

# Current Fraud Schemes in Georgia Government



*1*

General Fraud  
Trends

*2*

Occupational &  
Benefit Fraud

*3*

Forged Checks

*4*

General  
Fraud  
Prevention

# ACFE Report to the Nations 2022

Surveys sent to member organizations.

Respondents asked seventy-seven questions about the single largest occupational fraud case they worked.

Survey statistics comprised of responses from 2,110 respondents.

Median Fraud  
Duration and Loss

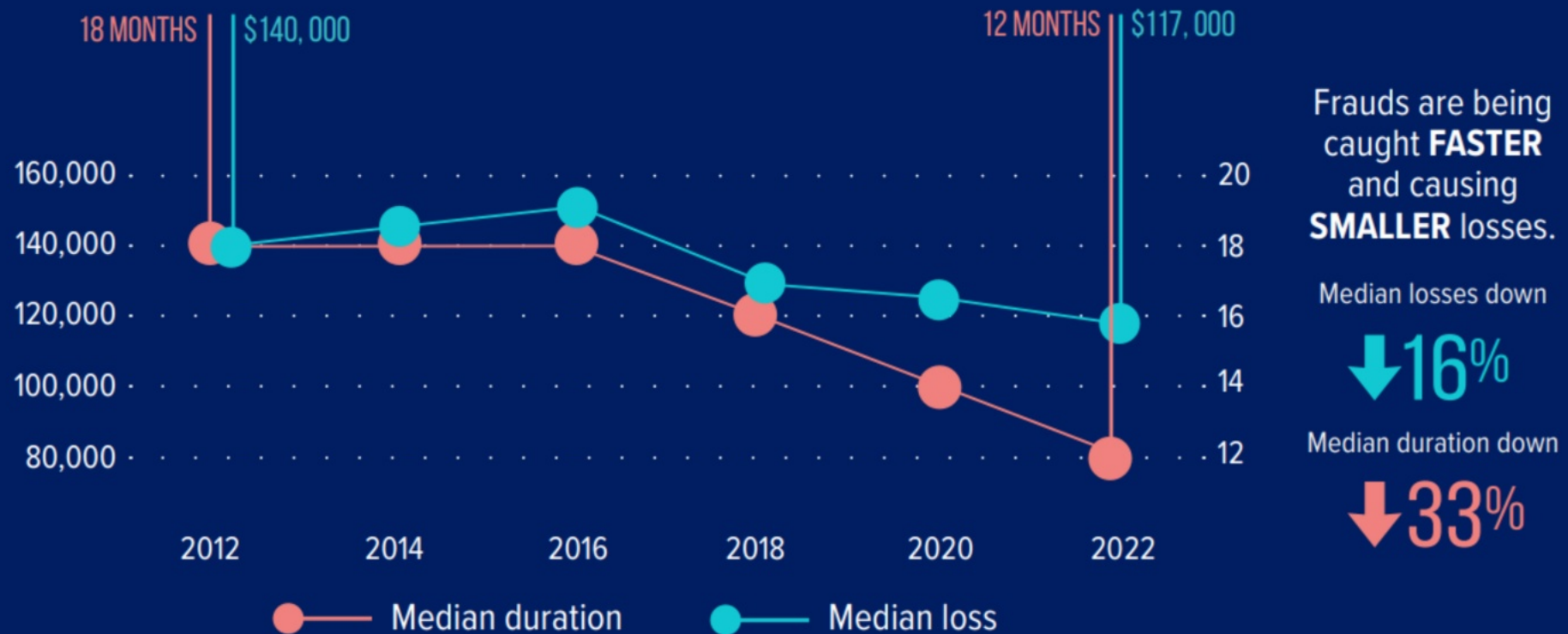
Corruption and  
Collaboration

Criminal vs. Civil

Cryptocurrency  
&  
Reporting

# Median Fraud Duration and Loss

## A DECADE OF OCCUPATIONAL FRAUD: TRENDS FROM 2012-2022



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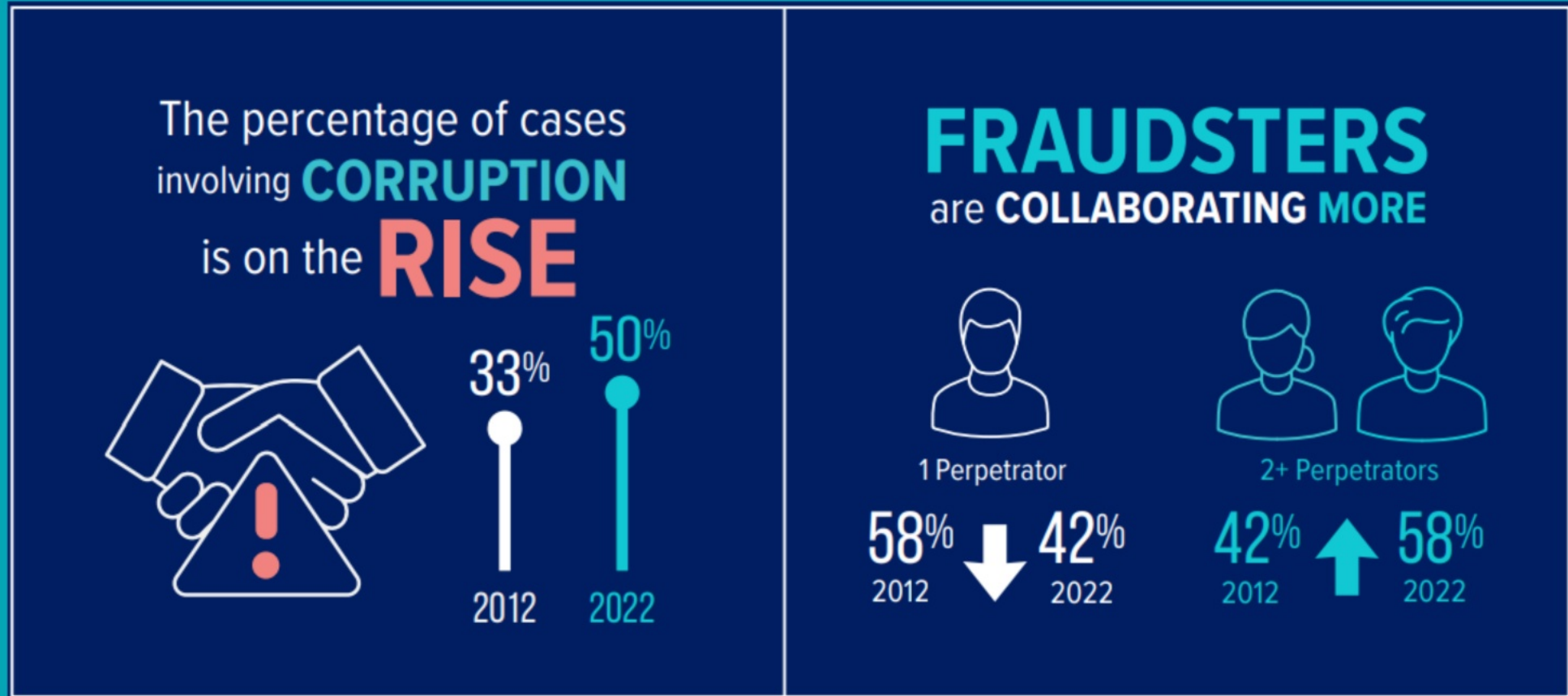
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# Corruption and Collaboration



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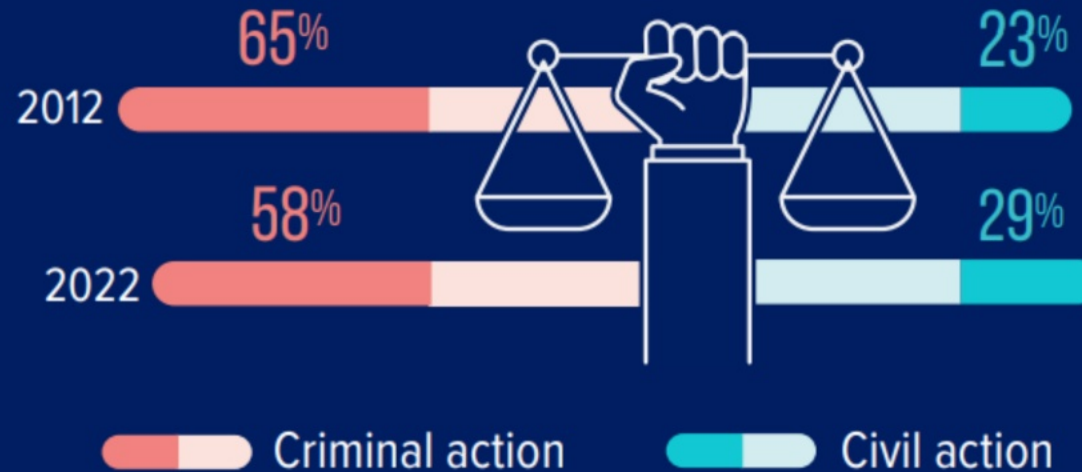
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# Criminal vs. Civil

Fewer organizations are pursuing **CRIMINAL PROSECUTION**, but more are taking **CIVIL ACTION** against the perpetrator.



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# Cryptocurrency & Reporting

8% of fraud cases involved THE USE OF CRYPTOCURRENCY



Among these cases, cryptocurrency was most commonly used for:

48%

Making bribery and kickback payments

43%

Converting misappropriated assets

40%



33%



27%



Email

Web-based/  
online form

Telephone  
hotline



Email and web-based reporting **BOTH** surpassed telephone hotlines

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UI & Benefit Fraud

# Occupational & Benefit Fraud

Unemployment Insurance Fraud  
Cases

Benefit Fraud Cases

Case Studies:

- Karen Gregory
- Robin Folsom

Karen Gregory  
(Lyke)

Robin Folsom

# Unemployment Insurance and Benefit Fraud

Increase in cases involving internal actors.

Currently investigating 280+ instances of UI benefits paid to state employees who were still employed with the state when benefits were received.

- \$6.7 million
- Innocent until proven guilty
- Some cases where employees exonerated/unsubstantiated

Active investigations involving collaboration between external actors and internal actors.

- Cases involve government benefits administered by the state.
- Contract fraud.
- Continuing to work with partner agencies to expand scope and remove the bad apples.

STATE  
**Georgia audit finds \$6.7 million in pandemic unemployment payments went to full-time state employees**

Findings were released by the State General's Office to the public. [NEWS](#) | [NEWS](#)

**Former state workers charged with unemployment insurance fraud**

August 5, 2023 8:00 AM

**8 former state workers indicted for filing false unemployment claims in Georgia**

By FOX 5 Atlanta Digital Team | Published August 5, 2023 8:00 AM

**4 people charged with RICO, accused of conspiring in DeKalb County**

CRIME  
**DeKalb DA: Georgia men indicted after stealing money from state in fraudulent contract scheme**

District Attorney Sherry Boston said they were indicted last Tuesday.

UI & Benefit Fraud

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# Karen Gregory

Case referred by state agency in December 2019

Two computers were ordered for benefit recipients, neither of the recipients received the computers despite signed acknowledgment forms.

Both recipients shared the same contact at the agency, Karen Gregory.

Computer  
Theft

Fictitious  
Recipients

Unfortunate End

# Computer Theft

A review of the forms suggested signatures were forged and a third benefit recipient who did not receive a computer was identified by OIG.

The total loss for the three computers totaled over \$19,000.

Some computers sold on eBay.

Based on the evidence and forged documentation, OIG believed it was possible other documentation had been fraudulently created.

OIG then conducted a review of 425 other benefit recipients managed by Gregory.



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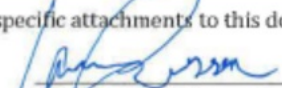

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➤ Any specific attachments to this document apply.

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|---|---------------------------------|
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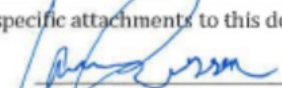

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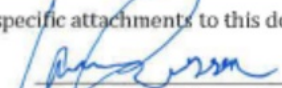

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|   |
|---|
| <br>Signature of Applicant |
|---|

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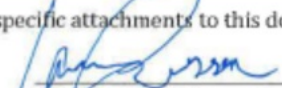

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Computer  
Theft

Fictitious  
Recipients

Unfortunate End

# Fictitious Recipients

425 recipients from 2015-2019 reviewed.

14 fictitious recipients identified who received college tuition assistance based on falsified disabilities.

- Supposedly attended Georgia, Georgia Institute of Technology, Georgia State University.
- OIG confirmed all college-related documents were fraudulent and none of the 14 recipients ever attended the schools.
- Recipients were all friends and relatives of Gregory and all but one actively participated in the scheme.

Over 200 checks sent to P.O. Boxes controlled by Gregory for tuition-related expenses exceeding \$1.3 million from 2016-2020.

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Academic Transcript *Schedule*

This is not an official transcript. Courses which are in progress may also be included on this transcript.

[Redacted]

Spring 2018 SCHEDULE  
[Click here for a printable version](#)

| Meeting Time | CRN  | Section | Course   | Sess         | Course Title                  | Hr Grd | Instructor | Location |
|--------------|------|---------|----------|--------------|-------------------------------|--------|------------|----------|
| N/A          | 7955 | G       | IT3661   | Full Session | Internet Working              | 3      | Orwig, R   | Online   |
| N/A          | 7994 | OLB     | BUSA3130 | Full Session | Business Information Center   | 3      | Smatt, C   | Online   |
| N/A          | 8130 | OLI     | BUSA3800 | Full Session | Srvy of Legal Env of Business | 3      | Childs, M  | Online   |
| N/A          | 7779 | OL2     | IT3440   | Full Session | Principles of Internet        | 3      | Murlock, M | Online   |

ACADEMIC INFORMATION

First Term Enrolled: Summer 2016  
Last Term Enrolled: Spring 2018  
Last Term Accepted: Summer 2016

Hours: 56.00

| GPAs          | UGA Overall | Last Term      |
|---------------|-------------|----------------|
| Graduate 4.00 | 4.00        | Fall 2017 4.00 |

Cumulative 4.00  
Academic Standing: Good Standing

Current Major(s): Master's in Technology  
Current Minor(s): [Redacted]

Current Status: Enrolled  
Campus: Athens Campus

Department: Internet Technology  
Advisor Location: Nesbitt 5118

ACADEMIC HISTORY

| Course | Term | Course Title | Credit Hours | Grade |
|--------|------|--------------|--------------|-------|
|--------|------|--------------|--------------|-------|

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Concise Student Schedule

Name: [REDACTED]  
Classification: Graduate  
Level: Graduate semester  
College: College of Arts and Sciences  
Major and Department: Masters of Industrial Psychology  
Major Concentration: Psychology

| CRN   | Course   | Title                      | Campus  | Credits        | Level | Start Date  | End Date    | Days | Time                | Location                      | Instructor |
|-------|----------|----------------------------|---------|----------------|-------|-------------|-------------|------|---------------------|-------------------------------|------------|
| 81156 | CSC 1110 | INDUSTRIAL TECHNOLOGY      | Atlanta | 3.000          | US    | May 15 2017 | Jul 28 2017 | MW   | 10:00 am - 10:50 am | College of Arts & Science 210 | Gilbert    |
| 80055 | 3230 003 | PSYCHOLOGY IN BUSINESS     | Atlanta | 3.000          | US    | May 15 2017 | Jul 28 2017 | TR   | 2:30 pm - 5:20 pm   | College of Arts & Science 311 | Tyson      |
| 85081 | 3311 003 | PSYCHOLOGY METHOD RESEARCH | Atlanta | 3.000          | US    | May 15 2017 | Jul 28 2017 | MWF  | 8:00 am - 9:15 am   | College of Arts & Science 204 | Whithers   |
|       |          |                            |         | Total Credits: | 9.00  |             |             |      |                     |                               |            |

RELEASE: 8.4

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<https://www.gosolar.gsu.edu/prod/bes/course.L00P>

Course Title Credit Hours Grade 1/1



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Concise Student Schedule

Georgia Institute of Technology

Concise Student Schedule

This page lists the classes for which you are registered for the term. All of the detail information about the class is included.

Name: [REDACTED] Address: North Ave NW  
Classification: Graduate Atlanta  
Level: Graduate Semester Atlanta, Georgia 30332  
United States of America

College: College of Business  
Major and Department: Masters in Business Administration  
Major Concentration: College of Business

| CRN   | Course       | Title                     | Campus  | Credits        | Level  | Start Date   | End Date     | Days | Time               | Location              | Instructor |
|-------|--------------|---------------------------|---------|----------------|--------|--------------|--------------|------|--------------------|-----------------------|------------|
| 83656 | CSC 1010 000 | COMPUTERS & APPLICATIONS  | Atlanta | 3.000          | US     | Aug 22, 2016 | Dec 13, 2016 | MW   | 1:30 pm - 2:45 pm  | Lergdale Hall 200     | Henry      |
| 80366 | ID 3000 003  | INFORMATION TECH          | Atlanta | 3.000          | US     | Aug 22, 2016 | Dec 13, 2016 | TR   | 2:30 pm - 5:20 pm  | Arts & Humanities 365 | Trugman    |
| 85881 | ID 3300 003  | LEGAL ASPECTS OF BUSINESS | Atlanta | 6.000          | US     | Aug 22, 2016 | Dec 13, 2016 | TR   | 11:00 am - 1:50 pm | Arts & Humanities 353 | Crooks     |
| 82574 | ID 3910 003  | HISTORY OF TECHNOLOGY     | Atlanta | 3.000          | US     | Aug 22, 2016 | Dec 13, 2016 | TR   | 9:00 am - 10:15 am | Arts & Humanities 355 | White      |
| 82577 | ID 3910 003  | FINANCIAL MANAGEMENT      | Atlanta | 3.000          | US     | Aug 22, 2016 | Dec 13, 2016 | TR   | 5:30 pm - 7:00 pm  | Admin Office 335      | Henry      |
|       |              |                           |         | Total Credits: | 18.000 |              |              |      |                    |                       |            |

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Course Title Credit Hours Grade

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## Unfortunate End

Gregory and her husband pled guilty to Conspiracy to Commit Federal Program Theft.

Gregory was sentenced to 5 years in prison, 3 years supervised release, restitution of \$1.3 million.

Her husband was sentenced to over 4 years in prison.

Before surrendering to start her sentence, Gregory passed away.

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# Robin Folsom

External Affairs Director of state agency

Took leave and FMLA based on the birth of multiple children

Alleged to have falsified statements and documentation

The Investigation

The Result

# The Investigation

OIG investigation revealed no evidence of the birth of Folsom's children

- No change in insurance deductions for pay
- Medical records and vital records showed no evidence of childbirth
- Employees observed Folsom's pregnant midsection "come away" from her body
- Surveillance footage suggested Folsom wore a prosthetic pregnancy belly
- Virtual interview background appeared to be staged when speaking with OIG investigators
- Created email account to converse with superiors as non-existent husband

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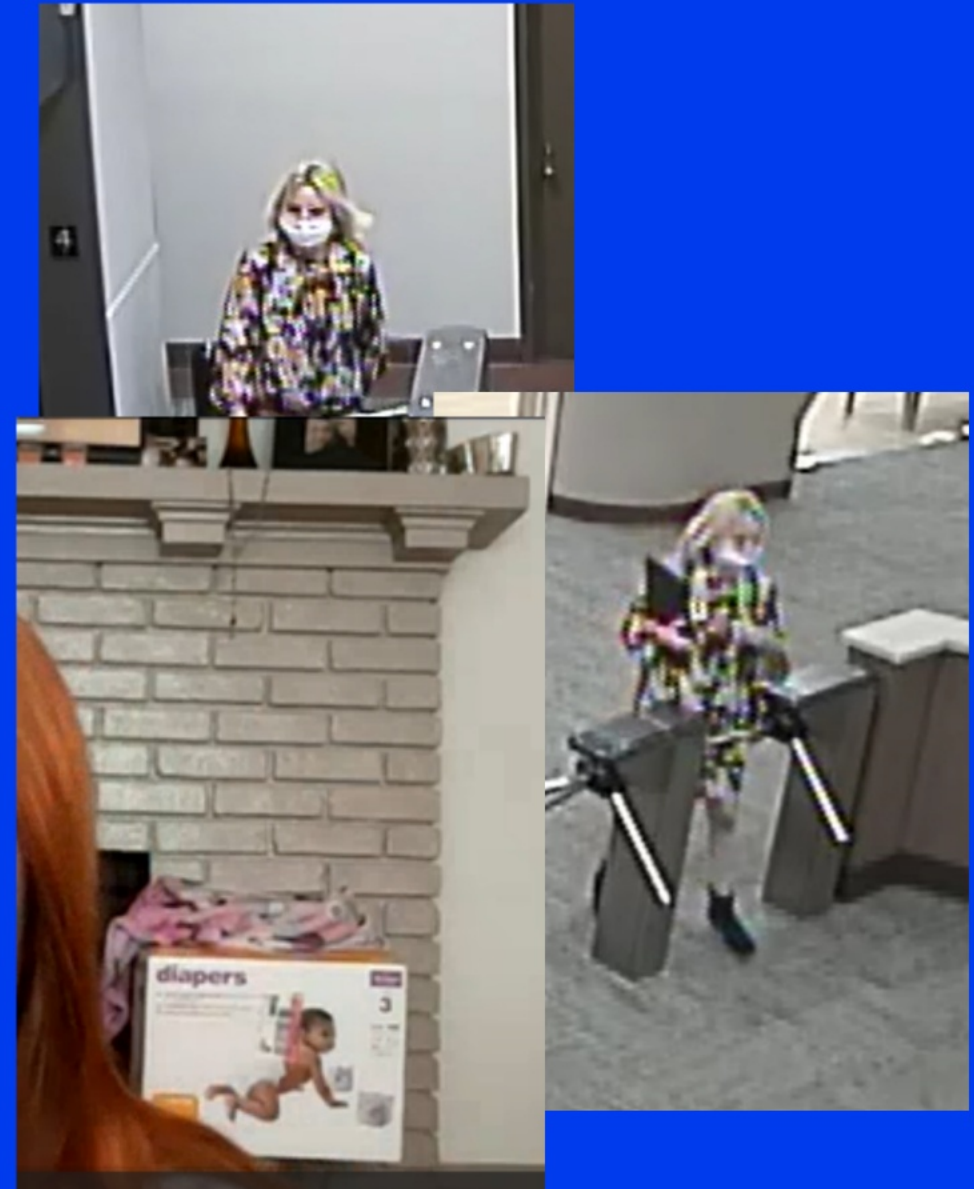
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## The Result

Folsom's actions resulted in leave at a cost to the state of \$12,307.00.

On February 10, 2022, Folsom was indicted by a grand jury for one count of identity fraud and three counts of false statements.

Subsequently, on April 4, 2022, Folsom pled guilty to one count of identity fraud and three counts of false statements.

Folsom was sentenced to five years probation and full restitution among other conditions.

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# Forged Checks

Recent increase in reports of forged checks.

Unsophisticated scheme that is preventable using Positive Pay.

Losses generally relegated to the financial institution who "floats" a portion of the total. Also referred to as Check Kiting.

Modus Operandi

Prevention  
&  
Response



# Modus Operandi

Obtain source or donor check

Generate forged check with routing and account number

Deposit in-person or via mobile deposit (popular, no surveillance footage)

Conduct immediate withdrawals to access "floated" balance

Losses generally limited, little profit for suspects.

Hard to identify suspects due to use of masks, "runners", and identity fraud.



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Prevention  
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Response

# Prevention and Response

Utilize Positive Pay and monitor regularly.

Avoid use of paper checks when possible.

If a loss is incurred, contact your bank immediately and attempt stop payment.

Contact OIG so we may utilize our resources to attempt a hold on funds at receiving financial institution.

Gather copies of negotiated checks and provide to OIG.

We will work to gather relevant information (surveillance, mobile device identifiers) from the receiving financial institution in an attempt to identify suspects.



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# Fraud Prevention Ideas

- Regular anti-fraud training and awareness
- Reporting mechanism in place?
- Ensure proper "tone at the top"
- Fraud risk assessments and internal audit?
- Employee assistance programs?
- Rigorous background procedure for new hires
- Strong internal controls
- Anonymous employee surveys?

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