



INSPECTOR GENERAL REPORT

2013-05-0095

December 13, 2013

RDI ISSUE

Inspector General Staff Attorney Kristi Shute, after an investigation by Special Agent Alan McElroy, reports as follows:

On May 2, 2013, the Office of the Inspector General received information from the Indiana Department of Child Services (“DCS”) stating that a Xerox employee was suspected of committing acts of theft. Specifically, it was alleged that the employee fraudulently obtained money for her personal child support cases.

During the investigation, Special Agent McElroy learned that the Xerox employee was an Exceptions Processor and RDI (“Returned Deposit Item”) Clerk at the Indiana State Central Collection Unit (“INSCCU”). The INSCCU is the child support payment processing center for DCS. Xerox is a contract vendor that manages the INSCCU. Xerox is responsible for receiving child support payments in the form of checks and money orders and disbursing the payments to the custodial parent. As an Exceptions Processor, the employee was one of three people responsible for posting payments into accounts. As the RDI Clerk, she was

the only person responsible for handling checks that were returned to the INSCCU due to, among other things, non-sufficient funds or stop payments.

Based on information obtained through witnesses, records and documents, Special Agent McElroy determined that the employee used her position and knowledge gained from her position so that money fraudulently obtained was added to her child support cases. The employee knew that a check written for less than five thousand dollars (\$5,000.00) would be posted and paid into a child support account before being notified by the bank of a stop payment or non-sufficient funds. Therefore, she knew that a recipient would already have the payment deposited into their account even if a check was later returned. She also knew that a payment for five thousand dollars (\$5,000.00) or more is place on a hold until the check clears the bank.

With this knowledge, the employee asked two people (one of which began her own scheme with a fourth person) to participate in a scheme to defraud the system. In exchange for some of the fraudulent money received, the participants sent checks to the INSCCU for thousands of dollars, but always under the threshold of five thousand dollars, to the employee's various child support accounts. Since the checks were always under the threshold, the money was automatically deposited into the employee's child support accounts. The checks were later returned for either stop payments or non-sufficient funds. This resulted in a loss to the State of Thirty-Four Thousand Eight Hundred Twenty-Four Dollars and 89/100 (\$34,824.89). Xerox reimbursed the State the entire amount.

The results of this investigation were submitted to the Marion County Prosecutor's Office. That office charged the four people involved in the scheme with multiple counts of forgery, theft and receiving stolen property. Accordingly, this investigation is closed.

APPROVED BY:

/s/ David O. Thomas, Inspector General