

State of New York
Office of the Workers' Compensation Fraud
Inspector General



2015 Annual Report

Andrew M. Cuomo
Governor

Catherine Leahy Scott
Inspector General

EXECUTIVE SUMMARY

The mission of the Office of the Workers' Compensation Fraud Inspector General (WCFIG) is to conduct and supervise investigations within New York State and elsewhere of possible fraud and other violations of laws, rules and regulations pertaining to the operation of the workers' compensation system. Through its investigations, audits, and reports, the WCFIG focuses on reducing costs to the workers' compensation system by eliminating fraud and acting to improve the efficiency and effectiveness of the system. The WCFIG's investigations are complex and often involve detailed analysis of records and taking of testimony from employers, attorneys, employees, health care providers, and insurance carriers. These investigations result in criminal referrals, arrests, and prosecutions, as well as recoveries for overpayments made from the fraud identified.

On February 4, 2015, Governor Andrew M. Cuomo appointed Catherine Leahy Scott as the New York State Workers' Compensation Fraud Inspector General. During 2015, Inspector General Leahy Scott implemented enhanced procedures to strengthen the WCFIG's investigative capacity. The WCFIG's investigations in 2015 uncovered more than \$1.8 million in fraud which related to 25 criminal prosecutions.

Inspector General Leahy Scott also undertook an extensive training and outreach program for the numerous stakeholders in the workers' compensation system. The goals of these efforts were to raise awareness of vulnerabilities in the workers' compensation system and generate increased detection and reporting of fraud.

PURPOSE AND SCOPE OF ANNUAL REPORT

Workers' Compensation Law Section 136 mandates that the Workers' Compensation Fraud Inspector General submit a report to the Governor and the chair of the Workers' Compensation Board that summarizes the activities of the office for each calendar year.

Consistent with this statutory mandate, this report will outline the mission of the WCFIG, describe the operational and administrative changes implemented by the office, and provide an overview and summary of significant prosecutions that resulted from the office's investigations. The Annual Report will also provide information about continued and strengthened partnerships and outreach to insurance carriers, law enforcement partners and employers, as well as training conducted by the WCFIG during 2015.

INTRODUCTION AND BACKGROUND

The WCFIG is responsible for protecting and promoting the integrity of the New York State workers' compensation system, which provides cash benefits, medical care, or both, for workers who are injured or become ill as a direct result of their employment. Claims for compensation are adjudicated by the New York State Workers' Compensation Board.

Pursuant to New York State Workers' Compensation Law Section 136, the WCFIG is invested with the authority to investigate fraud and other violations of the laws, rules, and regulations relating to the workers' compensation system, and to refer matters to federal, state and local prosecutors or other appropriate law enforcement agencies for further investigation and criminal prosecution. In addition, the WCFIG may refer matters to administrative entities, the New York State Insurance Fund and other insurance carriers for investigation and/or audit. As

part of its mission, the WCFIG may also recommend legislative and regulatory changes to strengthen the workers' compensation system.

On February 4, 2015, Governor Andrew M. Cuomo appointed Catherine Leahy Scott as the New York State Workers' Compensation Fraud Inspector General. Leahy Scott also serves as the New York State Inspector General and the Acting New York State Welfare Inspector General.

Since her appointment, Inspector General Leahy Scott has taken a number of significant actions to strengthen the WCFIG's structure and operations. Most importantly, Inspector General Leahy Scott has restructured and strengthened WCFIG investigative processes to conform to those utilized by the Office of the State Inspector General and the Office of the Welfare Inspector General. Additionally, she has directed that certain resources be shared among the three offices resulting in enhanced efficiencies and effectiveness. The WCFIG now projects a significant statewide presence, with offices in Albany, Buffalo, Syracuse, New York City, Suffern, and Hauppauge. Moreover, the WCFIG has expanded its outreach and training activities.

OVERVIEW AND SUMMARY

Investigations in Response to Complaints

Upon her appointment, the Inspector General immediately commenced a review of all open matters within the former WCFIG's offices, evaluating each case to determine a course of further action. As described in detail below, significant procedural reforms were implemented to ensure a more robust process for identifying, investigating, and deterring fraud. These actions resulted in a number of arrests, cases referred to prosecutors, and successful dispositions.

Most WCFIG investigations begin with the lodging of a complaint alleging workers' compensation fraud. From the appointment of Inspector General Leahy Scott in February 2015 through the end of the year, WCFIG received 1,115 complaints, including 271 complaints received on WCFIG's hotline, which was integrated with the Office of the State Inspector General's existing hotline in mid-2015. WCFIG conducted a preliminary analysis of each of these matters at the time it was received.

WCFIG now utilizes the Office of the State Inspector General's and Office of the Welfare Inspector General's complaint review process. Under this process, every telephone, email, mail, and personally delivered complaint is initially received and reviewed by the Case Management Unit. The Case Management Unit, in consultation with executive and senior management, assesses the complaint and either assigns it for WCFIG investigation or refers it to the appropriate agency or insurance carrier for further action, with monitoring and assistance by WCFIG.

Allegations received by the WCFIG are generally of three types: (1) fraud involving claimants receiving benefits to which they are not entitled; (2) fraud by employers who are required to maintain workers' compensation insurance coverage for their employees; and (3) fraud by medical providers and/or other professionals, including but not limited to physicians, physician assistants, attorneys, and insurance brokers.

Under the restructuring implemented in 2015, complaints investigated by the WCFIG are assigned to multi-disciplinary teams led by an investigative counsel assisted by staff including investigators, investigative auditors and computer forensic specialists. Acting under the authority provided by statute, the investigative teams may subpoena witnesses, take sworn testimony, and compel the production of relevant records. The WCFIG may refer its

investigative findings for criminal prosecution to the United State Department of Justice, the New York State Attorney General's Office, or local district attorney offices. In cases where criminal prosecution is not warranted, findings may be referred for civil litigation and/or administrative action.

Cases Resulting in Criminal Action

The WCFIG's investigations in 2015 uncovered more than \$1.8 million in fraud which related to 25 criminal prosecutions and are summarized below.

All defendants are innocent until proven guilty in a court of law.

Cases Involving Fraud by Employers

1. On March 12, 2015, Terry Gallagher of Endicott pled guilty to Offering a False Instrument for Filing in the Second Degree, a misdemeanor. An investigation by the WCFIG found that Gallagher applied for a building permit to build a porch for a customer. Gallagher submitted a document that indicated he was exempt from the requirement to obtain workers' compensation insurance because he had no employees working on the project. However, the WCFIG investigation revealed that Gallagher had three employees working on the project and that he failed to obtain workers' compensation insurance to cover them in the event of an injury. As part of his plea, Gallagher was ordered to pay a \$500 fine. The case was prosecuted by the Broome County District Attorney's Office.
2. Kujtim Kukaj of Spring Valley pled guilty on March 17, 2015 to one count of Insurance Fraud in the Third Degree, and one count of Fraudulent Practices, both felonies, for his failure to provide workers' compensation to approximately 25

employees on a New York City luxury condominium project. During sentencing on June 23, 2015, Kukaj was ordered to pay restitution in the amount of \$60,800 to two insurance companies and the project's prime contractor and received five years of probation. The WCFIG investigation revealed that Kukaj submitted false information to the carriers in order to pay a lower premium. On three occasions, Kukaj also provided false insurance certificates to the prime contractor claiming he had an active policy when in fact the policy had lapsed. The matter was prosecuted by the Rockland County District Attorney's Office.

3. The owners of Binghamton-based Yellow Medi-Van and Taxi, Inc., Kenneth Cohn and Sharon Cohn, were arrested on October 5, 2015, for failing to provide workers' compensation coverage for their employees, misleading regulators about their business's qualifications, and receiving \$1.33 million in Medicaid funds to which they were not entitled. The WCFIG's investigation found the Cohns's workers' compensation insurance for Yellow Medi-Van and Taxi lapsed in 2012 due to nonpayment of premiums. Thereafter, the Cohns repeatedly certified to Broome County taxi license regulators that they in fact had the required workers' compensation insurance. On the certifications, they listed insurance carriers that do not provide workers' compensation insurance. The WCFIG's investigation revealed that the Cohns received \$1.33 million in Medicaid benefits based on improperly filed claims for medical transportation services. The Cohns and Yellow Medi-Van and Taxi, Inc., were charged with Grand Larceny in the First Degree, Offering a False Instrument for Filing in the First Degree, and Effect of Failure to Secure Compensation, all felonies.

The matter is being prosecuted by the New York State Office of the Attorney General. All defendants are innocent until proven guilty in a court of law.

4. On October 27, 2015, Fernando Rivera pled guilty to Petit Larceny, a misdemeanor. An investigation by the WCFIG in coordination with the New York State Insurance Fund found that Rivera was the President of Cyclehawk Messengers, Inc. when its workers' compensation insurance policy was canceled by the New York State Insurance Fund for failure to pay premiums. An application for workers' compensation insurance was subsequently filed with the New York State Insurance Fund for Street Kings NYC on Demand, a new entity owned and operated by Rivera. However, in an attempt to avoid payment of unpaid premiums owed to the New York State Insurance Fund, Rivera, despite the fact that he owned the company, had a third party submit the application for workers' compensation insurance. As part of his plea and sentence, Rivera was ordered to pay \$35,468 in restitution to the New York State Insurance Fund. The case was prosecuted by the Queens County District Attorney's Office.
5. A WCFIG investigation revealed Steven Spratley, owner of Spratley & Sons, a residential and commercial tree cutting business, falsely claimed at a 2013 Workers' Compensation Board hearing that an individual who was severely injured while working for his company in 2011 was not his employee. The investigation found that Spratley made the false statement to avoid liability for the employee's injury. To date, the employee is unable to work. On November 12, 2015, Spratley was charged with the workers' compensation crime of Fraudulent Practices, a felony. The matter is

being prosecuted by the Chenango County District Attorney's Office. The defendant is innocent until proven guilty in a court of law.

6. On November 12, 2015, Roger Camby, a Syracuse-based owner of an online retail candle business, was arrested and charged with the workers' compensation crime of Fraudulent Practices, Insurance Fraud in the Second Degree, and Grand Larceny in the Second Degree, all felonies. The WCFIG investigation found that Camby, a former truck driver who was receiving workers' compensation benefits since 2010, was operating Lovesoy Candles and Gifts and working as a consultant for three marketing businesses while certifying to the Workers' Compensation Board that he was not working in any capacity. Between early 2011 and the summer of 2013 he received more than \$56,000 in workers' compensation benefits to which he was not entitled. The matter is being prosecuted by the Onondaga County District Attorney's Office. The defendant is innocent until proven guilty in a court of law.
7. On November 12, 2015, John Francher, owner of the Greenbriar Home for Adults in Homer, was charged with the workers' compensation crime of Effect of Failure to Secure Compensation, a felony. The WCFIG's investigation in coordination with the Workers' Compensation Board's Division of Operations and Compliance Enforcement Unit found that Francher was previously convicted in 2014 of Failure to Secure Compensation, a misdemeanor; and Francher was currently operating a business without obtaining workers' compensation insurance for all his employees as required by law. The current matter is being prosecuted by the Cortland County District Attorney's Office. The defendant is innocent until proven guilty in a court of law.

8. On November 12, 2015, Douglas Griffen, owner of Fingerlakes Excavating, was arrested and charged with Grand Larceny in the Third Degree, Falsifying Business Records in the First Degree, and Fraudulent Practices, all felonies, as well as Failure to Secure Compensation, a misdemeanor. The WCFIG's investigation found that in the summer of 2015 Griffen provided a Tompkins County home building company false documents purporting that Fingerlakes Excavating had valid workers' compensation insurance in order to qualify for two contracting jobs worth \$72,000 with the home builder. Griffen did not maintain workers' compensation insurance; and therefore, was hired by the contractor based upon the false documentation. The matter is being prosecuted by the Tompkins County District Attorney's Office. The defendant is innocent until proven guilty in a court of law.
9. On November 23, 2015, Scott Duffie, owner of a Newburgh electrical contracting firm, pled guilty to Fraudulent Practices, and Repeated Failure to File Personal Income Tax Returns, both felonies. Duffie was arrested for violating New York State Tax Law in connection with his operation of Duffie Electric. A subsequent investigation by the WCFIG found that Duffie failed to report his employees to his insurance provider. By failing to report, Duffie evaded payment of \$59,319 in required workers' compensation insurance premiums. As part of his plea agreement, Duffie paid \$59,319 in restitution to his insurance provider and \$34,744 in restitution to the New York State Department of Taxation and Finance for unpaid taxes. Duffie was sentenced on February 3, 2016 to three years of probation. The case was prosecuted by the Orange County District Attorney's Office.

10. Christina Prasad (also known as Christina St. Andrew), owner of CK Construction and Remodeling LLC, a Schenectady-based home improvement business, was arrested on December 16, 2015 for repeatedly certifying that she had valid workers' compensation insurance for her employees when she did not. She was charged with three counts of Offering a False Instrument for Filing in the First Degree, all felonies. The WCFIG's investigation found that Prasad, on three separate occasions from March through June 2015, applied for building permits with the City of Schenectady Office of Code Enforcement for small residential projects valued at between \$1,400 and \$5,500. Each application contained a certification that her business had the required workers' compensation insurance. Her insurance coverage, however, had been canceled in January for non-payment of premiums. The matter is being prosecuted by the Schenectady County District Attorney's Office. The defendant is innocent until proven guilty in a court of law.

Cases Involving Fraud by Claimants

1. On January 21, 2015, Donald Hook of Endicott pled guilty to the workers' compensation crime of Fraudulent Practices, a felony. An investigation by the WCFIG in coordination with the New York State Insurance Fund found that Hook claimed to have sustained a work-related injury in June 2012. In support of his claim, Hook testified at a Workers' Compensation Board hearing that he had not returned to work in any capacity other than a brief half-hour attempt to work at a friend's construction business. The investigation revealed, however, that Hook worked for several weeks at the friend's company while collecting \$4,155 in wage replacement benefits. As part of his plea and sentence, Hook forfeited all rights to both future

- wage indemnity and medical benefits. The case was prosecuted by the Broome County District Attorney's Office.
2. Ramo Siljkovic was arrested on February 24, 2015, and charged with Insurance Fraud in the Third Degree, and Offering a False Instrument for filing in the First Degree, both felonies. A joint investigation by the WCFIG and the New York State Insurance Fund revealed that Siljkovic submitted 24 false documents to the New York State Insurance Fund and testified falsely before the Workers' Compensation Board on two occasions regarding his work activity to collect workers' compensation benefits. Siljkovic collected approximately \$103,000 in workers' compensation benefits to which he was not entitled. The matter is being prosecuted by the Westchester County District Attorney's Office. The defendant is innocent until proven guilty in a court of law.
 3. Joseph Sgambati of West Islip pled guilty on February 26, 2015, to attempted Fraudulent Practices, a misdemeanor. A joint investigation by the WCFIG and the New York State Insurance Fund revealed that Sgambati, who was collecting workers' compensation benefits for an injury he sustained while working as a painter, made false statements to his insurance carrier indicating that he was not working, when he was operating a restaurant. As part of his plea, Sgambati was ordered to pay \$11,307 in restitution to the New York State Insurance Fund. The matter was prosecuted by the Suffolk County District Attorney's Office.
 4. On March 9, 2015, Hugh Coogan of Hempstead pled guilty to Petit Larceny and the workers' compensation crime of attempted Fraudulent Practices, both misdemeanors. The WCFIG investigation found that Coogan was classified as permanently totally

disabled following an injury in 2004. In support of his claim, Coogan submitted a questionnaire and testified at a Workers' Compensation Board hearing that he had not returned to work in any capacity since his injury. However, the investigation revealed that Coogan was working in construction in Nassau and Kings counties for eight months. As part of his plea and sentence, Coogan was ordered to pay \$23,200 in restitution to his insurance provider. The Nassau County District Attorney's Office prosecuted the case.

5. On April 30, 2015, Alicia Parker was charged with felony counts of Grand Larceny in the Third Degree, and Grand Larceny in the Fourth Degree, for collecting workers' compensation wage replacement benefits while working. An investigation conducted by the WCFIG and the New York City Department of Investigation found that Parker was injured in December 2012 while employed as a caretaker with the New York City Housing Authority. While continuing to collect benefits, Parker began employment in August 2013 with the New York City Department of Parks and Recreation as a Job Training Participant engaged in clerical and maintenance work. The WCFIG investigation found that in her application to the Department of Parks and Recreation, Parker indicated that she had no medical conditions that would preclude her from performing her duties. However, Parker falsely testified before the Workers' Compensation Board that she was still injured, unemployed, and homebound. On November 5, 2015, Parker pled guilty to Disorderly Conduct, a violation, and paid restitution of \$5,574. The matter was prosecuted by the New York County District Attorney's Office.

6. On May 26, 2015, Moni Abu a/k/a Mohammed Khaleque pled guilty to Disorderly Conduct, a violation. An investigation by the WCFIG found that Abu was classified as permanently partially disabled following an injury while working as a taxi driver in 2003. In support of his claim, Abu reported to his insurer that he was not working. The WCFIG investigation, however, revealed that Abu obtained employment as a taxi driver with a different company under the assumed name of Mohammed Khaleque in 2008. On March 23, 2009, Abu filed a second workers' compensation claim under his assumed name and collected wage indemnity benefits on both claims for seven months. As part of his plea and sentence, Abu was ordered to pay \$22,704 in restitution. The Queens County District Attorney's Office prosecuted the case.
7. On October 8, 2015, Natasha Powless was arrested and charged with Insurance Fraud in the Third Degree, Offering a False Instrument for Filing, and Fraudulent Practices, all felonies. A joint investigation by the WCFIG and the New York State Insurance Fund found that Powless was injured while working as a home health aide in 2011. In support of her claim, Powless submitted four questionnaires and testified at a Workers' Compensation Board hearing that she had not returned to work in any capacity since her injury. However, the investigation revealed that Powless was working as a home health aide for an elderly individual while she collected \$24,519 in wage indemnity benefits. The matter is being prosecuted by the Onondaga County District Attorney's Office. The defendant is innocent until proven guilty in a court of law.
8. On October 13, 2015, Ronald Woody, a correction officer employed by the New York State Department of Corrections and Community Supervision (DOCCS) at Sing

Sing Correctional Facility, was sentenced to three years of probation for collecting \$8,754 in workers' compensation benefits while he was working at Yankee Stadium. This was a joint investigation conducted by the WCFIG and the New York State Insurance Fund. Woody pled guilty to attempted Workers' Compensation Fraud, a misdemeanor, and as part of his plea was ordered to pay restitution of \$8,754 to the New York State Insurance Fund. The Westchester County District Attorney's Office prosecuted this case.

9. On November 4, 2015, Corey Julien Cagnolin, a New York State Department of Transportation highway maintenance worker, pled guilty to the workers' compensation crime of attempted Fraudulent Practices, a misdemeanor. An investigation by the WCFIG and the New York State Insurance Fund found that Cagnolin claimed to have suffered a work-related injury in August 2013 and submitted documentation to the New York State Insurance Fund representing that he was not working in any capacity. However, the investigation determined that subsequent to his claimed injury, Cagnolin was operating his own home improvement and contracting business, while receiving wage replacement benefits. As part of his plea, Cagnolin was ordered to pay \$9,940 in restitution to the New York State Insurance Fund and forfeited future wage replacement benefits. The New York State Office of the Attorney General prosecuted the case.
10. On November 4, 2015, Joseph Clare, a retired DOCCS sergeant, pled guilty to Attempted Workers' Compensation Fraud and Petit Larceny, both misdemeanors. An investigation by the WCFIG and the New York State Insurance Fund revealed that shortly after retiring from Willard Correctional Facility in 2008, Clare applied for

workers' compensation benefits claiming he would not have retired but for injuries he received on the job in 2002 and 2005. Clare was awarded \$400 per week in wage replacement benefits in addition to his state pension payments. From early 2012 through 2014, he repeatedly certified that he was unemployed when, in fact, he was working at a used car dealership established by his wife in early 2012. As part of his plea, Clare was ordered to pay \$56,400 in restitution to the New York State Insurance Fund and forfeited future wage replacement benefits. The matter was prosecuted by the New York State Office of the Attorney General.

11. On November 17, 2015, Randy King pled guilty to Insurance Fraud in the Third Degree, and Fraudulent Practices, both felonies. A joint investigation by the WCFIG and the New York State Insurance Fund found that King was injured in 2009 while working as a mason and roofer. In support of his claim, King submitted eight questionnaires and testified at a Workers' Compensation Board hearing that he had not returned to work in any capacity since the date of his injury. The investigation revealed, however, that King was self-employed in the construction industry throughout the claim period. King received \$34,080 in wage indemnity benefits to which he was not entitled. As part of his plea and sentence, King received five years' probation and paid \$5,000 restitution. The case was prosecuted by the Onondaga County District Attorney's Office.
12. Diane Lares of Yonkers was arrested on November 19, 2015, and charged with Grand Larceny in the Third Degree for collecting \$6,469 in wage replacement benefits while working. The WCFIG investigation found that Lares was injured while working in October 2014 as an assistant store manager at a clothing retailer.

Lares later falsely testified at a Workers' Compensation Board hearing and provided false information during two medical examinations that she had not worked in any capacity as a result of her injury. However, the investigation found that Lares regularly worked as a bartender. The matter is being prosecuted by the Westchester County District Attorney's Office. The defendant is innocent until proven guilty in a court of law.

13. Sergio Recine was arrested on December 9, 2015, and charged with Grand Larceny in the Third Degree for collecting wage replacement benefits to which he was not entitled. The WCFIG investigation in coordination with the New York State Insurance Fund revealed that Recine was injured in December 2011 as a result of being struck by a truck while working for a construction company. He thereafter requested and received wage replacement and medical benefits while repeatedly testifying and submitting documentation to the New York State Insurance Fund representing that he was not working in any capacity. The WCFIG's investigation, however, revealed that from November 2013 to May 2015 Recine was in fact employed by his own construction company, DVA Industries, and engaged in concrete and roofing work. During this period he collected \$47,322 in wage replacement benefits. The matter is currently being prosecuted by the Westchester County District Attorney's Office. The defendant is innocent until proven guilty in a court of law.

14. On December 21, 2015, James Hooks, Jr., of Elmira, was charged with Grand Larceny in the Third Degree, Insurance Fraud in the Third Degree, Falsifying Business Records in the First Degree, and the workers' compensation crime of

Fraudulent Practices, all felonies. He was accused of collecting \$24,584 in workers' compensation payments to which he was not entitled, while also working as a weekend bartender. The WCFIG found that Hooks, who sustained injuries while working at a grocery store in 1994, repeatedly told the insurance company that he was not employed in any capacity when in fact he was working since at least 2013 at a bar. The case is being prosecuted by the Chemung County District Attorney's Office. The defendant is innocent until proven guilty in a court of law.

15. On December 21, 2015, John L. VanRensselaer, of Elmira, was charged with Grand Larceny in the Fourth Degree, and two counts each of Falsifying Business Records in the First Degree, and the workers' compensation crime of Fraudulent Practices, all felonies. He was accused of collecting more than \$1,000 in workers' compensation benefits to which he was not entitled while also working as a self-employed auto mechanic. The WCFIG investigation found that VanRensselaer, who had been receiving workers' compensation benefits based on a work-related injury sustained in 1983, falsely represented that he closed his auto repair business and had been unemployed since 2009 when in fact he was working as a self-employed mechanic through at least early 2014. Between September 2013 and February 2014, he allegedly received more than \$1,000 in benefits to which he was not entitled. The case is being prosecuted by the Chemung County District Attorney's Office. The defendant is innocent until proven guilty in a court of law.

Initiatives

In 2015, Governor Andrew M. Cuomo created the Workers' Compensation Task Force in an effort to reduce workers' compensation costs in the State of New York as well as prevent and

mitigate accidents, create efficient and effective claims management, and reduce fraud and abuse in the workers' compensation system. The overall goal of the task force is to improve the health and safety of New York State employees while reducing the cost of workers' compensation to taxpayers. The WCFIG is an active participant in this task force and is concentrating its efforts at specific facilities operated by three state agencies. Currently, numerous investigations are ongoing.

During the past year, the WCFIG participated as a member with the Joint Enforcement Task Force on Employee Misclassification. Governor Cuomo's Executive Order No. 2 continued the task force, originally established in 2007. As employee misclassification adversely impacts the residents, businesses, and economy of New York State, the task force is charged with coordinating the work of state agencies to ensure enforcement of laws violated when employers misclassify workers and developing legislative proposals and other tools to combat this problem, among others. The WCFIG currently is investigating several cases involving employee misclassification.

The WCFIG in 2015 also was a member of the Task Force to Combat Worker Exploitation. In July 2015, Governor Cuomo announced the creation of this statewide task force to root out worker exploitation issues in multiple industries in New York State. Building on the Governor's initiative to protect workers in the nail salon industry, the task force is charged with identifying and halting illegal practices in industries across the state. The WCFIG meets regularly with members of the Task Force to Combat Worker Exploitation to review complaints received and combine efforts in investigations of New York State businesses and employers committing fraud involving violations of New York State Labor Law, in addition to fraud against the workers' compensation system.

The WCFIG also coordinated efforts in 2015 with the Workers' Compensation Board's Division of Operations and Compliance Enforcement Unit, which monitors the workers' compensation insurance coverage of businesses and employers in New York in order to ensure coverage for all New York workers in the event of a work-related injury. The WCFIG and the Workers' Compensation Board's Division of Operations and Compliance Enforcement Unit met regularly in 2015 to combine resources in investigating matters involving fraud perpetrated by employers in New York State. In cases where a criminal prosecution is not warranted, the WCFIG referred matters to the Workers' Compensation Board's Division of Operations and Compliance Enforcement Unit for administrative or civil action, such as a "stop work" order against a non-compliant business and/or civil penalties for failure to secure appropriate workers' compensation insurance.

Additionally, the WCFIG enhanced its collaboration with the Workers' Compensation Board in order to combat fraud committed by healthcare providers complicit in enabling fraud against the workers' compensation system. Throughout 2015, the WCFIG coordinated efforts with the Workers' Compensation Board's Office of General Counsel, which oversees healthcare provider discipline, in conjunction with the Office of the Medical Director within the Workers' Compensation Board. Healthcare providers and physicians must be authorized by the Workers' Compensation Board in order to treat workers' compensation patients. Similar to the WCFIG's endeavors with the Workers' Compensation Board's Division of Operations and Compliance Enforcement Unit, if a WCFIG investigation involving a medical provider revealed misconduct that did not rise to the level of criminality sufficient for a referral to a prosecutor, the WCFIG referred those matters to the Workers' Compensation Board for appropriate administrative action.

Training and Outreach

During 2015, Inspector General Leahy Scott and her executive staff provided training and information on WCFIG's mission and various aspects of workers' compensation fraud to a number of groups and stakeholders across the state.

Importantly, the Inspector General and her staff provided training in New York City, Rochester, and Schenectady to the Workers' Compensation Board Administrative Law Judges. Administrative Law Judges are responsible for conducting hearings when claims cannot be administratively resolved by the Workers' Compensation Board. Additionally, working in collaboration with the Chief Administrative Law Judge and the Workers' Compensation Board's Director of Issue Resolution, the Inspector General established a streamlined process for the Administrative Law Judges to report suspected workers' compensation fraud and abuse.

The Inspector General and her staff also provided training at numerous state agencies. As part of this initiative, the Inspector General provided training to every new recruit enrolled in the DOCCS law enforcement academy regarding the Inspector General's jurisdiction and issues relating to workers' compensation fraud and abuse. Since the inception of this initiative, the Inspector General has trained hundreds of correction officer recruits on these matters.

Additionally, Inspector General Leahy Scott established key partnerships in an effort to combat workers' compensation fraud. The Inspector General and her executive staff regularly met with representatives of the New York State Insurance Fund and the New York State Department of Financial Services to share information in order to coordinate resources to combat fraud and to improve the efficiency and effectiveness of the workers' compensation system. The Inspector General and her staff also met with many of the state's district attorneys, the United States Attorneys' Offices, and the Federal Bureau of Investigation to discuss the WCFIG's

enhanced oversight and enforcement efforts. Education and outreach were also provided to various New York state agencies, insurance carriers, third party administrators, employers charged with administering workers' compensation claims, and members of the New York State Association of Counties.

Inspector General Leahy Scott delivered the keynote address at the National Insurance Crime Bureau's regional meeting in New York City in April 2015. Inspector General Leahy Scott also delivered remarks at the 2015 Fall Conference of the New York State Association of Self Insured Counties in Queensbury and provided a presentation on workers' compensation fraud at the New York Claims Association. Additionally, WCFIG staff met regularly with Albany, Buffalo and Syracuse chapters of the Joint Healthcare Task Force. The Inspector General's executive staff also conducted training for several self-insured public school districts at the Southern Westchester Schools Fraud Seminar held in October 2015.

CONCLUSION

This 2015 WCFIG Annual Report summarizes the office's anti-fraud activities during 2015. In 2016, the WCFIG will continue to promote the integrity of the New York State workers' compensation system through its investigations, collaborative efforts with other local, state and federal agencies, and training and outreach. Additionally, the WCFIG will commence proactive initiatives that will strengthen the workers' compensation system and increase the detection, prevention, and prosecution of claimant, employer, and provider/professional fraud. In the years ahead, the WCFIG's efforts will protect vulnerable workers, prevent fraud, and yield significant savings for New York State.