

**Government of Guam's Effectiveness in  
Addressing Individuals with Multiple  
Social Security Numbers**

**Performance Audit  
October 1, 2010 through September 30, 2015**

**OPA Report No. 16-08  
October 2016**



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**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.

Doris Flores Brooks, CPA, CGFM  
Public Auditor



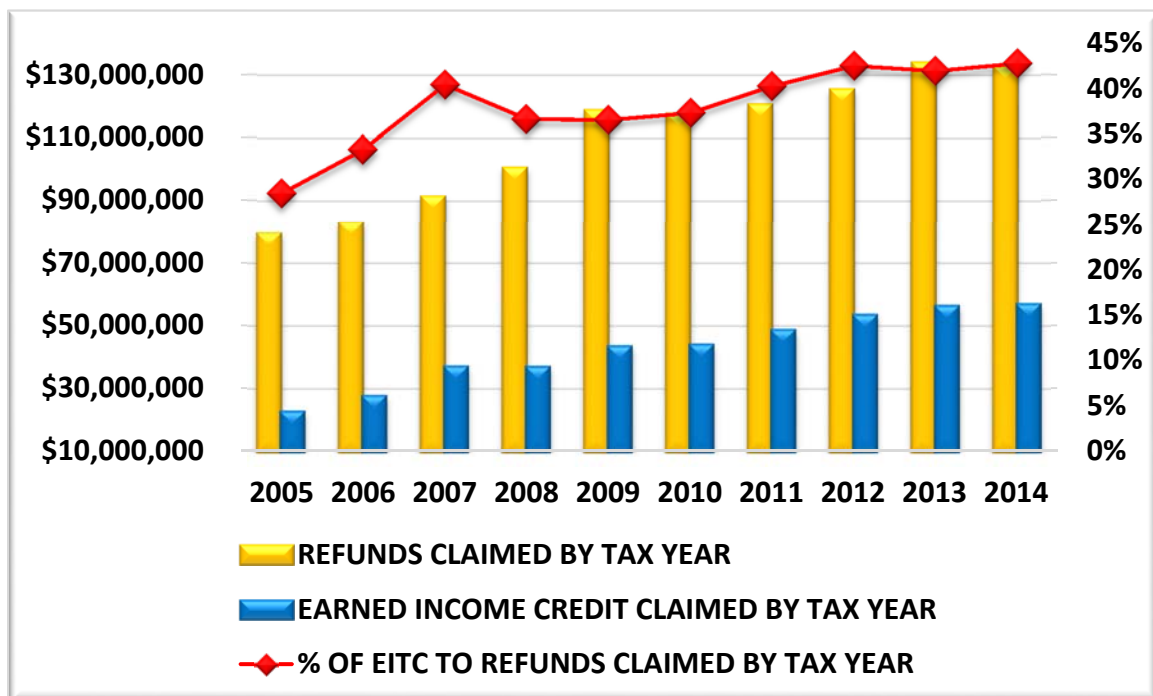
## Introduction

This report presents the results of our audit on individuals with multiple Social Security Numbers (SSN). The audit objective was to determine the effectiveness of the Government of Guam (GovGuam) in assessing and addressing the possible misuse of multiple SSNs to obtain Earned Income Tax Credits (EITC) and welfare benefits from fiscal year (FY) 2011 through FY 2015 (or October 1, 2010 to September 30, 2015). We learned during our interviews with GovGuam agencies that there appears to be a lack of readily available data to evaluate the possible misuse of multiple SSNs. Therefore, 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. The objectives, scope, methodology, and prior audits and reports coverage are detailed in Appendices 1 and 2.

## Reason for Audit

In ten years, from tax years 2005 to 2014, the amount of tax refunds claimed has increased by 67% from \$79.6 million (M) in 2005 to \$132.7M in 2014. Over this decade, EITC claims accounted for 29% to 43% of tax refunds, and have more than doubled from \$22.7M in 2005 to \$56.8M in 2014. Refer to the EITC trend below and Appendix 4 for more details.

**Graph 1: EITC Claims from Tax Refund Filings**



DRT's Director attributes the increase in EITC amounts to IRS' increases in (1) earned income limits and the (2) maximum amount of credits allowable for taxpayers with no qualifying children to taxpayers with one, two, or three qualifying children.

In a March 2015 Blue Ribbon Commission meeting concerning the Department of Corrections (DOC), the Public Auditor learned from the Judiciary of Guam's (Judiciary) Chief Probation Officer of the existence of individuals with multiple SSNs. The existence of individuals who have falsely utilized SSNs was confirmed by the Office of the Attorney General's (OAG) Chief Prosecutor.

In August 2015, a Senator of the 33<sup>rd</sup> Guam Legislature requested that the Office of Public Accountability (OPA) perform an independent audit to identify discrepancies in EITC filings and the use of multiple SSNs to possibly defraud the EITC benefit program. The Senator's audit request was based on:

- Concerns over what was viewed as "an alarming increase in tax returns filed for Earned Income Tax Credits" from tax year 2000 to 2014;
- Review of the Office of the Inspector General (OIG) Social Security Administration (SSA) audit reports regarding "Noncitizens Issued Multiple Social Security Numbers" and "Individuals with Multiple Social Security Numbers that Were Not Cross-referenced in the Social Security Administration's Systems"; and
- The risk of individuals using multiple SSNs to defraud the EITC program.

The OIG SSA audit reports mentioned above are summarized in Appendix 2.

## **Background**

### **Earned Income Tax Credit (EITC)**

EITC is a subsidy offered to lower income workers as an incentive to better their economic conditions and enable them to remain within the work force. Guam's EITC program mirrors the Federal EITC law in using the same income levels to compute a subsidy which is paid to eligible residents of Guam who file income tax returns at the Department of Revenue and Taxation (DRT) [Title 11 of the Guam Code Annotated (GCA) Chapter 42].



The initial implementation of Guam's Earned Income Program in September 1997 authorized DRT to pay such amounts as are necessary to pay the program's subsidies up to a maximum of \$14M for any fiscal year [Public Law (P.L.) 24-61 Section 4]. However, with P.L. 25-03, the \$14M maximum was removed, and no such dollar limit has since been implemented (11 GCA §42104).

### **Improper Payments**

Based on an official website of the United States (U.S.) Government<sup>1</sup>, improper payments of EITC increased by 69% from \$10.5 billion (B) in FY 2005 to \$17.7B in FY 2014. An improper payment

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<sup>1</sup> [www.paymentaccuracy.gov/](http://www.paymentaccuracy.gov/)

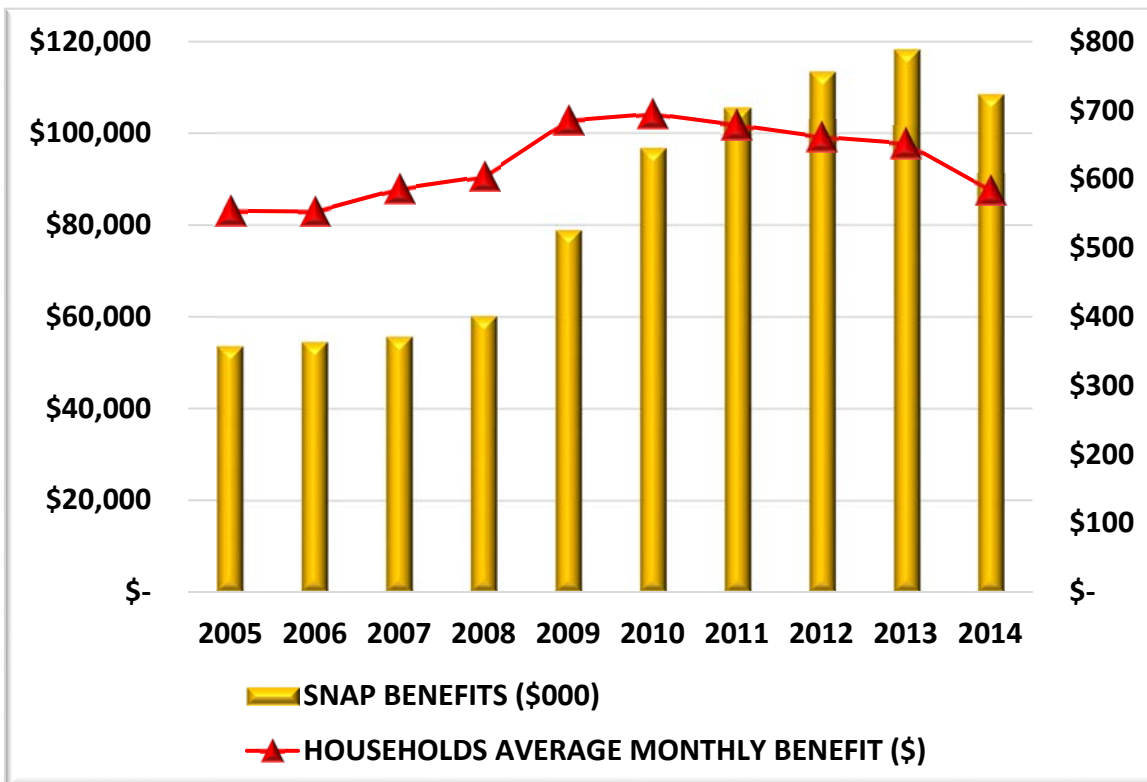
is any payment that should not have been made, was made in an incorrect amount, or was made to an ineligible recipient, according to the Office of Management and Budget (OMB). According to the Department of the Treasury's FY 2015 Agency Financial Report, it is estimated that \$14.7B or 94% of improper payments are due to the inability to authenticate eligibility, a majority of which are associated with the authentication of the qualifying child(ren) claimed, such as their relationship and residency to the taxpayer, but also the exceptions to the age requirement.

**Supplemental Nutrition Assistance Program (SNAP)**

The Nation's improper payments of Supplemental Nutrition Assistance Program (SNAP) increased by 71% from \$1.4B in FY 2005 to \$2.4B in FY 2014. The total benefits paid out by Guam's SNAP, formerly known as the Food Stamps Program, more than doubled from \$53.6M in FY 2005 to \$108.4M in FY 2014. From FY 2005 to FY 2014, the average monthly benefit per household increased from \$554 to \$584. Over this decade, SNAP's monthly participation almost doubled from an average of 8K households or 27K participants to an average of 15K households or 47K participants. Refer to graph below for the trend in SNAP benefits and Appendix 5 for more details.



**Graph 2: SNAP Benefits and Average Household Benefit**



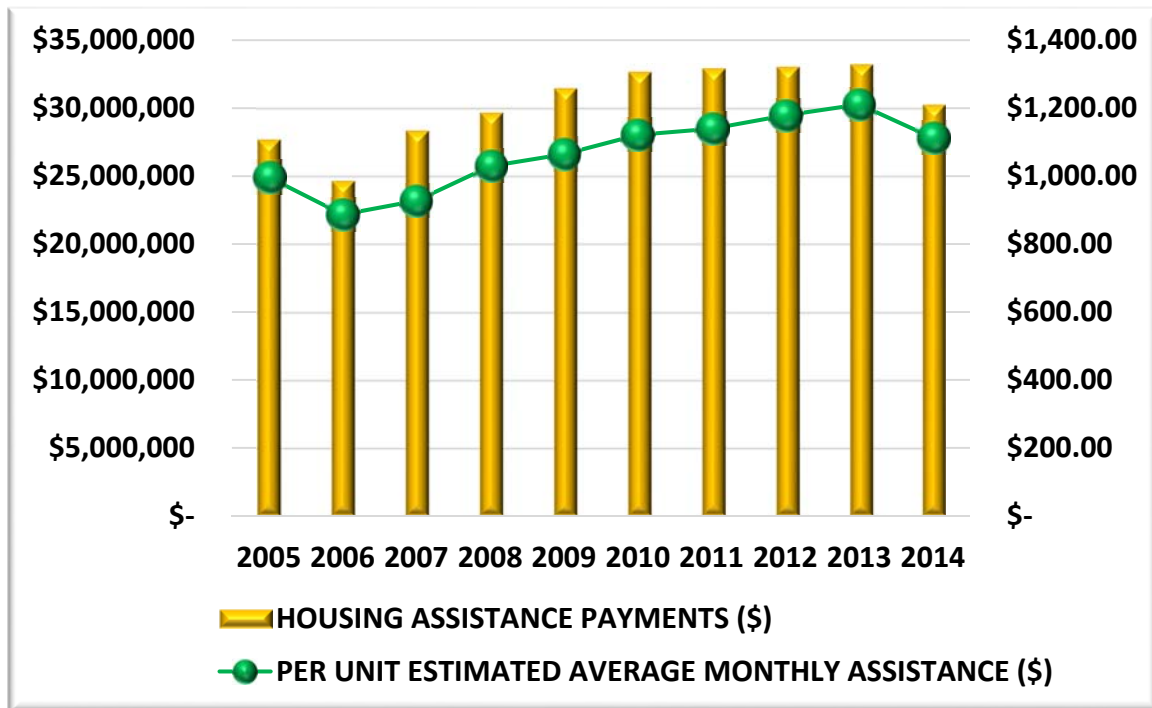
**Housing Assistance Payments**

Although the Nation's improper payment rates for Rental Housing Assistance Programs decreased by 33% from FY 2005, improper payments still stood at \$1B in FY 2014. Funded by the U.S.



Department of Housing and Urban Development (HUD), the Guam Housing and Urban Renewal Authority's (GHURA) disbursements of housing assistance payments (also known as Section 8 Housing Choice Vouchers) increased from FY 2005 to FY 2014. For over 2K leased dwelling units, GHURA disbursed to various landlords \$27.7M in FY 2005 to \$30.2M in FY 2014. Each unit is estimated to have received an average of \$997 per month in FY 2005 to an average of \$1,112 per month in FY 2014. Refer to Appendix 6 and graph below.

**Graph 3: Housing Assistance Payments and Monthly Assistance Per Unit**



### Individuals with Multiple SSNs

Generally, the Social Security Administration (SSA) assigns an individual one SSN to track the amount of wages he/she earns through work, which affects the amount of any Social Security benefits the individual may apply for and/or receive. An SSN can be requested by an individual completing and submitting an SSA application to their local SSA office, parents registering their newborn children through the Enumeration at Birth process, or legal resident aliens through the Enumeration at Entry (EAE) program.<sup>2</sup> However, the following are instances in which some individuals legitimately acquired more than one SSN:

- (1) When SSA assigns consecutive SSNs to members of the same family, one of the individuals can request a new SSN.
- (2) When evidence clearly indicates the individual's SSN has been misused, that he/she is disadvantaged by that particular misuse, and the misuse caused him/her economic or personal hardship.
- (3) When SSA mistakenly assigned an SSN through EAE to an individual who also applied for and obtained another SSN at an SSA office.

<sup>2</sup> Coordinated between SSA, U.S. Department of Homeland Security, and the U.S. Department of State.

When SSA issues more than one SSN to an individual, SSA must cross-reference the original and new SSNs to properly credit the individual's earnings to his/her earnings record and prevent payment of duplicate claims.

The OIG SSA audits mentioned in the Senator's audit request found that SSNs are at a greater risk of misuse when SSA does not cross-reference the multiple SSNs it issues, and that resident aliens who obtain multiple SSNs have used, or could use, the SSNs to defraud Federal benefit programs or to conceal work activity.

### **Use of False SSNs**

The criminal justice system, which includes DOC, OAG, the Judiciary, and the Guam Police Department (GPD), stopped relying on SSNs since the enactment of a public law that restricted the use of SSNs on public court documents [P.L. 28-95, which was codified into 5 GCA, Chapter 32, Article 7], according to Guam's Attorney General (AG). According to the AG's Chief Prosecutor, SSNs cannot be relied on anymore because an individual can have multiple aliases with multiple individual SSNs. Using false or multiple SSNs was described by the AG as the ultimate scam to avoid or stall the criminal process, and the instances OAG found involving false or multiple SSNs were found unexpectedly and in piece meal.

According to the Administrator of the Courts, the Judiciary has encountered instances in which they learn that the identification information filed by OAG is incorrect because the defendant intentionally gave the wrong information at the time of arrest. The Judiciary has also found an individual with five SSNs, twelve aliases, and different dates of birth, according to the Chief Probation Officer. As an alternative to relying on SSNs, the Judiciary is looking to attach state identification numbers (SID) to an individual's fingerprint biometric, once GPD's records system is upgraded or when OAG files charging documents with the Court, according to the Supreme Court of Guam Chief Justice. Since its implementation at the Guam airport for incoming non-citizens, fingerprint biometrics, which is reviewed every two years by the Federal Bureau of Investigation (FBI) and shared with the Federal government, has detected more individuals with multiple SSNs and aliases, according to the Administrator of the Courts.

Similarly, the U.S. Attorney's Office for the Districts of Guam and the Northern Marianas Islands has encountered individuals (U.S. citizens and non-U.S. citizens) with multiple SSNs, aliases, and dates of birth involved in immigration fraud or visa fraud.

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## Results of Audit

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Our audit found that GovGuam does not have any procedures or practices in place to effectively assess and address the possible misuse of multiple SSNs to obtain EITC and welfare benefits. Based on interviews with law enforcement entities and our research, there are known instances of individuals who have falsely utilized SSNs. However, agencies outside of the criminal justice system, such as DRT, the Department of Public Health and Social Services (DPHSS), and 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, DPHSS, and GHURA cannot ensure that all is being done to prevent improper payments. We encourage responsibility and accountability by GovGuam agencies to conduct ongoing risk assessments on 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.

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

Based on interviews with law enforcement entities and our research, there are known instances of individuals who have falsely used SSNs. In addition, despite Guam's exponential increase in EITC claims, from \$22.7M in 2005 to \$56.8M in 2014, we found that DRT has yet to conduct an assessment to ascertain the risk of misuse of multiple SSNs. According to the Committee of Sponsoring Organizations of the Treadway Commission's 2013 Internal Control-Integrated Framework (COSO Framework), it is management's responsibility to identify, analyze, and respond to risks of fraud and changes that could adversely affect the achievement of objectives, such as the payments of welfare benefits to eligible individuals. In turn, internal controls should be developed to mitigate these risks. For example, rather than "pay and chase", policies and procedures should be updated to ensure that improper payments are prevented before they occur.

In contrast, the U.S. Department of the Treasury's risk assessment process follows COSO's Framework, where they have considered risk factors that include the volume of payments made annually, inherent risks of improper payments due to the nature of agency programs or operations, and significant deficiencies in the audit reports of the agency. The Treasury and OMB deem the Federal EITC program to be a high risk, high priority program and is able to estimate the risk of improper payments. The Treasury estimates that for FY 2015, of the \$65.6B in total EITC payments, between \$14.2B to \$17B were overpayments.

Like DRT, DPHSS and GHURA have yet to conduct a risk assessment for the potential misuse of multiple SSNs. We found that these conditions occurred due to the following:

- DRT, DPHSS, and GHURA were unaware that SSA can and has legitimately issued more than one SSN to an individual.
- While representatives of the Judiciary, the Guam Homeland Security Office of Civil Defense (GHS-OCD), and GPD 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.

## **Agencies Outside of the Criminal Justice System Unaware That SSA Can and Has Legitimately Issued More Than One SSN to an Individual**

Based on discussions with DRT, DPHSS, and GHURA, we found that these agencies were unaware that SSA can and has legitimately issued more than one SSN to an individual. Although each of these agencies indicated that they have controls to verify the SSN reported by each applicant, additional controls need to be implemented to address the possible risk that applicants may be misusing legitimately issued SSNs to obtain benefits.

### **DRT Unaware That SSA Has Legitimately Issued More Than One SSN to an Individual**

According to DRT's Taxpayer Services Administrator, when DRT's program identifies that a taxpayer suddenly claims a dependent on the tax return, DRT verifies the validity of the dependent, because EITC for taxpayers without dependents is considerably smaller than for those with dependents. For instance, for tax year 2014, the maximum EITC for a taxpayer with no qualifying children was \$496 versus \$3,305 for a taxpayer with one qualifying child.

There are also various schemes to falsely claim dependents to receive additional tax benefits. For example, according to a November 2015 press release by FBI's Philadelphia Division, a joint investigation with Internal Revenue Service's (IRS) Criminal Investigation led to the indictment of a man charged in an identity theft and tax fraud scheme to falsely include a dependent on his clients' income tax returns in order to claim a tax exemption on each false dependent, Child Tax Credit, Child and Dependent Care Credit, and EITC.



Claiming fictitious dependents or borrowing dependents to become eligible for certain tax credits is not new to DRT. According to the Taxpayer Services Administrator, DRT utilizes in-house data (e.g., Motor Vehicle Division's drivers' licenses) and the IRS' Taxpayer Identification Number (TIN) Matching Program to verify the identities and ages of dependents claimed on a tax return. However, this IRS program will verify only whether the payee's name/TIN combination matches the name/TIN combination in this separately-maintained database. Also, while there is a tax sharing agreement between IRS and DRT, IRS and DRT operate systems independent of one another, and there are standard operating procedures (SOP) that must be followed when receiving or providing tax information, which can delay a response from either agency.

Even so, DRT is unaware of the risk that a sole taxpayer may possess more than one legitimate SSN, according to an interview with DRT's Taxpayer Services Administrator and Tax Enforcement Administrator. Although neither were aware that SSA can and has legitimately issued more than one SSN to an individual, both Administrators believe DRT has enough safeguards and internal controls to prevent an individual with multiple SSNs from making fraudulent tax claims. According to the Administrators, DRT has been utilizing IRS' matching program as early as 2008 to ensure the taxpayer's name and SSN matched a valid name/SSN combination. However, there is no assurance whether one individual filing a tax return under one valid SSN is not filing a second tax return utilizing another valid SSN. DRT has not established controls such as performing data

analytics to address this risk. Also, while DRT has evolved tax programs to what they are today, written SOPs are lacking, according to the Taxpayer Services Administrator.

### **DPHSS Unaware That SSA Has Legitimately Issued More Than One SSN to an Individual**

Based on an interview with several DPHSS representatives, including the Chief Human Services Administrator and a Public Welfare Program Coordinator, DPHSS has not encountered any issue concerning SSNs, nor were they aware that SSA has legitimately issued more than one SSN to an individual. One Program Coordinator asked that we share with DPHSS a listing of those identified to have multiple SSNs. However, based on interviews with GovGuam agencies, there appears to be a lack of readily available data that can be shared to evaluate the possible misuse of multiple SSNs.



While another Program Coordinator believed DPHSS's verification process has substantial controls, he acknowledged that it was not enough to take into consideration the additional SSNs issued by SSA. DPHSS's process to verify eligibility includes quality control reviews, submission of the applicant's official documents, and data matching and verification through DRT's employee wage information, as well as through an Income Eligibility Verification System (IEVS) linked to SSA. According to the Chief Human Services Administrator, the system link to SSA will not provide information if the SSN is incorrect.

According to SSA, this system link to SSA also does not provide any type of alert that an individual has multiple SSNs. In order for SSA to provide the additional information such as the additional SSN(s) issued to the individual of that SSN query, a particular data exchange agreement between DPHSS and SSA must be in place.

***Compliance Deficiencies in DPHSS's Eligibility Determinations.*** During our review of prior audits, we also found compliance deficiencies in DPHSS's eligibility determinations that were cited. See Appendix 2 for details. Furthermore, based on discussions with DPHSS, as part of their eligibility verification process, DPHSS fully accepts an applicant's signature "that no members are fleeing felons or have been convicted of a drug felony" without the requirement of police clearances. According to the Chief Human Services Administrator and Human Services Program Administrator, requiring police clearances would delay the benefits and DPHSS cannot delay the issuance of benefits. Because "anyone convicted of a drug felony or fleeing to avoid prosecution, custody, confinement, or violating probation or a parole is ineligible", we recommend that DPHSS practice due diligence subsequent to the initial issuance of benefits to ensure that no household members are fleeing felons or have been convicted of a drug felony.

### **GHURA Unaware That SSA Has Legitimately Issued More Than One SSN to an Individual**

Based on an interview with GHURA's Section 8 Administrator and a Property Site Manager, GHURA has not encountered any cases involving false or multiple SSNs, nor were they aware that SSA has legitimately issued more than one SSN to an individual.

The Section 8 Administrator acknowledged that GHURA's process to verify eligibility can be lengthy, because it will not issue benefits until it can verify eligibility with official documents;

through DPHSS, DRT, GPD, and OAG's Child Support Enforcement Division; as well as data matching and verification through HUD's verification system. When applying for any of GHURA's programs, the applicant/recipient is left with the burden of proof, according to the Section 8 Administrator. Supporting documents [i.e., birth certificate, Social Security card, government-issued picture identification (ID) card, and proof of income (tax return, bank statements, etc.)] for each household member listed in the application must be submitted.

***Compliance Deficiencies in GHURA's Eligibility Determinations.*** Similar to DPHSS, during our review of prior audits, we found compliance deficiencies in GHURA's eligibility determinations that were cited. See Appendix 2 for details. Additionally, during our discussions with GHURA, the Section 8 Administrator and Property Site Manager noted that GHURA has received applications for which the "supporting documents" did not match in names, number of dependents, or number of household members. One common discrepancy discovered was individuals being allowed to claim their relative's or friend's children as dependents on their income tax returns despite not having provided any form of financial support or housing. GHURA has found that some of those individuals who do live with the "borrowed" dependent were not listed on the lease, which is considered fraud against the Section 8 program. When advised to file an amendment with DRT, many refused, because it would mean paying back a large sum of money. GHURA has terminated the benefits of several families for fraud.



According to GHURA's Property Site Manager, DRT is aware that the dependents listed on a taxpayer's return may be different from what is reported by the taxpayer on GHURA's application. However, relying on the Privacy Act, GHURA does not disclose the applicant's information to other agencies.

### **Information on Known Individuals with Multiple SSNs and Aliases Is Not Shared Outside of Law Enforcement Entities**

Although representatives of the Judiciary, GHS-OCD, and GPD are aware of individuals with multiple SSNs and aliases, this information is not shared outside of law enforcement entities. DRT, DPHSS, and GHURA are not considered law enforcement entities, based on discussions with the Judiciary, GHS-OCD, and GPD. Within local law enforcement entities are information systems with complete identifying information on individuals confirmed to have multiple SSNs and aliases. However, sharing of this information is restricted to within law enforcement entities, which have cited (1) the Privacy Act, (2) no requirement to track or report information on individuals with multiple SSNs and aliases, and (3) limitations on data system capabilities. As such, there is a lack of readily available data to evaluate the risk of the misuse of Multiple SSNs.

### **Privacy Act**

According to the Privacy Act, an agency may not disclose any record that is identifiable to an individual, except when requested or consented by the individual to whom the record pertains. Among other instances, disclosure of the individual's record is permitted for the routine use for which it was collected; for use by the Census Bureau; for statistical purposes in a form that is not individually identifiable; to another agency or unit of State or local government for a civil or criminal law enforcement activity, and for which the formal request must specify the law enforcement purpose for the requested record and the particular record requested; to the

Comptroller General, or any of his authorized representatives, in the course of the performance of the duties of the Government Accountability Office; and pursuant to court order. [Title 5 of the United States Code (U.S.C.) § 552a(b)].



**Restrictions Cited by Law Enforcement Entities.** According to the Judiciary’s Administrator of the Courts, since 2011, the use of aliases from prior cases is detectable by the Judiciary’s consolidated criminal history system, and such information is shared with the Judiciary’s Probation Services Division. However, because SSNs are already sensitive information, the Supreme Court of Guam Chief Justice anticipates hurdles in sharing data on SSNs and identification information. According to GPD’s Computer Systems Analyst, an agency’s access is dependent on whether the

agency has a law enforcement need to view such data.

The Deputy Chief Marshal shared a similar concern on the limitations to sharing identification data due to the Privacy Act, and stated that a solution would require the coordination within the criminal justice system. Although every alias, SSN, and arrest of a detainee is accessible within FBI’s nationwide criminal database, sharing this type of sensitive information would require some law enforcement connection, according to an FBI Special Agent assigned in Guam.

Although GPD provides GHURA with police clearances on applicants and their listed household members, the clearances are supplied solely on the SSN provided by GHURA, regardless of whether that individual has multiple aliases and SSNs on record, per the GPD Clerk. While GPD’s fingerprint ID system can pull up any data connected to the individual, such as date of birth, aliases, and multiple SSNs, the details are specific to the arrested individuals only. According to the Chief of Police, there are legal concerns to consider if GPD were to share sensitive data with agencies like DRT, DPHSS, and GHURA.



**Restrictions Cited by Other Agencies.** On the basis of the Privacy Act, GHURA does not disclose information obtained on its applicants and participants, even when confronted with potential fraud or criminal activity. According to the Section 8 Administrator, when fraud by a GHURA applicant/participant is suspected, GHURA can report it to the AG. Based on guidance by a HUD agent, GHURA is restricted from sharing its findings unless the applicant/participant gives consent to disclose or GHURA is subpoenaed. This is even in cases where many discrepancies were found on GHURA applications compared to the information collected from DPHSS and DRT. Should a GHURA applicant refuse to amend either their tax return or their GHURA application to match the other, the applicant would be denied GHURA assistance. According to GHURA’s Section 8 Administrator, applicants/recipients would rather lose housing assistance than have to pay back the refund they received if they were to amend their tax return. The reason being that the biggest financial obligation they will encounter in a year is owing taxes. Because of the Privacy Act, GHURA’s Section 8 Administrator suggested that OPA involve the Guam Delegate to the U.S. Congress in this issue.

With indications of welfare fraud, it is imperative that DRT, DPHSS, and GHURA be allowed to share relevant, eligibility information with each other, because benefits are dependent on the

number of household members claimed. In a separate discussion with the FBI office in Guam, an FBI Supervisory Senior Resident Agent indicated the possibility of coconspirators that recruit individuals in order to obtain a cut of the benefits received. We recommend 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. We also requested an opinion from the AG regarding (1) the validity of the Privacy Act restrictions, especially when there is possible fraud that is being committed, and (2) guidance on how to share information to prevent improper payments of government benefits and still be in compliance with the Privacy Act.

***Sharing of Data to Prevent Improper Payments.*** At the Federal level, we found that the Improper Payments Information Act of 2002, requires agencies to conduct risk assessments, estimate and report, conduct payment recapture audits, and compliance activities concerning improper payments. Eventually this led to the President's Executive Order 13520, which (1) emphasized that the Federal government "must make every effort to confirm that the right recipient is receiving the right payment for the right reason at the right time", and (2) directed Federal agencies to identify ways in which information sharing may improve eligibility verification and prepayment scrutiny. Following this Executive Order was the Presidential Memorandum *Enhancing Payment Accuracy Through a "Do Not Pay List"* (Do Not Pay Memo), which emphasized that the prevention of payment errors is the first priority in protecting taxpayer resources from waste, fraud, and abuse. In cases where available data clearly shows that a potential recipient of a Federal payment is ineligible for it, subsequent payment to that recipient is unacceptable. Although EITC in Guam is paid out with GovGuam funds, all improper payments damage the integrity and efficiency of government programs and compromise citizen trust in government's stewardship over taxpayer dollars. Therefore, it is imperative that GovGuam identify ways in which information sharing may improve eligibility verification and prepayment scrutiny similar to the Federal government.

***DPHSS Attempts to Execute Memorandum of Agreement with GHURA.*** Currently, DPHSS is making efforts to execute a Memorandum of Agreement (MOA) that will allow DPHSS and GHURA to share and exchange information to determine eligibility of their respective welfare applicants and recipients. However, when we met with GHURA, an MOA had not been received, according to GHURA's Section 8 Administrator.

***SSA's Data Exchange Agreement.*** SSA's Office of Data Exchange has expressed willingness to assist GovGuam in its effort to deter and reduce false claims of EITC and welfare benefits, via electronic data exchanges and on a reimbursable basis. SSA engages in various forms of exchanges, from SSN verifications to computer matches, for use in determining entitlement and eligibility for benefit programs that are Federally or state-funded and state-administered. According to SSA's Office of Data Exchange, SSA's current data exchange agreement with the IRS allows the IRS to receive information on the additional SSN(s), if any, associated with the SSN queried by the IRS. Accordingly, we recommend that DRT, DPHSS, and GHURA officials enter into discussions with SSA regarding a data exchange agreement that would assist the agencies in eligibility determinations, including data on any additional SSNs issued to the applicant or benefit recipients.



While information sharing with SSA is a start, there is still an information gap between those with multiple, legitimate SSNs cross-referenced in SSA's system and those individuals confirmed by the law enforcement entities to have multiple false SSNs and aliases.

### **No Requirement to Track/Report Information on Individuals with Multiple SSNs**

Based on discussions with many law enforcement officials, it does not appear that any of these entities track or analyze the information they have on individuals with multiple SSNs. According to the AG, not only was there never a requirement to track the misuse of SSNs, but the criminal justice system has stopped relying on SSNs since the enactment of a public law that restricted the use of SSNs on public court documents [P.L. 28-95, which was codified into 5 GCA, Chapter 32, Article 7]. In response to our requests, GPD and two Judiciary divisions informed us that to quantify the number of individuals confirmed to have misused SSNs would require significant time to gather and would require a special query request from their systems providers.



While we did not find any reporting requirement specific to the misuse of SSNs, there are reporting requirements that may be an avenue to prevent improper payments if such information is shared with GovGuam agencies. Specifically, 10 GCA §77130(a), states that the Chief of Police shall report crime statistics for purposes of the National Incident Based Reporting System (NIBRS). NIBRS is a system through which all offenses within one particular crime are voluntarily reported, in order to generate reliable information for law enforcement administration, operation, management, as well as for varied research and planning purposes. Among other offenses collected and statistically reported via NIBRS are specific fraud offenses, such as impersonation and welfare fraud. See Appendix 3 for other related laws, rules, and regulations.

### **Limitations to Data System Capabilities**

Despite citing Privacy Act restrictions and no requirement to track information on individuals with multiple SSNs, we found that there are also limitations in GovGuam's data system capabilities to provide the data necessary to assess and address the possible likelihood of improper payments due to the misuse of multiple SSNs.

According to the Superior Court of Guam's Clerk of Court, running a query on individuals with multiple SSNs and aliases is difficult at this time, because the merging of names and aliases between the Judiciary's internal system and their consolidated criminal history system is an ongoing project.

The Marshal Services Division has not attempted to search FBI's nationwide criminal database for individuals with multiple or false SSNs and aliases, despite being the sole submitting agency for Guam. According to the Administrator of the Courts, the Marshal Services Division is prohibited from utilizing the FBI database for any inquiry other than for an active criminal investigation and attempts to search for individuals with multiple or false SSNs and aliases is not an authorized use of the FBI database, which records all inquiries and is subject to audit by the FBI. Per the Deputy Chief Marshal, if we wanted to run a query through FBI's nationwide criminal database, a request must be submitted to the FBI Headquarters in Virginia, because all queries have to be run through the FBI.

Although GPD's fingerprint ID system is pre-set by the vendor to record the multiple SSNs of an individual, it was not set to query for those individuals with multiple SSNs, according to a GPD Clerk. Per the Chief of Police, GPD receives a lot of information on a daily basis, including information on those individuals who were involved in the arrest. Although gathering the number of individuals with multiple SSNs would take a while, it would be easier to query the arrested individuals only, according to the GPD Clerk.

Having indicated that our audit topic was too broad, DRT's Taxpayer Services Administrator requires search parameters and justifications before queries can be performed on any tax return in DRT's system. With no parameters of its own to base our queries off of, as well as the lack of written SOPs, it appears that DRT does not currently have a system in place to identify the risk of multiple SSNs. Additionally, should our queries require the generation of reports not already set up by DRT's system provider, then we would need to pay for these reports.

## **Raising Awareness to Deter and Reduce False Claims for EITC and Welfare Benefits**

As illustrated by the conditions above, there appears to be lack of readily available data to fully assess the risk that individuals may be misusing multiple SSNs to obtain EITC and welfare benefits. In addition, without the ability to share information amongst agencies, GovGuam cannot also ensure that all is being done to prevent improper payments due to fraud including those involving "borrowed" dependents.

As a result, we made an effort to raise awareness on cases involving multiple SSNs, and to encourage suggestions and gain insight on how each agency can assist GovGuam to deter and reduce false claims for EITC and welfare benefits in Guam.

### **Raising Awareness**

In an effort to raise awareness during meetings with Federal and GovGuam officials and staff, the audit team shared its research, as follows:

- The SSA OIG found hundreds of individuals who were legitimately issued and used multiple SSNs concurrently or for separate purposes.
- The SSA OIG found individuals that were issued more than one SSN, for which employment income was reported on both SSNs, or one SSN claimed employment income while the other SSN received Social Security benefits.
- An SSA OIG investigation found a woman receiving Social Security benefits under her original SSN and birth name, while employed and receiving employment income under another SSN, which she applied for and received under a false date and place of birth.

- The FBI identified fraud schemes that relied on the illegal purchase of 586-prefixed SSNs, which were usually assigned to individuals in American Samoa, Guam, the Philippines, and Saipan, as well as legitimately issued to Chinese nationals hired to work in American territories.
- A joint investigation by the IRS and FBI led to the indictment of a man who was charging clients \$800 to \$1K 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.
- Tax professionals have expressed that the EITC program “has turned into a huge cash-entitlement, anti-poverty program that no longer seems to be encouraging poor individuals to look for work” and that refundable credits are accompanied by increased fraud (e.g., fictitious income, fictitious deductions, and borrowed dependents).



Despite legal concerns about sharing identification information, the Chief of Police expressed his willingness to bring up to the Criminal Justice Automation Commission (CJAC) our concerns on the risk of misuse by individuals with multiple SSNs to obtain EITC and welfare benefits. The U.S. Attorney’s Office for the Districts of Guam and the Northern Mariana Islands has included our concerns on the agenda for meetings amongst law enforcement agencies.

### Efforts to Deter and Reduce False Claims



According to an IRS Special Agent assigned in Guam, as a means to discourage individuals from falsifying tax returns, DRT can publicize a general statement every year that simply reminds taxpayers that they are required to comply with tax regulations and that falsified filings are a felony whether filed with DRT or the IRS, because Guam’s tax codes mirror those of the IRS.

In November 2015, the Governor of Guam issued a notice to the Guam community that the government is aggressively auditing EITC claims. According to the Governor, DRT will continue to aggressively audit EITC in their attempt to mirror Federal efforts to reduce fraudulent claims. The notice also reminded the public that “persons found to be abusing the EITC could be banned from claiming a credit for 10 years, in addition to other penalties.” Based on data provided by DRT, an average of 452 audits per year were conducted from 2010 through 2014 on returns claiming EITC. These audits resulted in an average of \$1.2M in adjustments per year to EITC claims. For tax years 2010 through 2014, EITC claim adjustments accumulated to \$6.1M. See table below for details.

**Table 1: EITC Adjustments for Tax Years 2010 to 2014**

TAX YEAR	EITC	# OF RETURNS	Income Tax Returns Examined/Audited			
			TOTAL ADJUSTMENTS	%	TOTAL COUNT	%
2010	\$ 44,947,582	17,949	\$ 630,848	1.4%	253	1.4%
2011	\$ 50,124,343	19,663	\$ 1,353,882	2.7%	521	2.6%
2012	\$ 55,039,731	20,920	\$ 1,124,253	2.0%	419	2.0%
2013	\$ 59,043,661	21,901	\$ 1,582,492	2.7%	572	2.6%
2014	\$ 58,225,304	21,274	\$ 1,366,833	2.3%	496	2.3%
<b>TOTALS</b>	\$ 267,380,621	101,707	\$ 6,058,308	2.3%	2,261	2.2%
<b>AVERAGE</b>	\$ 53,476,124	20,341	\$ 1,211,662	2.3%	452	2.2%
<b>CHANGE</b>	\$ 13,277,722	3,325	\$ 735,985		243	
<b>PERCENTAGE CHANGE</b>	29.5%	18.5%	116.7%		96.0%	

In February 2016, a newspaper editorial<sup>3</sup> shared IRS’s warnings that Guam taxpayers who submit fraudulent tax returns will face serious criminal consequences. According to the editorial, Federal prosecutors charged several Guam residents with filing tax returns that falsely claimed they lived and worked in the U.S. mainland, as well as falsely claimed EITC in order to increase their tax refund.

In an effort to bring awareness to the general public, as well as to further dissuade individuals from misusing multiple SSNs to obtain EITC and welfare benefits, we recommend that DRT, DPHSS, and GHURA officials enlist the assistance of Crime Stoppers. Crime Stoppers provides means and incentives by which citizens can anonymously volunteer vital information and receive cash rewards should that information lead to indictments or arrests. The Chief of Police offered to bring up our concerns and the Public Auditor’s suggestion to the GPD Officer who serves as the Crime Stoppers Coordinator on the Crime Stoppers Board.



<sup>3</sup> “Our View: Residents must take caution when filing taxes”. Pacific Daily News. February 8, 2016. (<http://www.guampdn.com/story/opinion/editorials/2016/02/08/residents-musttake-caution-when-filing-taxes/79992994/>)

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## Conclusion and Recommendations

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Our audit found that GovGuam does not have any procedures or practices in place to effectively assess and address the possible misuse of multiple SSNs to obtain EITC and welfare benefits. Based on interviews with law enforcement entities and our research, there are known instances of individuals who have falsely utilized SSNs. However, agencies outside of the criminal justice system, such as DRT, DPHSS and GHURA, have yet to conduct an assessment to ascertain the risk of misuse of multiple SSNs for their benefit programs.

### **Recommendations**

With a lack of readily available data to assess the likelihood of improper payments due to the misuse of multiple SSNs and aliases, as agencies were unable to compile or share data citing Privacy Act restrictions, GovGuam has not begun assessing or addressing the potential risk effectively. Accordingly, we made the following recommendations to DRT, DPHSS, and GHURA officials:

1. Enter into discussions with SSA regarding a data exchange agreement that would assist the agencies in eligibility determinations, including data on any additional SSNs issued to the applicant or benefit recipients.
2. 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.
3. Enlist the assistance of Crime Stoppers, which provides means and incentives to citizens who volunteer vital information leading to indictments or arrests.

Also, we recommend that DPHSS practice due diligence subsequent to the initial issuance of benefits to ensure that no household members are fleeing felons or have been convicted of a drug felony.

## Classification of Monetary Amounts

	Finding Description	Questioned Costs	Potential Savings	Unrealized Revenue	Other Financial Impact
<b>1.</b>	<b>Lack of Risk Assessment to Ascertain the Risk of Misuse of Multiple SSNs</b>				
	Agencies Outside of the Criminal Justice System Unaware That SSA Can and Has Legitimately Issued More Than One SSN to an Individual	\$ -	\$ -	\$ -	\$ -
	Information on Known Individuals with Multiple SSNs and Aliases is not Shared Outside of Law Enforcement Entities	\$ -	\$ -	\$ -	\$ -
	<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>2.</b>	<b>Raising Awareness to Deter and Reduce False Claims for EITC and Welfare Benefits</b>				
	Raising Awareness	\$ -	\$ -	\$ -	\$ -
	Efforts to Deter and Reduce False Claims	\$ -	\$ -	\$ -	\$ -
	<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## Management Response and OPA Reply

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We transmitted a draft report to DRT, DPHSS, and GHURA in September 2016 for their official response. We also met with those agencies and the 33<sup>rd</sup> Guam Legislature Senator who requested this audit.

Based on our meetings, DRT, DPHSS, and GHURA agreed with our finding that the lack of risk assessments for the potential misuse of multiple SSNs were due to the following:

- DRT, DPHSS, and GHURA were unaware that SSA can and has legitimately issued more than one SSN to an individual.
- Information is not shared amongst GovGuam agencies which have cited Privacy Act restrictions.

While each agency noted that the problem lies with SSA in its issuance of additional SSNs, DRT and DPHSS agreed on the development of a data exchange agreement with SSA to assist in eligibility determination. GHURA alternatively recommended that SSA, HUD, Department of Health and Human Services, and IRS meet to consider a more defined system that would be applicable to agencies at all levels of government.

We agree that discussions need to take place at the Federal level to assist in processing Federal benefits. However, in order to reduce or slow the growth of improper EITC claims and locally funded benefits, DRT, DPHSS, and GHURA officials should meet with the criminal justice agencies to ascertain the magnitude of possible misuse of multiple SSNs and how best they can share data.

See Appendices 7 through 9 for DRT, DPHSS, and GHURA's official responses.

The legislation creating OPA requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress in implementing the recommendations, and to endeavor to complete implementation of the recommendations no later than the beginning of the next fiscal year. Accordingly, we will be contacting DRT, DPHSS, and GHURA officials to provide a target date for implementing the recommendations.

We appreciate the cooperation shown during the course of this audit by the staff and management of the government agencies listed above and in Appendix 1.

OFFICE OF PUBLIC ACCOUNTABILITY



Doris Flores Brooks, CPA, CGFM  
Public Auditor

Our initial audit objective was to determine the effectiveness of GovGuam in assessing and addressing the possible misuse of multiple SSNs to obtain EITC and welfare benefits during the audit scope. However, due to the scope limitation noted below, we developed a second objective to raise awareness of cases involving multiple SSNs to deter and reduce false claims for EITC and welfare benefits.

The scope of our audit encompassed FY 2011 through FY 2015 (or October 1, 2010 to September 30, 2015).

**Scope Limitation**

During our interviews with the agencies listed under Methodology, we learned that there appears to be a lack of readily available data to evaluate the risk of misuse by multiple SSNs.

Also, we did not test the accuracy and validity of the EITC data provided by DRT, and we placed general reliance on the 2014 Guam Statistical Yearbook, from which SNAP data was obtained, and on GHURA’s independent financial audits, from which housing assistance payments data was obtained.

**Methodology**

The audit methodology included the review of pertinent laws, rules and regulations, procedures, practices, and other relevant documents pertaining to the misuse of multiple SSNs to obtain EITC and welfare benefits. Specifically, we also performed the following:

- a. Conducted interviews and walkthroughs with Federal and GovGuam officials and staff in order to understand the process and internal controls regarding the misuse of multiple SSNs for EITC and other welfare benefits. The agencies with whom the audit team interviewed are as follows:
  - (1) Department of Revenue and Taxation
  - (2) Judiciary of Guam
  - (3) Office of the Attorney General
  - (4) Federal Bureau of Investigation
  - (5) Office of the Governor’s Chief of Staff
  - (6) U.S. Attorney’s Office
  - (7) Guam Homeland Security Office of Civil Defense
  - (8) Guam Police Department
  - (9) Department of Public Health & Social Services
  - (10) U.S. Social Security Administration
  - (11) Guam Housing and Urban Renewal Authority
- b. Researched and analyzed prior audits and other official publications pertaining to individuals misusing multiple SSNs in order to obtain tax credits and other welfare benefits.



- c. Analyzed ten-year trend [tax years 2005 through FY 2014 (or January 1, 2005 to December 31, 2014)] in EITC filings, as obtained from DRT.
- d. Analyzed ten-year trend [FY 2005 through FY 2014 (or October 1, 2004 to September 30, 2014)] in SNAP payments, as obtained from the 2014 Guam Statistical Yearbook.
- e. Analyzed ten-year trend [FY 2005 through FY 2014 (or October 1, 2004 to September 30, 2014)] in Housing Assistance Payments, as obtained from GHURA's independent financial audits.
- f. Analyzed ten-year trend [FY 2005 through FY 2014 (or October 1, 2004 to September 30, 2014)] in improper payments of Federal funds, as obtained from an official website of the U.S. government.

We conducted this audit in accordance with the standards for performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Except for the scope limitation noted above, we believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Single Audit Reports**

GovGuam Single Audit Reports – GovGuam’s Single Audit Reports for FY 2005 through FY 2015 made no indication of compliance issues concerning eligibility for EITC.

Compliance Deficiencies in DPHSS’s Eligibility Determinations - Missing and/or incomplete documentation that would substantiate eligibility determinations was a repeated deficiency at DPHSS from FY 2005 through FY 2015. For example, documents to verify the applicant or household member’s age and citizenship (e.g., social security card and birth certificate) were missing, or forms were not signed and/or completely filled out. Even so, names and social security numbers on identification documents (e.g., birth certificates or social security cards) sometimes did not match the corresponding records in DPHSS’s computer system in FY 2008 and FY 2011.

In FY 2015, DPHSS did not request for information from other agencies or programs when verifying and determining eligibility for 99% of the case files audited. While income verification through IEVS was required from FY 2005 through FY 2015, there was no documentation to indicate that IEVS was used to verify eligibility, because of the following:

- Management believed the use of IEVS was voluntary in FY 2005;
- DPHSS’ existing computer system did not have the capability to do IEVS matching in FY 2006;
- Eligibility specialists were not required to use the available IEVS features of the system from FY 2012 through FY 2014; and
- Eligibility specialists were not required to make eligibility re-determinations in FY 2015.

Compliance Deficiencies in GHURA’s Eligibility Determinations – As part of GHURA’s screening for new admissions and continuing recipients, criminal background checks are to be conducted on all adult household members, including live-in aides, to determine a family’s suitability for tenancy. However, in FY 2006, FY 2008, and from FY 2011 through FY 2013, police and/or court clearances were not obtained. In FY 2011 and FY 2012, police clearances were requested, but responses were not received in a timely manner. Additionally, in FY 2006 and from FY 2012 through FY 2014, there was the lack of verification between the income reported by the applicant or tenant and the income data (e.g., wages, welfare benefits, and social security benefits) maintained by an independent third-party source; in FY 2013, numerous blank forms used for eligibility determination were pre-dated and signed by a Property Site Manager; and in FY 2005, 2006, and 2009, the information provided by third-party verification (e.g., social security number, date of birth, annual income, welfare benefits received, etc.) did not match the information inputted and calculated by GHURA.

Missing and/or incomplete documentation that would support eligibility determinations was a repeated deficiency at GHURA, from FY 2005 through FY 2009 and from FY 2012 through FY 2015. For example, tenant folders either lacked verification documentation (e.g., birth certificates, social security cards, or public assistance received), or signatures from the tenant and/or GHURA officials were missing.

**OIG SSA Audits and Investigations**

Individuals with Multiple Social Security Numbers that Were Not Cross-referenced in the Social Security Administration's Systems, OIG SSA Audit Report A-02-14-34054, November 2014 –

The audit found that when SSA issues multiple SSNs to the same individual and the SSNs are not cross-referenced in its systems, the SSNs are at a greater risk of misuse. From about 22K pairs of SSNs that were not cross-referenced in SSA's systems, the audit found instances in which (a) living individuals had either earnings and/or collected Old-Age, Survivors and Disability Insurance benefits on both SSNs; (b) individuals had either earnings and/or collected Supplemental Security Income payments on both SSNs; and (c) individuals had a death indicator for one SSN but had claims or earnings on the other SSN.

Noncitizens Issued Multiple Social Security Numbers, OIG SSA Audit Report A-06-10-20155, December 2012 –

The audit found that on occasion, SSA's controls did not prevent the unauthorized issuance of multiple SSNs to noncitizens. This audit concluded that noncitizens who obtain multiple SSNs have used, or could use, the SSNs to defraud Federal benefit programs or to conceal work activity. Over 4K instances were identified where SSA assigned noncitizens two SSNs with matching first, middle, and last names; dates and places of birth; gender; and fathers' and mothers' names. In some instances, work activity was reported under both SSNs, resulting in the potential for the same individual to obtain multiple disability or retirement benefits. In other instances, work activity occurred under one SSN, at the same time SSA was paying disability benefits under the other SSN. In one case, SSA's records indicated one numberholder was alive, but the other numberholder was deceased.

Woman Sentenced to Prison for Using Two SSNs<sup>4</sup>, July 31, 2012 –

An OIG SSA investigation resulted in a Federal grand jury indictment charging a woman with two SSNs with Social Security fraud. The investigation found that the woman had applied for and was receiving Social Security Disability and Income benefits under her original SSN, which was obtained under her birth name in 1974. During the same period in which she was receiving Social Security benefits on her original SSN, she was employed and receiving employment income under another SSN she applied for and received under a false date and place of birth.

**FBI News and Press Releases**

Delaware County Man Charged with Running Second Tax Fraud Scheme<sup>5</sup>, November 05, 2015 –

A joint investigation by IRS Criminal Investigation and FBI's Philadelphia Division led to the indictment of a man charged in an identity theft and tax fraud scheme. The indictment alleges this man was charging clients \$800 to \$1K to falsely include a dependent on their income tax return

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<sup>4</sup> "Woman Sentenced To Prison For Using Two SSNs". OIG SSA. July 31, 2012. (<https://oig.ssa.gov/audits-and-investigations/investigations/woman-sentenced-prison-using-two-ssns>)

<sup>5</sup> "Delaware County Man Charged with Running Second Tax Fraud Scheme". FBI. November 5, 2015. (<https://www.fbi.gov/contact-us/field-offices/philadelphia/news/press-releases/delaware-county-man-charged-with-running-second-tax-fraud-scheme>)

in order for his clients to claim a tax exemption on each false dependent, Child Tax Credit, Child and Dependent Care Credit, and EITC.

Sophisticated Fraud Scheme Dismantled<sup>6</sup>, May 6, 2014 – A fraud scam hinged on legitimate 586-prefixed Social Security cards that were originally issued in the 1990s to Chinese nationals hired to work in American territories such as Guam and American Samoa. When the workers returned to China, criminals bought more than 20K of the 586 SSN cards, which were sold throughout the U.S.

U.S. Charges 19 Defendants in Alleged Fraudulent Identification Document Ring Based in Chicago’s Chinatown Neighborhood<sup>7</sup>, February 25, 2009 – An enterprise sold fraudulent “identity sets” to predominantly Chinese, Korean, and Indonesian nationals that entered the U.S. illegally. These identity sets included a counterfeit or altered authentic Chinese passport that was matched to a legitimate SSN usually beginning with the “586” prefix. While SSNs with the 586 prefix were assigned to individuals in American Samoa, Guam, the Philippines, and Saipan, the fraudulent identity sets included 586 SSNs that were originally obtained legitimately by Chinese nationals working temporarily in Saipan. While in Saipan or after these workers returned to China, the social security cards were collected and transported to the U.S., where they wound up in the possession of the defendants and others.

### **Accounting Today News**

Time to Change the EITC?: Tax pros weigh the future of a complicated credit<sup>8</sup>, December 22, 2015 – Article focuses on the opinions of tax professionals to revamp EITC in order to reduce the high improper payments rate for EITC claims, because refundable credits are accompanied by increased fraud (e.g., fictitious income, fictitious deductions, and borrowed dependents). While EITC provides a tax break for working people with low income, “some feel the program has turned into a huge cash-entitlement anti-poverty program that no longer seems to be encouraging poor individuals to look for work.” The various revisions suggested by tax professionals include (a) increasing the complexity of the EITC form, (b) requiring preparers to take an annual EITC due-diligence exam, (c) stopping refunds to foreign addresses, and (d) dividing the refund payment into a monthly disbursement.

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<sup>6</sup> “Sophisticated Fraud Scheme Dismantled: Ringleader Sentenced to 12 Years in Prison”. FBI. May 6, 2014. (<https://www.fbi.gov/news/stories/sophisticated-fraud-scheme-dismantled-1>)

<sup>7</sup> “U.S. Charges 19 Defendants in Alleged Fraudulent Identification Document Ring Based in Chicago’s Chinatown Neighborhood”. FBI. February 25, 2009. ([https://archives.fbi.gov/archives/chicago/press-releases/2009/feb25\\_09.htm](https://archives.fbi.gov/archives/chicago/press-releases/2009/feb25_09.htm))

<sup>8</sup> Jeff Stimpson. “Time to Change the EITC? Tax pros weigh the future of a complicated credit”. AccountingToday.com. December 22, 2015. (<http://www.accountingtoday.com/news/tax-practice/time-to-change-the-eitc-76786-1.html>)

26 U.S.C. (Internal Revenue Code)

**§ 32. Earned income**

(k) Restrictions on taxpayers who improperly claimed credit in prior year

(1) Taxpayers making prior fraudulent or reckless claims

(A) In general

No credit shall be allowed under this section for any taxable year in the disallowance period.

(B) Disallowance period

For purposes of paragraph (1), the disallowance period is

- (i) the period of 10 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to fraud, and
- (ii) the period of 2 taxable years after the most recent taxable year for which there was a final determination that the taxpayer's claim of credit under this section was due to reckless or intentional disregard of rules and regulations (but not due to fraud).

**§ 6695: Other assessable penalties with respect to the preparation of tax returns for other persons**

(g) Failure to be diligent in determining eligibility for child tax credit; American opportunity tax credit; and earned income credit

Any person who is a tax return preparer with respect to any return or claim for refund who fails to comply with due diligence requirements imposed by the Secretary by regulations with respect to determining eligibility for, or the amount of, the credit allowable by section 24, 25A(a)(1), or 32 shall pay a penalty of \$500 for each such failure.

P.L. 24-61. Section 4. Earned Income Program for Lower Income Workers.

**Section 42104. Authorization to Spend.** For FY 1998 and each year thereafter, DRT is authorized on a continuing basis to spend funds from the Provisions of Refunds as set out in 'Exhibit, A' of P.L. No. 24-59 for FY 1998 and FY 1999 in such amounts as are necessary to pay the Earned Income program subsidies under this Chapter, up to a maximum amount for any fiscal year of \$14,000,000.

P.L. 25-03. Ch. IV. Section 22

**Section 22.** Section 42104, Division 2 of Title 11 GCA is hereby *amended* to read as follows:

"**Section 42104. Authorization to Spend.** For FY 1998 and each year thereafter, DRT is authorized on a continuing basis to spend funds from the Provisions of Refunds as set out in 'Exhibit A' of Public Law Number 24-59 for FYs 1998 and 1999 in such amounts as are necessary to pay the Earned Income program subsidies under this Chapter."

P.L. 28-95. Social Security Number Confidentiality Act.

**§ 32701. Legislative Findings and Intent.** (...) Therefore, it is the intent of the Guam Legislature to protect the citizens of Guam from identity theft through the inappropriate disclosure and misappropriation of their SSNs by limiting its use and display to the general public.

**§ 32704. General Rule.** *No* public or private entity shall:

(b) Publicly post or publicly display, in any manner, private information or an individual's SSN.

**§ 32705. Exception.**

(a) Nothing in this Act shall prevent any public entity or private entity from using a SSN for internal verification and administrative purposes, so long as the use does not result in, or require the release of, the SSN to persons not designated by the entity to perform associated functions authorized by law.

**§ 32706. Enforcement.** The Attorney General may:

(d) bring criminal charges pursuant to Title 9 GCA § 46.80 regarding the theft or the misappropriation of an individual's SSN.

9 GCA Chapter 46 Forgery, Fraudulent Practices & Telephone Records

**§ 46.80. Impersonation; Identity Theft; Defined & Punished.**

(a) A person commits an offense when that person:

(1) impersonates another or assumes a false identity and does an act in such assumed character or false identity to obtain a benefit for oneself or another, or to injure or defraud another;

(3) impersonates another, assumes a false identity or makes a false or misleading statement regarding the identity of any person, in an oral or written application for services, for the purpose of obtaining services;

(4) possesses or obtains any personal identifying information pertaining to another person, without the authorization of that person, and uses or attempts to use that information, or assists another person in using the information, for any unlawful purpose, including to:

(C) avoid, or attempt to avoid, the payment of debt or other legal obligation; *or*

(D) avoid, or attempt to avoid, prosecution for a crime in the name of the other person without the consent of that person.

(b) As used in this Section, *personal identifying information* means the name, address, telephone number, driver's license or driver's license number, social security card or social security number, (...) The list in this Subsection is *not* exhaustive.

(c) An offense under this Section is a felony of the second degree *if* the benefit obtained, or the injury or fraud perpetrated on another, or the payment sought to be avoided, *if any*, is at least \$5,000.00; otherwise, it is a felony of the third degree.

(d) A person found guilty of violating any provisions of this Section shall, in addition to any other punishment, be ordered to make restitution for financial loss sustained by a victim as a result of such violation. (...)

10 GCA Chapter 2 Division of Public Welfare

**§ 2104. Federal Grants.** The Director shall comply with all Federal requirements pertaining to methods and standards of administration and shall make such rules and regulations and follow such procedure as may be required for the receipt from the Federal government of grants or grants-in-aid for public assistance and such administrative costs as are provided in connection therewith.

**§ 2107. Frauds: Penalties.**

(a) Any person who, by means of a willfully false statement or representation, or by impersonation or other fraudulent device, obtains or attempts to obtain, or aids or abets any other person to obtain, public assistance to which he is not justly entitled, or a larger amount of assistance than that to which he is justly entitled, or any recipient who buys or disposes of real property or any person who knowingly aids or abets a recipient in the purchase or sale of real property without the consent of the Director, in order to qualify for public assistance, shall be guilty of a felony of the third degree.

**§ 2201. Applications for Public Assistance.** (...) No applicant shall be entitled to public assistance under this Article who has sufficient income or other resources to provide a subsistence compatible to decency and health, (...)

**§ 2703. Duties of the Department.** DPHSS, through the Division of Social Services, shall:

- (a) Adopt rules and regulations necessary to carry out the food stamp program;
- (b) Cooperate with the Federal government and do all things necessary to continue territorial eligibility under the food stamp program;
- (c) Comply with the requirements of the Federal Food Stamp Act of 1977.

**§ 2705. Penalties.** A person is guilty:

(a) of a felony of the third degree if he knowingly makes a false statement for the purpose of influencing the action of the Department in connection with its responsibilities under the Federal Food Stamp Act of 1977, with respect to the certification of households applying for participation in the food stamp program and the issuance under such program of food stamp coupons to households;

10 GCA Chapter 77 Guam Police Department

**§ 77129. Confidentiality of Records.** The fingerprints, photographs, records and police reports compiled under this Chapter are confidential and exempt from public inspection except:

- (c) as required or provided for under Federal law.

**§ 77130. Reporting of Crime Statistics.** The Chief of Police shall report to the Governor and the Guam Legislature statistics concerning crimes in the Territory of Guam:

- (a) as directed by the Governor for purposes of the National Incident Based Reporting System;
- (b) as otherwise directed by the Governor concerning general categories of criminal activities, but not individual criminal records; or
- (c) as requested by the Legislative Chairperson with oversight jurisdiction.

11 GCA Chapter 41 State Wage Information and Collection Agency (SWICA)

**§ 41101. Definitions.** Within this Chapter, the following terms have the following meanings:

(f) *Social Service Programs* includes but is not limited to the Food Stamps Program, (...) and any other Social Service Programs administered by DPHSS for which Federal and local laws require crossmatching of information for the prevention of program fraud and abuse.

**§ 41103. Coordination with Department of Public Health and Social Services.** SWICA shall implement a program of wage information collection in conjunction with DPHSS. Such program shall crossmatch employee wage information with information from Social Service programs administered by DPHSS. (...)

**§ 41106. Disclosure of Wage Information to the Department of Public Health and Social Services.** SWICA shall, upon written request, disclose current return information for the purpose of, and to the extent necessary for, determining eligibility for, or the correct amount of, benefits under a program listed in Section 41101(f).

(b) Safeguarding wage information. DPHSS shall limit the use of disclosure information concerning applicants and recipients to purposes directly connected with:

- (1) Establishing eligibility, determining amount of assistance, and providing services for applicants and recipients.
- (2) Any investigation, prosecution, or criminal or civil proceeding conducted in connection with the administration of any such plans or programs.

11 GCA Chapter 42 Earned Income Program

**§ 42102. Department of Revenue and Taxation to Implement an Earned Income Program.**

For FY 1998 and each year thereafter, DRT is authorized to institute an Earned Income program to mirror the program instituted by the Federal government and known as the, *Earned Income Tax Credit*.

**§ 42103. Guam Earned Income Program to Mirror Federal Program.** The Federal Earned Income Tax Credit is a subsidy authorized in the states and offered to lower income workers as an incentive to better their economic conditions and enables them to remain within the work force. The Guam Earned Income program shall be instituted using the same income levels as are used in the Federal 'Earned Income Tax Credit' law to compute a subsidy which will be paid to residents of Guam who file Income Tax Returns to DRT.



12 GCA Chapter 5 Guam Housing and Urban Renewal Authority

**§ 5105. Participation in Federal Programs.**

(b) In connection with such participation, and in addition to powers otherwise conferred by this Article, the Authority is empowered and authorized

(3) otherwise to comply fully with any conditions imposed by the Federal Government upon participation by the Authority in such programs, it being the intent of this Article to enable the Authority to do any and all things necessary to secure participation in the Federal programs, and Federal financial aid in such programs, and the cooperation of the Federal Government in the carrying out, undertaking, development, construction, maintenance and operation of any project, in carrying out the functions of the Authority, and in achieving the policies and purposes of this Article, and to assure strict compliance by the Authority with any conditions imposed by the Federal Government.

**§ 5122. Cooperation by Government of Guam.**

(b) All agencies and public officials of the government of Guam are authorized and empowered, and shall cooperate with the Authority to the extent necessary to facilitate the exercise by the Authority of its powers, duties and functions under this Article and in carrying out the purposes of this Article.

5 U.S.C. §552a. Records maintained on individuals (Privacy Act)

(b) Conditions of Disclosure. – No agency shall disclose any record which is contained in a system of records by any means of communication to any person, or to another agency, except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains, unless disclosure of the record would be –

(3) for a routine use (...);

(4) to the Bureau of the Census (...);

(5) to a recipient who has provided the agency with advance adequate written assurance that the record will be used solely as a statistical research or reporting record, (...) that is not individually identifiable;

(7) to another agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity (...);

(10) to the Comptroller General, or any of his authorized representatives, in the course of the performance of the duties of the Government Accountability Office;

(11) pursuant to the order of a court of competent jurisdiction;

**Appendix 4:**  
**EITC**

YEAR	REFUND LIABILITY AS OF SEPT 30 PROVISION FOR REFUNDS	REFUNDS PAID BY FISCAL YEAR	BY CALENDAR YEAR	REFUNDS CLAIMED BY TAX YEAR	EARNED INCOME CREDIT CLAIMED BY TAX YEAR	% OF EITC TO REFUNDS CLAIMED BY TAX YEAR
2005	\$217,109,628	\$66,564,542	\$65,052,429	\$79,587,828	\$22,716,434	29%
2006	\$267,138,563	\$45,857,503	\$47,092,130	\$83,095,396	\$27,730,754	33%
2007	\$258,265,707	\$57,546,435	\$65,636,328	\$91,547,030	\$37,068,489	40%
2008	\$283,135,000	\$91,247,575	\$90,879,104	\$100,684,473	\$36,949,649	37%
2009	\$259,151,468	\$153,202,580	\$146,249,900	\$118,806,928	\$43,482,910	37%
2010	\$284,868,839	\$82,128,119	\$84,059,862	\$117,674,572	\$43,979,985	37%
2011	\$326,034,953	\$49,313,741	\$238,998,275	\$120,611,682	\$48,636,018	40%
2012	\$100,961,462	\$342,733,732	\$144,186,743	\$125,389,570	\$53,376,514	43%
2013	\$103,346,133	\$138,875,137	\$135,381,934	\$133,899,396	\$56,243,317	42%
2014	<i>*Data was not provided*</i>			\$132,659,750	\$56,823,764	43%
	<b>TOTAL</b>			<b>\$1,103,956,625</b>	<b>\$427,007,833</b>	
	<b>AVERAGE</b>			<b>\$110,395,662</b>	<b>\$42,700,783</b>	
	<b>CHANGE</b>			<b>\$53,071,922</b>	<b>\$34,107,330</b>	
	<b>PERCENTAGE CHANGE</b>			<b>67%</b>	<b>150%</b>	

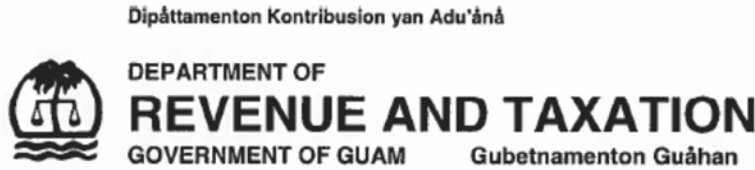
**Appendix 5:**  
**SNAP**

FISCAL YEAR	SNAP BENEFITS (\$000)	HOUSEHOLDS		PERSONS*	
		AVERAGE MONTHLY PARTICIPATION	AVERAGE MONTHLY BENEFIT (\$)	AVERAGE MONTHLY PARTICIPATION	AVERAGE MONTHLY BENEFIT (\$)
2005	\$ 53,633	8,066	\$ 554	27,277	\$ 164
2006	\$ 54,541	8,220	\$ 553	27,724	\$ 164
2007	\$ 55,690	7,916	\$ 586	26,614	\$ 174
2008	\$ 60,125	8,295	\$ 604	27,874	\$ 180
2009	\$ 78,829	9,587	\$ 685	31,511	\$ 208
2010	\$ 96,695	11,595	\$ 695	36,926	\$ 218
2011	\$ 105,440	12,945	\$ 679	40,631	\$ 216
2012	\$ 113,302	14,275	\$ 661	43,727	\$ 216
2013	\$ 118,159	15,097	\$ 652	45,554	\$ 216
2014	\$ 108,434	15,480	\$ 584	47,289	\$ 191
<b>TOTAL</b>	<b>\$ 844,848</b>				
<b>CHANGE</b>	<b>\$ 54,801</b>	<b>7,414</b>	<b>\$ 30</b>	<b>20,012</b>	<b>\$ 27</b>
<b>PERCENTAGE CHANGE</b>	<b>102%</b>	<b>92%</b>	<b>5%</b>	<b>73%</b>	<b>17%</b>

Appendix 6:

## Housing Assistance Payments

FISCAL YEAR	DWELLING UNITS LEASED	HOUSING ASSISTANCE PAYMENTS (\$)	PER UNIT	
			ESTIMATED AVERAGE ANNUAL ASSISTANCE (\$)	ESTIMATED AVERAGE MONTHLY ASSISTANCE (\$)
2005	2,315	\$ 27,685,484	\$ 11,959	\$ 996.60
2006	2,315	\$ 24,639,187	\$ 10,643	\$ 887
2007	2,548	\$ 28,352,405	\$ 11,127	\$ 927
2008	2,402	\$ 29,670,456	\$ 12,352	\$ 1,029
2009	2,463	\$ 31,460,029	\$ 12,773	\$ 1,064
2010	2,427	\$ 32,670,091	\$ 13,461	\$ 1,122
2011	2,409	\$ 32,935,455	\$ 13,672	\$ 1,139
2012	2,335	\$ 33,042,007	\$ 14,151	\$ 1,179
2013	2,286	\$ 33,221,541	\$ 14,533	\$ 1,211
2014	2,267	\$ 30,249,349	\$ 13,343	\$ 1,111.94
<b>TOTAL</b>	<b>23,767</b>	<b>\$ 303,926,004</b>		
<b>CHANGE</b>	<b>(48)</b>	<b>\$ 2,563,865</b>	<b>\$ 1,384</b>	<b>\$ 115</b>
<b>PERCENTAGE CHANGE</b>	<b>-2%</b>	<b>9%</b>	<b>12%</b>	<b>12%</b>



EDDIE BAZA CALVO, Governor  
Maga'åhni  
RAY TENDRIO, Lt. Governor  
Tiåante Gubernadot  
  
JOHN P. CAMACHO, Director  
Direktot  
MARIE M. BENITO, Deputy Director  
Sigunda Direktot

September 20, 2016

Doris Flores Brooks, CPA, CGFM  
Public Auditor  
Office of Public Accountability  
Suite 401, DNA Building  
238 Archbishop Flores Street  
Hagatna, GU 96910

Re: Draft Audit Report – Government of Guam’s Effectiveness in Addressing Individuals with Multiple Social Security Numbers

Buenas yan Saludas Mrs. Brooks,

In response to the Draft Audit Report, the Department of Revenue & Taxation (DRT) hereby submits its official response on your recommendations.

- DRT has considered the increase of EITC amounts claimed to be attributable to several factors described below;

o Over the years, EITC amounts have increased substantially for taxpayers. Credit amounts for an MFJ taxpayer with 2 dependents has significantly increased from 2005 to 2014.

	MFJ with 2 dependents		Difference	Increase %	
	TY	2005			2014
Increases					
Earned Income		37263	49150	11887	32%
Max Credit		4400	5460	1060	24%
<u>New Category</u>					
Increases					
3 dependents		0	6143		

o The additional category for 3 dependents, as shown above, significantly expands and extends the eligibility for taxpayers. The Max credit amount is obviously higher than any amount ever claimed compared to claims for 2 dependents.

o Statistics for the average earnings for Guam residents, throughout the years, have shown a slow increase that has impacted the EITC payouts. The Guam Department of Labor report states “The mean income of persons with income in 2010 was \$25,462”. That alone places many taxpayers as eligible and as a significant factor to the rise of EITC throughout the years.

- Social Security Administration is the only entity to issue SSN’s and subsequently the use of those numbers are mandated by the Internal Revenue Code. DRT is aware of the complex relationship we have with them. In a September 2010 report, the Treasury Inspector General for Tax Administration,

stated that IRS's efforts to identify and prevent revenue loss from the multiple use of Taxpayer Identification Numbers (TIN) consisted of the following;

- o Expanding Information Captured in the DUPTIN Database
- o Rejecting Electronically Filed Tax Returns When Multiple TIN Uses Are Identified
- o Including Duplicate TINs Used to Claim the EITC in the Audit Scoring Process
- o Identifying and Resolving Multiple Primary TIN and Secondary TIN Uses
- o Issuing Notices to Individuals Using the Same TINs for Dependents
- o Initiating Audits of Individuals Who Are Involved in the Multiple Use of TINs

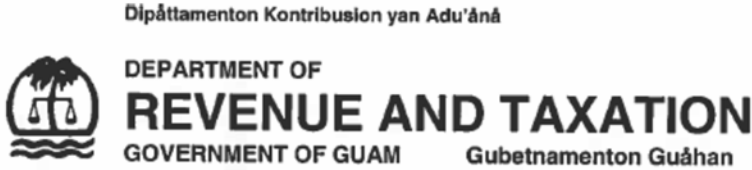
For many years, DRT's processes have involved all preventive measures described above. Our personnel in the Service and Enforcement Division, as well as in IT/Systems are well aware of those programs to identify taxpayers abuse of TIN's.

- Lastly, the ongoing efforts involved with information-sharing will always be DRT's concern. As you may know, the confidence inherent with our Departments discipline to safeguard information on a tax return is detrimental to the public trust. It will always be tasking for others, outside DRT, to find ways to legally receive our information.

Should you have any concerns on this response, feel free to contact me at 635-1815.

Sincerely,

  
JOHN P. CAMACHO  
Director



EDDIE BAZA CALVO, Governor  
Maga'lahi  
RAY TENORIO, Lt. Governor  
Titime Gubetnadot  
  
JOHN P. CAMACHO, Director  
Direktor  
MARIE M. BENITO, Deputy Director  
Sigundo Direktor

September 21, 2016

Doris Flores Brooks, CPA, CGFM  
Public Auditor  
Office of Public Accountability  
Suite 401, DNA Building  
238 Archbishop Flores Street  
Hagatna, GU 96910

Re: Addendum to the Audit Response (Dated: 9/20/2016) – Government of Guam's Effectiveness in Addressing Individuals with Multiple Social Security Numbers

Buenas yan Saludas Mrs. Brooks,

As an addendum to the last response on the subject above, the Department of Revenue & Taxation (DRT) hereby submits responses on your recommendations.

1. SSA data exchange agreement
  - o DRT has engaged in this discussion with SSA in the past. That revelation was provided to your auditors, so this recommendation is nothing new or unheard of. DRT agrees to pursue this resource to enhance our overall tax compliance program and not only for EITC purposes.
2. Meet with Criminal Justice agencies
  - o DRT has reiterated to your auditors that we welcome all information to reduce any form of tax fraud. The only deterrent to this process will simply be that limitations to sharing information will more than likely be a one-way street. In addition, since other agencies have not volunteered any data thus far, DRT believes that the very same restrictions we are dealt with to disclose any confidential information to anyone is the same reason we have not heard from them.
3. Enlist the assistance of Crime Stoppers
  - o DRT will review the program guidelines associated with Crime Stoppers. FYI, DRT employs similar programs like the IRS. Please review the various forms and/or types of fraud that are available to Guam taxpayers. [https://www.irs.gov/individuals/how-do-you-report-suspected-tax-fraud-activity?\\_ga=1.158922937.2071449281.1446764857](https://www.irs.gov/individuals/how-do-you-report-suspected-tax-fraud-activity?_ga=1.158922937.2071449281.1446764857)

Should you have any concerns on this response, feel free to contact me at 635-1815.

Sincerely,

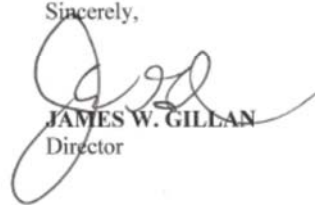
  
JOHN P. CAMACHO  
Director





Action Plans. She can be reached at (671) 735-7257 or email her at [annie.soto@dphss.guam.gov](mailto:annie.soto@dphss.guam.gov). Mr. Danilo L. Barrido, Program Coordinator IV, also of the said Bureau is the alternate and can be reached at (671) 735-7258 or email him at [daniло.barrido@dphss.guam.gov](mailto:daniло.barrido@dphss.guam.gov).

Sincerely,



**JAMES W. GILLAN**  
Director



# GHURA

Guam Housing and Urban Renewal Authority  
Aturidat Ginima' Yan Rinueban Siudad Guahan  
117 Bien Venida Avenue, Sinajina, GU 96910  
Phone: (671) 477-9851 · Fax: (671) 300-7565 · TTY: (671) 472-3701



**Eddie Baza Calvo**  
Governor of Guam

**Ray Tenorio**  
Lt. Governor of Guam

**George A. Santos**  
Chairman

**Thomas E. B. Borja**  
Vice Chairman

**Annabelle M. Dancel**  
Commissioner

**Joseph M. Leon Guerrero**  
Resident Commissioner

**Michael J. Duenas**  
Executive Director

**Pedro A. Leon Guerrero, Jr.**  
Deputy Director

September 23, 2016

Office of the Public Accountability  
Attn: Ms. Llewelyn Terlaje/Ms. Michelle Brillantes  
Suite 401, DNA Building  
238 Archbishop Flores Street  
Hagatna, Guam 96910

**SUBJECT: GOVERNMENT OF GUAM'S EFFECTIVENESS IN ADDRESSING INDIVIDUALS WITH MULTIPLE SOCIAL SECURITY NUMBERS**

Dear Ms. Terlaje/Brillantes:

Thank you for meeting with GHURA last Wednesday, September 21, 2016. We acknowledge the recommendations made by your office. However, GHURA utilizes the Enterprise Income Verification (EIV) System to verify information provided by either the applicant or resident as its hierarchy. Although this verification may be 3 – 6 months old, it is the requirement by the U.S. Housing and Urban Development (HUD) to use this system as a means of verifying employment income. Verification of Social Security Numbers are done through this system as well.

GHURA recognizes the problem with Social Security Administration (SSA) and understands that it should be resolved at their levels of government. We recommend SSA, HUD, U.S. Department of Health and Human Services (HHS) and the Internal Revenue Service (IRS) meet to consider a more defined system that would be applicable to agencies at all levels of government.

When GHURA is aware of a fraudulent activity, its representative reports the matter to the proper agency in regards to the non-compliance of its programs' regulations. GHURA has done their part in terminating the families' housing assistance due to such an activity or non-compliance.

GHURA does not discriminate against persons with disabilities.  
The Chief Planner has been designated as Section 504 Coordinator.  
The Coordinator can be contacted at the above address and telephone numbers.



GHURA has a Memorandum of Understanding (MOU) with the Guam Police Department (GPD) to obtain a police clearance, including the rap sheets, for each adult household members annually. On a daily basis, GHURA receives a copy of the police blotter. Applicants or residents, having a criminal activity may be terminated from the program.

Should you have any questions, please do not hesitate to contact me at 475-1378.

Best regards,

*Michael J. Duenas*  
FOR: MICHAEL J. DUENAS  
Executive Director

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**Appendix 10:****Status of Audit Recommendations**

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<b>No.</b>	<b>Addressee</b>	<b>Audit Recommendation</b>	<b>Status</b>	<b>Action Required</b>
1	DRT, DPHSS, and GHURA officials	We recommend that DRT, DPHSS, and GHURA officials enter into discussions with SSA regarding a data exchange agreement that would assist the agencies in eligibility determinations, including data on any additional SSN issued to the applicant or benefit recipients.	OPEN	Please provide target date and title of official(s) responsible for implementing the recommendation.
2	DRT, DPHSS, and GHURA officials	We recommend that DRT, DPHSS, and GHURA officials meet with the criminal justice 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.	OPEN	Please provide target date and title of official(s) responsible for implementing the recommendation.
3	DRT, DPHSS, and GHURA officials	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.	OPEN	Please provide target date and title of official(s) responsible for implementing the recommendation.
4	DPHSS	We recommend that DPHSS practice due diligence subsequent to the initial issuance of benefits to ensure that no household members are fleeing felons or have been convicted of a drug felony.	OPEN	Please provide target date and title of official(s) responsible for implementing the recommendation.



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

## **ACKNOWLEDGEMENTS**

**Key contributions to this report were made by:**  
Michele Brillante, Audit Staff  
Llewelyn Terlaje, CGFM, Audit Supervisor  
Doris Flores Brooks, CPA, CGFM, Public Auditor

## **MISSION STATEMENT**

**To ensure the public trust and assure good governance,  
we conduct audits and administer procurement appeals,  
independently, impartially, and with integrity.**

## **VISION**

**The Government of Guam is the model for good governance in the Pacific.  
OPA is a model robust audit office.**

## **CORE VALUES**

**Objectivity: To have an independent and impartial mind.  
Professionalism: To adhere to ethical and professional standards.  
Accountability: To be responsible and transparent in our actions.**

## **REPORTING FRAUD, WASTE, AND ABUSE**

- **Call our HOTLINE at 47AUDIT (472-8348)**
- **Visit our website at [www.opaguam.org](http://www.opaguam.org)**
- **Call our office at 475-0390**
- **Fax our office at 472-7951**
- **Or visit us at Suite 401, DNA Building in Hagåtña**

**All information will be held in strict confidence.**