



EXECUTIVE SUMMARY
Government of Guam's Effectiveness in Addressing
Individuals with Multiple Social Security Numbers
Report No. 16-08, October 2016

Our audit found that the Government of Guam (GovGuam) does not have any procedures or practices in place to effectively assess and address the possible misuse of multiple Social Security Numbers (SSN) to obtain Earned Income Tax Credits (EITC) and welfare benefits. Based on interviews with law enforcement entities and our research, there are known instances of individuals who have falsely used SSNs. However, agencies outside of the criminal justice system, such as the Department of Revenue and Taxation (DRT), the Department of Public Health and Social Services (DPHSS) and the Guam Housing and Urban Renewal Authority (GHURA), have yet to conduct an assessment to ascertain the risk of misuse of multiple SSNs for their benefit programs.

With so little known about the risk that individuals may be misusing multiple SSNs to obtain EITC and welfare benefits, DRT has not ascertained the likelihood that the exponential growth in the amount of EITC claims from \$23 million (M) in 2005 to nearly \$57M in 2014 may be due in part to the misuse of SSNs. DRT attributes this growth to increases in earned income limits and the maximum amount of credits allowable. However, GovGuam cannot ensure all is being done to prevent improper payments (i.e., any payment that should not have been made, was made in an incorrect amount, or was made to an ineligible recipient). In the United States, improper payments of EITC increased from \$10.5 billion (B) in fiscal year (FY) 2005 to \$17.7B in FY 2014. Similarly, improper payments from the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) increased from \$1.4B in FY 2005 to \$2.4B in FY 2014. Although improper payment rates for Rental Housing Assistance Programs decreased from FY 2005, improper payments still stood at \$1B in FY 2014.

In addition, we learned that DRT is aware that dependents listed on a taxpayer's return may be different from what is reported on a GHURA application. However, the Privacy Act reportedly restricts GHURA from disclosing the information collected on an applicant.

Lack of Risk Assessment to Ascertain the Risk of Misuse of Multiple SSNs

It is management's responsibility to identify, analyze, and respond to risks of fraud. In turn, internal controls should be developed to mitigate these risks. The Federal EITC program is deemed to be a high risk, high priority program by the Office of Management and Budget and the U.S. Department of the Treasury, which estimated that for FY 2015, of the \$65.6B in total EITC payments, between \$14.2B to \$17B were overpayments. Despite this and Guam's exponential increase in EITC claims, we found that DRT has yet to conduct an assessment to ascertain the risk of misuse of multiple SSNs.

Similarly, DPHSS and GHURA have yet to conduct risk assessments for the potential misuse of multiple SSNs. We found that this occurred due to the following:

- DRT, DPHSS, and GHURA were unaware that the Social Security Administration (SSA) can and has legitimately issued more than one SSN to an individual.

- While representatives of the Judiciary of Guam, the Guam Homeland Security Office of Civil Defense, and the Guam Police Department are aware of individuals with multiple SSNs and aliases, this information is not shared outside of law enforcement entities, citing (1) the Privacy Act, (2) no requirement to track or report information on individuals with multiple SSNs and aliases, and (3) limitations to data system capabilities.

Raising Awareness of the Risk of Misuse of Multiple SSNs

We encourage responsibility and accountability by GovGuam agencies to conduct ongoing risk assessments on the issue of the misuse of multiple SSNs. However, with the lack of readily available data to evaluate this risk, this report is designed to raise awareness of cases involving multiple SSNs to deter and reduce false claims for EITC and welfare benefits in Guam. During meetings with Federal and GovGuam officials, we shared the following research:

- SSA's Office of the Inspector General (OIG) found hundreds of individuals who were legitimately issued multiple SSNs. OIG also found individuals with more than one SSN who reported employment income on both SSNs, or claimed employment income on one SSN and received Social Security benefits on the other.
- The Federal Bureau of Investigation (FBI) identified fraud schemes that relied on illegal purchases of 586-prefixed SSNs, originally assigned to individuals in American Samoa, Guam, the Philippines, Saipan, and Chinese nationals hired to work in American territories.
- A joint investigation by the Internal Revenue Service (IRS) and FBI led to the indictment of a man who charged clients \$800 to \$1,000 to falsely include a dependent on their income tax return in order to claim a tax exemption on each false dependent, Child Tax Credit, Child and Dependent Care Credit, and EITC.

Efforts to Deter and Reduce False Claims

In November 2015, a public notice stated that DRT will continue to aggressively audit EITC to reduce fraudulent claims, and that persons found to be abusing the EITC could be banned from claiming a credit for 10 years, in addition to other penalties. In February 2016, a local editorial shared IRS warnings that Guam taxpayers who submit a fraudulent tax return will face serious criminal consequences, and that Federal prosecutors already charged several Guam residents with filing tax returns that falsely claimed EITC in order to increase their tax refund. We recommend that DRT, DPHSS, and GHURA officials enlist the assistance of Crime Stoppers, which provides means and incentives to citizens who volunteer vital information leading to indictments or arrests.

Conclusion and Recommendation

DRT, DPHSS, and GHURA have not compiled, much less shared, data, citing Privacy Act restrictions, nor have they assessed the likelihood of improper payments due to multiple SSN misuse. We requested an opinion from the Attorney General due to the alleged restrictions. We also made several recommendations, to include that DRT, DPHSS, and GHURA officials meet with the law enforcement agencies to ascertain the magnitude of possible misuse of multiple SSNs and how best they can share data, in order to reduce or slow the growth of improper EITC claims and welfare benefits. Per a GHURA official, due to the Privacy Act, the ability to share vital data to determine eligibility would require the involvement of the Guam Delegate to the U.S. Congress.

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