



North Carolina Industrial Commission

October 1, 2012

ANNUAL REPORT ON THE NUMBER AND DISPOSITION OF FRAUD INVESTIGATIONS PURSUANT TO N.C. GENERAL STATUTE § 97-88.2(e)

The Fraud Investigation Section is composed of two units, the Non-Insured Compliance Unit and the Criminal Investigation Unit. The Fraud Investigation Section serves the citizens of North Carolina by investigating potential criminal violations of the Workers' Compensation Act and ensures compliance with the rules and regulations. The goal of the Fraud Investigation Section is to foster confidence in the workers' compensation system and compliance with the law.

The Criminal Investigation Unit operates as a law enforcement agency and is responsible for conducting criminal investigations into cases of suspected workers' compensation fraud and violations related to workers' compensation claims involving employees, employers, insurers, health care providers, attorneys, and vocational rehabilitation providers. Fraud Investigators investigate all criminal complaints filed with the Industrial Commission regarding failure of employers to maintain workers' compensation insurance (N.C. Gen. Stat. §97-94(d)); fraud on the part of employees with regard to the collection or obtaining of workers' compensation benefits (N.C. Gen. Stat. §97-88.2); fraud on the part of employers with regard to payment or collection of workers' compensation premiums from employees' salaries (N.C. Gen. Stat. §97-21); medical payment fraud, and any other claims arising out of violations of Chapter 97 by employees or employers. The Criminal Investigation Unit works with Judicial Officials and other law enforcement agencies throughout the state to resolve the above investigations in criminal court.

Below is a summary of fraud cases for the fiscal year of 2011-2012:

Persons Investigated for Fraud under the Workers' Compensation Act for the Fiscal Year of 2011-2012 ¹							
	Employees	Employers	Insurers	Health Care Providers	Attorneys	Rehabilitation Providers	Totals
Number of Fraud Cases Reported	161	792 ²	1	1	0	0	955 ³
Number of Fraud Cases Pending	29	94	0	1	0	0	124
Number of Fraud Cases Closed	131	238	1	0	0	0	370

¹ The summary is provided in accordance with N.C. Gen. Stat. § 97-88.2(e).

² The number of fraud cases reported for employers includes 461 cases investigated by the Non-Insured Compliance Unit pursuant to Form 33s and Form 18s, plus 331 cases filed directly with the Criminal Investigation Unit. The 331 cases addressed allegations of fraud such as insurance status of employer, unlawful deductions made by employers, and similar fraudulent activities.

³ The total number of fraud cases reported includes 461 cases investigated by the Non-Insured Compliance Unit pursuant to Form 33s and Form 18s.