

TESTIMONY OF THERESA KING

I was first introduced to payee services through Mr. Dale Parsons, the owner of Ace Payee Services in Tacoma, Washington in early 1993. I was a resident of a work-release facility seeking employment and responded to an ad in the newspaper for a secretary. When I interviewed for the position I informed Dale that I was a convicted felon, residing in a halfway house and my counselor at the facility would call to verify employment as well as visit the office.

I worked for Dale for a little over a year. For the first few months Dale would always be present for the mail delivery on the 1st and 3rd of each month to personally deposit the Social Security checks. He would give me a copy of certain checks that came in, I would post them to the client accounts and then disperse the funds for the expenses of each client. (i.e., rent, utilities, personal spending checks, etc.) I did not realize at this time that I was only receiving copies of certain checks and that Dale was actually receiving back payment awards, benefits for people who had died and benefits for people who were hospitalized or incarcerated.

When a Social Security recipient receives their benefits through a representative payee service the payee service can have all correspondence sent directly to the payee office. In other words, the person receiving benefits never has any contact directly with the Social Security Administration. For example, a letter is sent notifying the recipient of an award for back benefits, unless the representative payee shows the letter to the recipient, the recipient never knows of the award or of the amount of the award. Dale would never show award letters to the clients and if he was ever questioned about the amount of an award, he would lie. Many of the clients received welfare (GAU benefits) while waiting for approval from Social Security. Dale would tell them that their back awards were sent directly to the State of Washington and there was nothing left. It was true that the State of Washington was repaid for GAU benefits, but that amount was usually much lower than the amount of the Social Security benefits that were received. I personally saw checks in excess of \$7,000.00, \$9,000.00 and in one case a check for over \$18,000.00. The recipients for whom these checks were intended never saw the funds. They were not even aware of them.

The State of Washington reviews GAU benefits every six months. There were many times when the Social Security Administration would approve a recipient for benefits just after the State had approved them for six months. Dale would keep the Social Security checks and not tell the client that they had been approved until the first month a GAU check was not received. Then he would inform the client that the Social Security Administration had approved them just in time. In the mean time, he had kept several months worth of Social Security benefits without the client knowing.

When a person who is receiving benefits dies, it is the responsibility of the representative payee to notify Social Security and to return all remaining funds left in the recipient's account. Dale would continue to receive benefits for people who had died. After several months he would contact Social Security and tell them that he had not heard from a person and have the benefits suspended.

When a Social Security recipient is hospitalized or incarcerated for over thirty days, the benefits are to be suspended. Again, it is the responsibility of the representative payee to notify the Social Security Administration. Unfortunately, this leaves the recipient without funds to maintain their monthly expenses such as rent and utilities. Upon their discharge or release it takes approximately 30 to 60 days to be reinstated for benefits. Dale simply would not notify the Social Security Administration and would continue to receive checks. Sometimes he would continue to pay the monthly expenses of some clients, but mostly he would not. When the recipient would come to the payee office upon discharge or release, Dale would tell them not to contact the Social Security Administration that he would handle all the

paperwork for them. And of course their checks would show up on the 1st or 3rd of the following month. The recipient never knew the checks had never been stopped and that Dale had continued to receive them.

After working with Dale for over a year, I quit. I was the one who worked with these people and their limited funds everyday. I spent countless hours trying to find low-cost or subsidized housing, food banks, utility programs and even shelters. Dale was stealing thousands of dollars monthly for his own extravagant expenses and some of these people were without shelter or heat in the dead of the winter. I would come to work some mornings and Dale had written numerous checks from the account for personal expenses. Dale would ask me at the end of every month to list the client account balances and to compare that to the actual funds in the bank. The account was always short thousands of dollars. I can remember the shortage exceeding \$10,000.00 on more than one occasion. The following month the shortages would be made up with the new deposits.

I opened CLC Payee Services in the spring of 1994. The only requirements the Social Security Administration required of me was a non-profit corporation and that I had to have been a representative payee for a certain number of people before. (I cannot remember if that number was three or five.) Having worked for Ace Payee Services for over a year and being in constant contact with the local Social Security office, I had no problems getting approved. I was not asked to produce any type of insurance bond, prove any formal education, required to give fingerprints or even asked about a criminal history. I was not even personally interviewed. All of this was done over the telephone.

Unfortunately, after a few months of starting and stopping benefits, I also found it easier not to report hospitalizations and incarcerations. I continued to receive benefits for recipients who were not legally entitled to them. I would continue to pay their monthly expenses and would send money to the institutions where they were hospitalized or incarcerated. Because I was the representative payee and I was the one responsible for reporting to the Social Security Administration any change of circumstances, I was the one charged with defrauding the Social Security Administration.

The Social Security Administration has no way to verify whether a representative payee is actually stealing an elderly or disabled persons benefits. There is an audit form sent once a year for the payee to fill out (the recipient never sees the form). It asks very minimal questions and requests no verification of actual expenses. The payee signs on behalf of the recipient as their representative. This is the only form of checking the Social Security Administration does. As long as the audit forms are returned in the time allotted there is no further contact.

There are many, many ways in which to take money from Social Security recipients and never to be questioned. The job as representative payee for numerous clients is demanding and stressful. It can get to even the most well intentioned person. As you are aware, I am currently serving a 30-month sentence for defrauding the Social Security Administration. I am a minimum/out custody inmate and will be transferred to a halfway house in September. I will be released from the halfway house in March.

I believe theft of Social Security benefits is much more widespread than is commonly known. I have seen recipients living on the streets while payees kept their monthly benefit checks. I have seen bar owners receive checks as a payee and keep them to pay monthly bar tabs. I have seen "group homes" receive checks giving the recipient less than \$20.00 of those funds and keeping the balances every month. And I saw Dale Parsons steal thousands and thousands of dollars from people without shelter or food. There has to be a better way.