10 Outrageous Examples of Social Security Disability Fraud

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Our Generation is a membership-based nonprofit, nonpartisan advocacy organization founded in 2009 to research, educate and promote long-term free market solutions to today’s public policy concerns.

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Social Security Disability Insurance is meant to provide assistance to Americans who are unable to work due to physical or mental disabilities. Unfortunately, this well-intentioned program has ballooned into a $135 billion bureaucracy rife with waste, fraud and abuse.

All too often, the Social Security Administration fails to weed out legitimate disability claimants from those who are capable of working and are attempting to defraud the system by receiving regular income without having to get a job. As a result, countless Americans are scamming SSDI by collecting taxpayer-funded disability benefits improperly. The following are the 10 most outrageous examples of Social Security disability fraud uncovered in recent years.

1) And the Award for the Worst Person in the World Goes to...

Offender: James William Smith
Location: Hermantown, Minnesota
Cost to Taxpayers: $144,293

In 2005, James W. Smith, an information technology supervisor from Minnesota, was diagnosed with early-onset dementia. In his mid-40s with twin daughters graduating high school, Smith used his struggle against dementia to became a leading voice for Alzheimer’s awareness regionally and, eventually, nationwide.

The Minneapolis Star Tribune reported that Smith “beat the drum from Minnesota to Washington, D.C., raising money and awareness about the devastating toll that Alzheimer’s disease takes on some 5 million Americans and their loved ones.” He frequently lobbied the Minnesota legislature about Alzheimer’s-related issues, spoke at conferences and candlelight vigils sponsored by the Alzheimer’s Association, and led a support group for individuals afflicted with the heartbreaking disease.

Smith’s devotion to the cause even led a local television station to name him one of its “Health Care Heroes.”

The term “hero” might be appropriate if Smith actually had dementia. But he doesn’t. He simply faked the illness for sympathy – and for the $6,773 a month he received in disability payments.

In his plea agreement, Smith admitted that “during a medical evaluation, he falsely reported his medical condition, altering his speech, writing, and appearance” in order to make himself appear to be struggling with dementia. The U.S. Attorney’s Office handling the case discovered that “based on (the) evaluation, Smith received a diagnosis of early-onset Alzheimer’s disease and began receiving disability payments from the Social Security Administration.”
In addition to faking his way through a battery of memory tests at the University of Minnesota and the Mayo Clinic, he tricked Social Security workers into believing he could not drive and did not go anywhere alone.

“He was unshaven, struggled with simple questions and spoke haltingly,” one Social Security report said of Smith.

During the time Smith was supposedly debilitated with dementia, he bought an 80-acre hobby farm, closed his bank and retirement accounts, stuck his ex-wife with the house payments and their daughters’ college bills, and began dating other women. He became well-versed in farming and real estate. In his new home, he installed Internet access and routinely hosted Skype video conferences with his daughters.

Smith’s memory loss scam won’t soon be forgotten by the hardworking Americans who spent more than $144,000 on Social Security disability payments for a swindler.

Sources:

Dan Browning. The Minneapolis Star Tribune. “Alzheimer’s was Minnesota man’s path to fame, then jail.” (February 17, 2013) http://www.startribune.com/lifestyle/health/191553521.html


2) The Laundry Washer’s Dirty Little Secret

Offender: Anthony Patrick Stanford
Location: Fayetteville, North Carolina

When Anthony Patrick Stanford enrolled in the Army in 1996, he had no trouble marching, running and engaging in field activities. By 1999, however, the laundry specialist claimed to be hampered by pain in his ankles and wrists. “Between 1999 and 2002, Stanford had various surgeries on his ankles and wrists for pain relief, and was ultimately prescribed a mechanical wheelchair,” according to the U.S. Attorney’s Office.

In 2005, Stanford told a Veterans Affairs physician that he was “unable to stand, walk, lift, or hold objects.” Stanford also claimed that he was unable to stand, walk, or hold objects, and required assistance in eating, bathing, dressing and using the toilet. Based on Stanford’s self-proclaimed ailments, the VA determined he had lost all use of his arms and legs.

Based on his disabilities, Stanford applied for, and received, SSDI payments in addition to more than $7,000 in monthly assistance from the VA.

As recently as October 2011, Stanford told representatives from the Social Security Administration that “he could not dress, bathe, take medicine, prepare meals, do chores, shop, walk, stand, or lift objects over two pounds, without assistance from another person,” the Social Security Administration’s Office of the Inspector General reported.
It turns out the brave clothes-folding soldier could walk – and it wasn’t a miracle, it was a scam.

In reality, Stanford could walk just fine. He could drive a car, carry heavy objects and work. While he was receiving thousands of dollars a month from taxpayers for his deceptive disability claims, Stanford even took a trip to Orlando, where he strolled through Disney World without the aid of a cane, walker or wheelchair.

In total, the scheming Stanford soaked taxpayers for $7,575 in Social Security disability payments and more than half a million dollars in various VA benefits.

Sources:

3) The Politician Who Elected to Steal Taxpayers’ Money

Offender: Raymond E. Salva
Location: Sugar Creek, Missouri
Cost to Taxpayers: $58,917

Most criminals attempting to bilk the Social Security disability system do so by staying on disability while earning money through inconspicuous jobs where they can collect cash income under the table. This enables them to evade law enforcement and Social Security officials, as such earnings are not easily traceable.

Not Raymond E. Salva of Sugar Creek, Missouri.

Salva claimed that he was disabled and unable to work…while he was earning more than $30,000 a year as a prominent state legislator.

In February 2000, Social Security Administration approved Salva’s application for disability insurance benefits based on his claim that a neck injury sustained in a farm accident left him injured and unable to work.

Fewer than three years later, Salva was elected to serve as a Missouri State Representative.

Appearing no worse for the wear while campaigning or serving in the state legislature, Salva continued to cash disability checks – checks he was not supposed to receive while working.

Apparently it didn’t dawn on the devious politician that his job was among the most high profile in the state - and that his pay was a matter of public record.

From January 2004 through February 2008, Silva pocketed nearly $60,000 in illegal Social Security disability payments.

At one point, Salva told a federal agent that a Social Security Administration representative assured him his service in the State House would not affect his disability benefits. Salva later
confessed that the conversation never took place and admitted to taking deliberate actions to continue receiving the illegal disability payments.

Salva left the state legislature in 2010 and pleaded guilty to two counts of Social Security fraud, as well as to making false statements to federal agents and mail fraud.

Sources:

4) The Isle of Enchantment is Drowning in Fraud

Offenders: Samuel Torres Crespo and 74 others
Location: San Juan, Puerto Rico

A Social Security worker and a gaggle of doctors in Puerto Rico alleged to create such a large and sophisticated system for defrauding the federal government of Social Security disability benefits. From the size of the fraud, it almost seems like the entire island was in on the scam.

Samuel Torres Crespo, a Social Security employee, was the ringleader of the alleged scandal. He allegedly created fraudulent Social Security disability insurance applications for claimants so it would appear that the applicants were plagued with medical disabilities that left them unable to work. The false applications compelled the Social Security Administration to award the claimant retroactive and future disability benefit payments.

As compensation for producing the fraudulent paperwork, Crespo charged the applicants 25% of the of the retroactive lump sum disability payment, up to $6,000.

Upon completing the falsified paperwork, Crespo referred the applicants to the doctors who were in on the scam. The doctors – two psychiatrists and one rehabilitation specialist – would evaluate the claimants and invent diagnoses to ensure the claimants would be approved to receive disability payments. The claimants were often diagnosed with nebulous illnesses, such as “disabling psychiatric conditions,” or back pain.

The doctors received payouts of up to $500 for each fraudulent medical report submitted.

In August 2013, Crespo, the three doctors and 71 Social Security disability claimants were indicted for fraud in the application process of Social Security disability insurance benefits in Puerto Rico. According to Rosa Emilia Rodriguez, the U.S. Attorney in San Juan, the group may have managed to cheat Social Security out of around $6 million.
5) If You’re Not a Native American War Hero, Just Pretend to Be One

Offender: Roman Ceniceros Mora
Location: Yakima, Washington  
Cost to Taxpayers: $128,000

If there’s any group of people who deserve publicly funded disability benefits, it’s the brave men and women who have served in America’s military. Unfortunately, crooks looking to deceive the system know that Americans – and the bureaucrats who run the Social Security disability program – are willing to go above and beyond to ensure that physically and mentally disabled veterans get the support they deserve.

When Joseph Anderson Evans, Sr., applied for Social Security disability benefits in the early 1990s on the basis that his injuries that earned him a Purple Heart during his service in Vietnam prevented him from working, disability payments were issued quickly. After all, the disabled Marine’s military background led to a position as a citizen volunteer with the Yakima County Sheriff, according to Seattle Weekly. Further, he owned a full dress uniform and a disabled veteran license plate. There was little doubt that Evans was who he said he was.

However, Evans’ story began to unravel in May of 2010 when he submitted an application for a passport. Discrepancies in the application led federal investigators to determine that Evans wasn’t who he claimed to be. Evans was actually Roman Ceniceros-Mora, a Mexican national who was deported in 1990, but snuck back in the U.S. just weeks later.

Mora never served in Vietnam and he was never a Marine.

In court, a historian for the U.S. Marine Corps testified that Mora’s service records and even his Purple Heart certificate looked “homemade.” He couldn’t even identify various military ranks. It was all one big scam.

In an attempt to outrun his extensive criminal record and prevent another deportation, Mora developed a number of aliases, including Joseph Ann Shippentower, Joseph Anderson Evans Sr., and Jose Grajeda Vasquez. He managed to obtain a Social Security card in 1990, and obtained an Idaho birth certificate in 2010 by claiming he was a Native American born on the Nez Perce Indian Reservation during an era of shoddy bookkeeping.

Posing as Evans, Mora swindled Americans out of over $128,000 in Social Security disability funds.
Mora is proof of how low some people are willing to sink in order to try to make a quick buck off of taxpayers. SSDI is particularly susceptible to these types of defrauders, because the program provides a reliable income stream. This story is proof that the Social Security Administration needs to take a closer look at everyone seeking disability benefits, even those who seem the most worthy.

**Sources:**


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**6) The Case of the Devious Doctor**

**Offender: Roberto J. Velasquez**

**Location: National City, California**

**Cost to Taxpayers: $1.5 million**

It’s bad enough for taxpayers when a single person scams the Social Security disability system, it’s even worse when a doctor invents bogus maladies and provides false information to help scores of patients receive disability benefits.

That's exactly what a San Diego area clinical psychologist did when he perpetrated a scam that cost American taxpayers at least $1.5 million.

Roberto J. Velasquez was paid by the government to determine whether patients were eligible to receive Social Security disability benefits. Rather than carefully screening patients to determine which ones were legitimately entitled to benefits, he ensured that anyone willing to grease his palm would receive government disability checks.

Court records show that, between 2006 and 2012, Velasquez offered to falsify patients’ tests and medical histories in order to meet eligibility requirements for disability in exchange for a $200 kickback.

Velasquez requested and accepted bribes from dozens of patients to falsely certify that patients were disabled, when in fact they were not. In order to carry out the fraud, Velasquez made up patient histories, fabricated test results, suggested symptoms and complaints that did not exist, intentionally underestimated patient scores on standardized tests, and lied about the length of time patients had been in his care.

Over the course of the scandalous psychologist’s scheme, “the Social Security Administration paid out at least $1.5 million in unwarranted disability benefits based on Velasquez’s false certifications,” according to a Justice Department report.
During his trial, which resulted in a sentence of 21 months in federal prison, Velasquez admitted that “approximately 33% of his patient files contained fabrications, false statements, and false certifications of disability.”

Sources:

7) The Bonnie and Clyde of Disability Fraud

Offenders: Ronnie George and Nancy Stone
Location: Kent, Washington
Cost to Taxpayers: $139,000

For more than two decades a husband and wife team defrauded the Social Security disability system by creating one of the most despicable pretenses imaginable. In order to snag extra cash from taxpayers, Ronnie George posed as a mentally disabled man and his wife, Nancy Stone, pretended to serve as his caregiver.

The sham began in 1990 when George first applied for SSI disability. Court documents reveal that he claimed to be “severely disabled and needed friends to help him dress, shop and cook.” On the application form, George indicated that he liked to “watch Sesame Street” and play with “my cars and cowboys and G.I. Joes.”

In 1999, Nancy Stone updated George’s disability paperwork claiming that he could not work or drive. In a 2009 submission to the Social Security Administration, George stated that he never worked.

Stone, George’s common-law-wife, repeatedly told Social Security workers that she was a caregiver, and the two even recruited their teenaged son to falsely verify that George was intellectually challenged.

For 21 years, Social Security workers failed to verify George’s story. If they had, they may have noticed that George ran a lucrative business of buying, fixing and selling cars, trucks and recreational vehicles.

Between 1990 and July 2011, the contemptible couple collected more than $139,000 in Social Security disability benefits.

Prosecutors correctly noted that George and Stone “stole from programs intended to assist the poor. In so doing, they robbed the truly needy of scarce resources.” What the prosecutors failed
to point out was that the Social Security Administration and its employees allowed such a simple scam to go unnoticed for more than 20 years.

Sources:

8) The Father of the Year? No, De-Frauder of the Year

Offender: Cristino Nunez
Location: New Orleans, Louisiana

Cost to Taxpayers: $186,917

If there were a Hall of Shame for terrible parenting, Cristino Nunez would deserve a place front and center. The New Orleans resident not only conned Americans out of tax dollars by continuing to accept disability payments long after he returned to work, Nunez exploited his three children in order to receive additional money that he did not deserve.

In September 1997, Nunez qualified to receive Social Security disability benefits. Nunez’s three children also began to receive SSDI checks, as Nunez claimed to be the sole breadwinner for his family.

In March 2001, investigators discovered Nunez took “multiple jobs with various employers” in the New Orleans area. Nunez knew that his ability to work, as well as his income, would make him ineligible to receive disability payments. But he had a solution to that little problem: he purchased a fraudulent Social Security card with a bogus Social Security number and presented that card to employers.

Using his fake Social Security card, he was able to make money working regular jobs, while continuing to receive disability benefits. Nunez managed to steal nearly $187,000 in public funds from March 2001 to July 2011.

How did he pilfer so much public money over the course of a decade? In addition to snatching the disability funds he received for allegedly being unable to work, Nunez also continued pocketing the SSDI money intended to help his three children.

Sources:
9) A Concrete Example that Crime Doesn’t Pay

Offenders: Ricki Dale Wilcox, Vada Wilcox and Belinda Kirby
Location: Amarillo, Texas
Cost to Taxpayers: $42,000

When Belinda Kirby needed an extra hand to help out around her concrete business she turned, as many people would, to a family member. Kirby asked her brother-in-law, Ricki Dale Wilcox, to work at the company, and Wilcox happily agreed.

There was one problem…Wilcox was receiving $1,684 per month in Social Security disability payments not to work.

Rather than notifying the Social Security Administration that he was no longer disabled and he was capable of accepting employment, Wilcox decided to double dip. Wilcox worked out an arrangement with Kirby to have his wages paid to his wife, Kirby’s sister.

Despite knowing that Wilcox was on disability and it was against the law to employ him, Kirby went along with the harebrained plot.

For more than two years Wilcox worked at the concrete company, routing his paychecks through his wife, in addition to earning more than $20,000 annually in federal disability handouts.

In total, Wilcox – with the assistance of his wife and sister-in-law – defrauded the government out of more than $42,000. In August 2013, Wilcox was sentenced to 10 months in federal prison for Social Security fraud.

Sources:

10) Physician Cashes in on Sickly System

Offender: Srinivas Samak
Location: Lakeland, Florida
Cost to Taxpayers: $114,488

A health condition left Dr. Srinivas Samak unable to physically attend to patients at his central Florida medical practice, allowing him to become eligible for Social Security Disability Insurance benefits.

Upon signing up for disability in November of 2003, the Family Practitioner noted that he would limit his activities to performing “administrative duties and take a few after-hour patient calls for the business.” Samak also promised to inform the Social Security Administration if his medical condition improved, allowing him to return to work. He also agreed to provide the SSA with accurate earnings information.
Unfortunately, Samak lied and left Americans paying into Social Security holding a hefty tab.

A few months after applying for disability benefits, Samak returned to treating patients in his clinic. He continued to see patients from 2004 to 2009, performing a physician’s duties and earning a salary that would make him ineligible to receive disability benefits.

Samak even covered shifts for other doctors in the Lakeland area. An investigation revealed that he “frequently covered weekend patient calls for four physicians in the Lakeland area,” earning approximately $500 per weekend.

The devious doctor, however, refused to inform the SSA about the changes to his work situation and his increase in income. Rather than being honest, he chose to defraud the system, earning a hefty doctor’s salary while federal disability checks continued to roll in.

How difficult would it have been to uncover Samak’s fraud? Not very. For example a simple call to Samak’s office would have revealed that he was seeing patients regularly. Apparently that was too tall of a task for the bureaucrats at the Social Security office. The laziness and incompetence of the SSA’s investigators cost law-abiding Americans more than $110,000.

Sources: