119.00</td>
<td>$476.00</td>
</tr>
<tr>
<td>Jeanne</td>
<td>Senior</td>
<td>4</td>
<td>$119.00</td>
<td>$476.00</td>
</tr>
<tr>
<td>Jane</td>
<td>Senior</td>
<td>4</td>
<td>$119.00</td>
<td>$476.00</td>
</tr>
<tr>
<td>Charlene</td>
<td>Senior</td>
<td>4</td>
<td>$119.00</td>
<td>$476.00</td>
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<tr>
<td>Florence</td>
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<td>$714.00</td>
</tr>
<tr>
<td>Pat</td>
<td>Senior</td>
<td>8</td>
<td>$119.00</td>
<td>$952.00</td>
</tr>
<tr>
<td>Vicki</td>
<td>Senior</td>
<td>8</td>
<td>$119.00</td>
<td>$952.00</td>
</tr>
<tr>
<td>Cindy</td>
<td>Senior</td>
<td>1</td>
<td>$119.00</td>
<td>$119.00</td>
</tr>
<tr>
<td>Theresa</td>
<td>Senior</td>
<td>1</td>
<td>$119.00</td>
<td>$119.00</td>
</tr>
<tr>
<td>Virginia</td>
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<td>1</td>
<td>$119.00</td>
<td>$119.00</td>
</tr>
<tr>
<td>Jane</td>
<td>Senior</td>
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<td>$119.00</td>
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<tr>
<td>Martha</td>
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<tr>
<td>Diane</td>
<td>Senior</td>
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<td>$119.00</td>
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<tr>
<td>Rosa</td>
<td>Senior</td>
<td>1</td>
<td>$119.00</td>
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<tr>
<td>Antonio</td>
<td>Senior</td>
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<td>$119.00</td>
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<tr>
<td>Maria</td>
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<td>Russel</td>
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<td>Frank</td>
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<td>Ruth</td>
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<td>Dale</td>
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<td>$119.00</td>
</tr>
<tr>
<td>Holly</td>
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<tr>
<td>Bill</td>
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<tr>
<td>Carol</td>
<td>Senior</td>
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<td>$119.00</td>
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</tr>
<tr>
<td>Neil</td>
<td>Senior</td>
<td>1</td>
<td>$119.00</td>
<td>$119.00</td>
</tr>
<tr>
<td>June</td>
<td>Senior</td>
<td>1</td>
<td>$119.00</td>
<td>$119.00</td>
</tr>
<tr>
<td>Charlie</td>
<td>Senior</td>
<td>1</td>
<td>$119.00</td>
<td>$119.00</td>
</tr>
<tr>
<td>Andy</td>
<td>Senior</td>
<td>1</td>
<td>$119.00</td>
<td>$119.00</td>
</tr>
<tr>
<td>Charlie</td>
<td>Senior</td>
<td>1</td>
<td>$119.00</td>
<td>$119.00</td>
</tr>
</tbody>
</table>

Provider Certification:
I certify the above to be accurate and in agreement with the books and records of the Agency named above and in conformance with the terms of the applicable contract.

Signature of Preparer: CFO
Date: 5/4/10

Approved By: [Name] [Title]
VERIFY THE DOCUMENTS

The Contract Manager requested supporting documents to verify services were rendered. This bank statement was one of several fraudulent documents provided.

Errors are readily apparent:

- Font is different
- Decimals don’t line up
- Underlines are inconsistent

In many cases, fraud is that easy to see when knowing what to look for.
OFI CASES AND CHARGES FILED
TYPES OF OFI CASE CHARGES

• Mail Fraud/Wire Fraud
• Aggravated Identity Theft
• Fraudulent Use of Personal Identification Information
• Grand Theft
• Scheme to Defraud
• Aggravated White-Collar Crime
• Money Laundering
• Official Misconduct
Robert Michael Eugene "Gene" Bruist

- Case referred by FL DOE OIG concerning the possible grand theft/misappropriation of over $150,000.00 by Bruist, the Executive Director of the Center for Independent Living of Southwest Florida (CILSWFL)
- CILSWFL provided services that helped persons with disabilities in Charlotte, Collier, Glades, Hendry, and Lee Counties achieve independence and self-determination in their lives
- During his tenure, Bruist was required to regularly prepare and provide CILSWFL Board of Directors ("Board") members with financial reports summarizing CILSWFL's financial position
Robert Michael Eugene "Gene" Bruist

- Bruist prepared and presented false and misleading financial reports to Board members showing CILSWFL's financial position to be significantly better than it was.
- Bruist misappropriated more than $900,000 from CILSWFL accounts for his own personal use to fund an extravagant lifestyle.
- The Probable cause affidavit detailed more than $900,000 grand theft, aggravated white collar crime, exploitation of disabled adults, making false entries on books of corporation, forgery, and uttering forged instruments.
Robert M. Bruist
Convicted of:
• Grand theft
• Organized communications fraud
• Aggravated white collar crime
• Sentenced to 39 years in prison
Case referred by FL Department of Corrections (DOC)

According to DOC, US Foods
- Overcharged DOC by *substituting inferior* products
- Charged for freight from a non-existent company
- Did not deduct *allowances, rebates, promotions* and/or *discounts* from their prices
- Used what appears to be shell corporations to *inflate* the price of products
The Investigation Revealed

- Thomas Tomblin, Tyrone Walker and Christy Walker agreed and conspired to defraud US Foods (USF) and ultimately the State of Florida.

- The Walkers used their company, M&S Foods, to inflate invoices to include a hidden brokerage fee not allowed by the contracts. The Walkers collaborated to obtain the vendor contract that would have disqualified M&S Foods.

- Tomblin then used his influence with US Foods to unjustly award the vendor contract to M&S Foods to protect M&S Foods from losing the contract. This fraud resulted in payment of money to the Walkers, which was split with Tomblin, to which none of them were entitled.
Thomas J. Tomblin

- Entered a plea of Guilty to charges of:
  - Grand Theft
  - Organized Scheme to Defraud
  - Conspiracy to commit Grand Theft
- He was sentenced to:
  - Six months in jail
  - Six months house arrest
  - Eight years probation
  - $1.4 Million Restitution
Tyrone C. Walker
Entered a plea of Guilty to charges of:
  • Organized Scheme to Defraud
  • Conspiracy to commit Grand Theft
  • He was sentenced to:
    • Six months in jail
    • Six months house arrest
    • Eight years probation
    • $1.4 Million Restitution

Christy D. Walker
Entered a plea of Guilty to charges of:
  • Conspiracy to commit Grand Theft
She was sentenced to:
  • Six years probation
A $15.5 Million settlement has been secured as a result of a contract investigation involving U.S. Foods, Inc. The investigation conducted by the Department of Financial Services’ Office of Fiscal Integrity concluded that U.S. Foods falsely inflated its prices for supply food services to the Florida Department of Corrections (DOC) between 2008 and 2014. Through this deceitful billing practice, U.S. Foods wrongly collected millions in state dollars.

“Stealing from the State of Florida takes money from the pockets of all taxpayers in Florida, and it’s absolutely intolerable,” said CFO Atwater. “Demanding greater accountability from those who do business with our state is a top priority of mine, and we will continue our efforts to weed out the bad actors.”

(CONT.)
Civil Follow-up to these three charges

During the six-year period that U.S. Foods was under contract with the DOC, invoices for food products contained prices that were inconsistent with contract terms. The contract required U.S. Foods to pass along certain discounts received from suppliers to the DOC. Investigators concluded that U.S. Foods failed to do so, causing their costs to remain inappropriately inflated.

Department investigators uncovered the practice and began a multi-year investigation that ultimately led to this settlement.

FDLE, the FDOC OIG, and the FBI assisted with the investigation.
Lesa D. Fields/DBA Lesa D. Fields Court Reporter

• Case referred by Justice Administrative Commission with the following concerns

• Lesa Fields, dba Lesa Fields Court Reporter, provided false invoices to JAC which resulted in overpayments to Ms. Fields for court reporting transcripts

• Specifically, Ms. Fields was paid by the page and she invoiced for more pages of transcript text than the true number of pages transcribed
## CONTRACT FRAUD

<table>
<thead>
<tr>
<th>Project #</th>
<th>Claimed Pages</th>
<th>Actual Pages</th>
<th>Billed/Paid</th>
<th>Should have been Paid</th>
<th>Overpayment Amount</th>
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<tr>
<td>4</td>
<td>305</td>
<td>95</td>
<td>$1,220.00</td>
<td>$380.00</td>
<td>$840.00</td>
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<tr>
<td>10*</td>
<td>105</td>
<td>62</td>
<td>$787.50</td>
<td>$248.00</td>
<td>$539.50</td>
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<tr>
<td>11</td>
<td>196</td>
<td>Duplicate of Project #10 Only the amounts were changed</td>
<td>$784.00</td>
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<td>200</td>
<td>131</td>
<td>$800.00</td>
<td>$524.00</td>
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<td>26</td>
<td>180</td>
<td>123</td>
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<td>43</td>
<td>255</td>
<td>136</td>
<td>$1,020.00</td>
<td>$544.00</td>
<td>$476.00</td>
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</table>

*All Projects should have been billed at $4 per page. Project 10 was billed at $7.50 per page*
CONTRACT FRAUD

LESA FIELDS

- Signed a Pretrial Intervention Program Deferred Prosecution Agreement
- Agreeing to deferred prosecution for 240 months
- Restitution of $44,853.00 to the Florida Justice Administrative Commission

(136 fraudulent transactions)
Jacques A. Calixte, President of Haitian American Association Against Cancer (HAAAC)

- OFI was contacted by DOH IG regarding payments made to a vendor for cancer screening of Haitian Women but the documentation appeared to be fabricated.
- OFI’s investigation revealed that the documents provided by Jacques Calixte, were fraudulent & fabricated by him.
- From 2011 to 2013 Calixte received $409,597.50 in State funding of which he withdrew and spent $287,249.71 on personal items and/or for reasons not related to cancer screening of Haitian women.
GRANT FRAUD

JACQUES A. CALIXTE

- Entered into a plea agreement
- Plead guilty to Aggravated White Collar Crime and Grand Theft in the First Degree
- Sentenced to three hundred sixty-six days in prison
- One year house arrest with GPS monitoring
- 20 years Probation
- $280,000 Restitution
Diversion of $617,435 in Social Security Payments from Clients of Hillsborough Association for Retarded Citizens (HARC)

- Richard Lilliston - Former HARC, CEO  Convicted by  Jury trial
- Frank Pannullo - Former HARC CFO, Plead guilty to conspiracy in the criminal conduct at HARC – Two Years in prison, three years probation and $617,435 (Restitution to be paid jointly and severally with Richard Lilliston, Sandra Shepherd, and Marsha Weisse)
- Marsha Weisse - Former HARC Controller & CFO, Plead guilty to submitting a false statement to SSA – Five Years Probation & $4,115 Restitution
- Sandra Shepherd - Former HARC Client Finance Manager, Plead guilty to submitting a false statement to SSA – Five Years Probation, Twenty-Five hours community Service & $33,700 Restitution
RICHARD LILLISTON
Convicted by Jury Trial

• Indicted for Conspiracy to defraud two Social Security Administration (SSA) programs and to make false statements to the SSA program
• Received Five Years federal prison
• Three Years supervised probation
• $657,635 Restitution to be paid jointly and severally with Frank Pannullo, Sandra Shepherd, and Marsha Weisse
CONTRACT MANAGERS ARE
THE FIRST LINE OF DEFENSE
FOR DISCOVERING
AND REPORTING
CONTRACT FRAUD
<table>
<thead>
<tr>
<th>INVESTIGATIVE CONTACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Robert Mazzei</strong></td>
</tr>
<tr>
<td><a href="mailto:Robert.Mazzei@myfloridacfo.com">Robert.Mazzei@myfloridacfo.com</a></td>
</tr>
<tr>
<td>Office 850-413-5514</td>
</tr>
<tr>
<td>Desk 850-413-5531</td>
</tr>
<tr>
<td>Fax 850-413-5553</td>
</tr>
<tr>
<td><strong>Charen P. Johnson</strong></td>
</tr>
<tr>
<td><a href="mailto:Charen.Johnson@myfloridacfo.com">Charen.Johnson@myfloridacfo.com</a></td>
</tr>
<tr>
<td>Office 850-413-5514</td>
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<tr>
<td>Desk 850-413-5664</td>
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<tr>
<td>Fax 850-413-5553</td>
</tr>
<tr>
<td><strong>Charles C. Carter</strong></td>
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<tr>
<td><a href="mailto:Charles.Carter@myfloridacfo.com">Charles.Carter@myfloridacfo.com</a></td>
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<tr>
<td>Office 850-413-5514</td>
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<tr>
<td>Desk 850-413-5596</td>
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<td>Fax 850-413-5553</td>
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</table>
CONTACT:

Michael G. Smith, Lt.
Michael.Smith@myfloridacfo.com

Office 850-413-5514
Desk 850-413-4038

200 East Gaines Street
Tallahassee, FL 32399