STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF INVESTIGATION

AGENCY: OHIO DEPARTMENT OF JOB & FAMILY SERVICES
FILE ID NO.: 2022-CA00003
DATE OF REPORT: AUGUST 31, 2023

The Office of the Ohio Inspector General ...
The State Watchdog

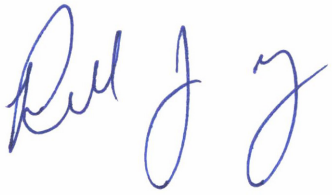
"Safeguarding integrity in state government"

The Office of the Ohio Inspector General is authorized by state law to investigate alleged wrongful acts or omissions committed by state officers or state employees involved in the management and operation of state agencies. We at the Inspector General's Office recognize that the majority of state employees and public officials are hardworking, honest, and trustworthy individuals. However, we also believe that the responsibilities of this Office are critical in ensuring that state government and those doing or seeking to do business with the State of Ohio act with the highest of standards. It is the commitment of the Inspector General's Office to fulfill its mission of safeguarding integrity in state government. We strive to restore trust in government by conducting impartial investigations in matters referred for investigation and offering objective conclusions based upon those investigations.

Statutory authority for conducting such investigations is defined in *Ohio Revised Code §121.41* through *121.50*. A *Report of Investigation* is issued based on the findings of the Office, and copies are delivered to the Governor of Ohio and the director of the agency subject to the investigation. At the discretion of the Inspector General, copies of the report may also be forwarded to law enforcement agencies or other state agencies responsible for investigating, auditing, reviewing, or evaluating the management and operation of state agencies. The *Report of Investigation* by the Ohio Inspector General is a public record under *Ohio Revised Code §149.43* and related sections of *Chapter 149*. It is available to the public for a fee that does not exceed the cost of reproducing and delivering the report.

The Office of the Inspector General does not serve as an advocate for either the complainant or the agency involved in a particular case. The role of the Office is to ensure that the process of investigating state agencies is conducted completely, fairly, and impartially. The Inspector General's Office may or may not find wrongdoing associated with a particular investigation. However, the Office always reserves the right to make administrative recommendations for improving the operation of state government or referring a matter to the appropriate agency for review.

The Inspector General's Office remains dedicated to the principle that no public servant, regardless of rank or position, is above the law, and the strength of our government is built on the solid character of the individuals who hold the public trust.



Randall J. Meyer
Ohio Inspector General

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL
RANDALL J. MEYER, INSPECTOR GENERAL

PRELIMINARY
REPORT OF INVESTIGATION

FILE ID NUMBER: 2022-CA00003

SUBJECT NAMES/POSITIONS: Alana Hamilton
Former Intermittent Customer Service Representative

Lasheta McClellan
Owner of Day Care Centers

AGENCY: Ohio Department of Job and Family Services

BASIS FOR INVESTIGATION: Agency Referral

ALLEGATIONS: Criminal Conduct;
Fraud Involving Agency and Department Employee.

INITIATED: February 15, 2022

DATE OF REPORT: August 31, 2023

PREFACE

The subjects in this report, Alana Hamilton and Lasheta McClellan, were indicted by a Franklin County Grand Jury on August 30, 2023, on 19 counts including Engaging in a Pattern of Corrupt Activity, Theft, Telecommunications Fraud, Tampering with Records, Money Laundering, and Filing Incomplete, False and Fraudulent Tax Returns. In addition, the indictment includes a forfeiture specification in the amount of $3,070,066.08. Due to the ongoing criminal cases, the Office of the Ohio Inspector General is issuing this preliminary report of investigation, which will be superseded by a comprehensive report to be released at a later date in order to ensure the integrity of the criminal justice proceedings.

INITIAL ALLEGATION AND COMPLAINT SUMMARY

On February 15, 2022, the Ohio Department of Job and Family Services (ODJFS) referred an allegation of wrongdoing to the Office of the Ohio Inspector General, the Ohio State Highway Patrol (OSHP), and the U.S Department of Labor - Inspector General. ODJFS alleged that former employee and intermittent[1] Customer Service Representative (CSR) Alana Hamilton accessed several Pandemic Unemployment Assistance (PUA) claims and authorized suspicious payments in the PUA claims by removing holds or blocks on the claims, which she was not authorized to do, resulting in released funds to ineligible claimants. The referral also stated ODJFS evaluated the suspicious PUA payments in question and reported a preliminary determination that identified $4,300,651.50 in fraudulent PUA disbursements allegedly released to ineligible claimants due to Hamilton's actions.

PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA) INVESTIGATIVE GROUP

In 2020, because of the COVID-19 pandemic and the increased unemployment of millions of Americans, Congress passed various programs to address the crisis, including the Pandemic Unemployment Assistance (PUA) program. The PUA program expanded and loosened eligibility unemployment requirements for recipients. Consequently, the Ohio Department of Job and Family Services (ODJFS), the agency responsible for distributing PUA benefits in Ohio,

[1] Intermittent employees review unemployment claims to assure claimants submit proper identification and meet requirements to receive benefits. Intermittent employees are temporary employees hired for a definite number of hours.

received an unprecedented number of unemployment compensation claims. This increase in claims necessitated ODJFS to hire intermittent and temporary contracted workers to process the claims. In fiscal year 2021, ODJFS disbursed approximately $7.6 billion in pandemic unemployment benefits and later, ODJFS identified millions of dollars of the disbursals as fraudulent. To address the rampant fraud connected to the PUA program, an investigative group was established that consisted of the Office of the Ohio Inspector General; Ohio State Highway Patrol; U.S. Department of Labor - Office of Inspector General; and the Ohio Department of Job and Family Services. In addition, the Ohio Department of Taxation, Investigative Unit, provided assistance in this investigation.

APPLICABLE RULES, POLICIES, AND PROCEDURES

Confidentiality of Ohio Department of Job and Family Services' Information

Ohio Revised Code (ORC) §4141.21 states that, except as provided in ORC §4141.162 and subject to ORC §4141.43, "… the information maintained by the director of job and family services or furnished to the director by employers or employees pursuant to this chapter is for the exclusive use and information of the department of job and family services in the discharge of its duties and shall not be open to the public … ." As such, the Office of the Ohio Inspector General will not include in this report any of the information obtained during the investigation received by ODJFS in accordance with Ohio Revised Code §4141.21 which would reveal the identity of a claimant.

BACKGROUND

The Ohio Department of Job and Family Services

The Ohio Department of Job and Family Services (ODJFS) improves the well-being of Ohio's workforce and families by promoting economic self-sufficiency and ensuring the safety of Ohio's most vulnerable citizens. The department administers programs that provide public assistance, protects child welfare, ensures payment of child support, assists individuals with employment and in preparing for the workforce, provides benefits to the unemployed, and supervises the administration of federal programs and funding at the local level. The direct

delivery of services is administered by ODJFS, a combination of joint and individual county departments of job and family services, and local agencies.[2]

The ODJFS Office of Unemployment Insurance Operations (ODJFS OUI) is responsible for administering the State of Ohio's Unemployment Insurance Program for workers and businesses. The ODJFS Benefit Payment Control (ODJFS BPC) section is part of ODJFS OUI and is responsible for promoting and maintaining, "… the integrity of the Unemployment Insurance Program through the prevention, early detection, investigation, enforcement and recovery of improper unemployment insurance benefits."[3]

Pandemic Unemployment Assistance Program (PUA)

The Coronavirus Aid, Relief and Economic Security (CARES) Act[4] was a $2.2 trillion economic stimulus bill passed by the 116th U.S. Congress and was signed into law on March 27, 2020. The CARES Act included provisions for the Pandemic Unemployment Assistance (PUA) Program. The PUA program provided temporary benefits and support to self-employed individuals, independent contractors, and others who did not qualify for traditional unemployment benefits and had lost work due to COVID-19 related reasons. Additionally, the PUA program provided temporary benefits and support to workers whose earnings averaged less than $280 per week in their former jobs and permitted qualified applicants to receive these benefits for up to 39 weeks. The CARES Act stipulated that the distribution of PUA benefits to individuals was to end on December 31, 2020. During the COVID-19 pandemic, the ODJFS Office of Unemployment Insurance Operations (ODJFS OUI) was responsible for the distribution of PUA benefits to qualified individuals in Ohio.

During the period when PUA benefits were available for distribution, ODJFS posted on their website[5] the requirement that PUA applicants self-certify that they met a COVID-19 related

[2] Source: Biennial budget documents.

[3] Source: Benefit Payment Control | Office of Unemployment Insurance Operations | Ohio Department of Job and Family Services.

[4] The text of this legislation can be found at: Text - S.3548 - 116th Congress (2019-2020): CARES Act | Congress.gov | Library of Congress.

[5] https://jfs.ohio.gov/ouio/pdf/COVID-19-CARES-Act-Reasons.pdf

reason for their unemployment. The U.S. Department of Labor issued guidance and defined PUA eligibility to three groups of people:

- Those previously receiving traditional unemployment benefits who refused to return to work or refused an offer of work because the workplace was not in compliance with local, state, or national health and safety standards directly related to COVID-19.
- Those who provided services to an educational institution or educational service agency and were fully or partially unemployed due to COVID-19 related reasons.
- Those who were laid-off or had their work hours reduced due to COVID-19 reasons.

On December 27, 2020, the Consolidated Appropriations Act, 2021,[6] was signed into law and extended the expiration date set by the CARES Act for the payment of PUA benefits to qualified applicants from December 31, 2020, to March 14, 2021. The Act further extended the number of weeks an eligible applicant could receive these benefits from 39 weeks to 50 weeks.

Additionally, to strengthen the integrity of the PUA program, the Consolidated Appropriations Act, 2021, amended the CARES Act by:

- Requiring states to verify the identity of applicants.
- Requiring applicants to substantiate employment or self-employment, and wages earned or paid, to confirm eligibility for pandemic unemployment assistance no later than 90 days from the date of application.

On March 11, 2021, the American Rescue Plan Act of 2021[7] was signed into law and extended the payment of PUA benefits to qualified individuals from March 14, 2021, to September 6, 2021, and extended the maximum weeks an eligible applicant could receive these benefits from 50 to 70 weeks. The State of Ohio ended the PUA program on September 4, 2021.

PUA Claim Processing

The basic steps to process a PUA claim are:

[6] The text of this legislation can be found at: H.R.133 - 116th Congress (2019-2020): Consolidated Appropriations Act, 2021 | Congress.gov | Library of Congress.
[7] The text of this legislation can be found at: H.R.1319 - 117th Congress (2021-2022): American Rescue Plan Act of 2021 | Congress.gov | Library of Congress.

1. The Claimant Applies for Benefits: This is the initial step in the PUA claims process and requires the claimant to:
    a. Complete a claim application questionnaire;
    b. Enter their personal, demographic, and work history information;
    c. Adjust the start date of the claim to the last date the claimant worked/onset of COVID-19 date. This action is referred to as "backdating;"
    d. Upload all ODJFS-required documentation into the claims system; and
    e. Submit the claim.
2. ODJFS Adjudication: After the claimant submits the claim to ODJFS, the adjudication step is the initial determination made by ODJFS on the claim based on the accuracy and comprehensiveness of the claimant's application and uploaded documents.
3. ODJFS Redetermination (if applicable): This is the process used when a claim was initially adjudicated as "Ineligible" and the claimant appeals the initial decision. When this appeal occurs, the claim is either sent to the appeals team or to the redetermination team for further review.
4. Processing for Payment: Once the claimant is found to be eligible for benefits, ODJFS performs steps to release benefit payments to the claimant by either direct deposit or by "ReliaCard®," which is Ohio's unemployment-specific debit card.
5. Payment Release: The claimant receives their benefit payment by direct deposit, or the funds are loaded onto their ReliaCard® for immediate use.



US Bank ReliaCard®

Ohio claimants have the option of receiving their unemployment benefits as a direct deposit into a current bank account or in the form of a debit card which is issued as a US Bank ReliaCard®; Ohio's unemployment-specific debit card. Once ODJFS determines a claim as eligible, ODJFS contacts US Bank ReliaCard® who then mails the card to the claimant. ODJFS then deposits the approved benefit amount to the card.

Claimants can make purchases with the US Bank ReliaCard® anywhere Visa® and Mastercard® debit cards are accepted, or can withdraw their PUA funds in the form of cash from bank ATMs. The US Bank ReliaCard® does not require a personal identification number or PIN for signature-based purchases should the claimant choose credit when making the purchase. However, a PIN is needed for debit card purchases and cash withdrawals from ATMs. The four-digit PIN is created by the cardholder when activating the card.

SUBJECTS OF INVESTIGATION

Alana Hamilton

Alana Hamilton was employed by the Ohio Department of Job and Family Services as an intermittent customer service representative (CSR) from December 21, 2020, to October 8, 2021.

Lasheta McClellan

Formerly from Lima, Ohio, Lasheta McClellan currently resides in Delaware, Ohio, and was the owner of two day care centers in the greater Columbus area:

1. Start 2 Finish Learning Academy: 227 Fairway Blvd, Columbus, OH 43213
2. Start 2 Finish Learning Academy 2: 126 Pinewood Dr., Columbus, OH 43213

INVESTIGATIVE SUMMARY

On February 15, 2022, the Ohio Department of Job and Family Services (ODJFS) referred an allegation of wrongdoing by former employee and intermittent[8] Customer Service Representative (CSR) Alana Hamilton to the PUA Investigative Group. As a CSR, Hamilton was responsible for reviewing PUA claims to assure claimants submitted the required and proper identity verification and employment verification documents.

The Ohio Department of Job and Family Services made the referral to the PUA Investigative Group due to their review of Hamilton's activities in ODJFS' Unemployment Framework for

[8] Intermittent employees review unemployment claims to assure claimants submit proper identification and meet requirements to receive benefits. Intermittent employees are temporary employees hired for a definite number of hours.

Automated Claim & Tax Services (uFACTS). The uFACTS system maintains an audit trail for ODJFS claim files. The uFACTS system tracks every instance of access to a claim file, when claim information is added or altered, and identifies the individual performing the actions. The system also tracks every instance when an individual's claim is searched for by claim number, by the claimant's name, or by the claimant's Social Security number.

According to the review conducted by ODJFS, Hamilton improperly searched for specific PUA claimants and improperly redetermined their claims by voiding issues on their ineligible claims, which resulted in previously denied funds being released to the ineligible claimants. ODJFS explained to investigators that the claims they had identified as potentially fraudulent were discovered when the department noticed that documents required to prove a claimant's eligibility, such as employment and identity verification documents, had not been provided in the claims, and Hamilton improperly voided the hold on those claims, resulting in the release of PUA funds to ineligible claimants. ODJFS records revealed that Hamilton improperly accessed and conducted unauthorized actions in numerous claims during her ODJFS employment from December 21, 2020, to October 8, 2021.

Investigators examined and evaluated the claims in question for any financial connections between Hamilton and the fund recipients. In furtherance of this effort, investigators obtained Hamilton's bank records via subpoena. In reviewing Hamilton's bank records, investigators discovered a total of $57,250 in electronic payments via Zelle® deposited into Hamilton's bank account by the entities "Start 2 Finish Learning Academy" and "Start 2 Finish Learning Academy 2." A search of the Ohio Secretary of State's website revealed that both entities are day care centers owned by Lasheta McClellan and located in the greater Columbus area.

Because of the sum of money deposited into Hamilton's account from the two day care centers owned by Lasheta McClellan, investigators obtained via subpoena and reviewed McClellan's banking records. Subsequently, investigators discovered an additional $2,600 sent electronically via CashApp® to Hamilton's CashApp® account. After further analysis of McClellan's banking records, investigators identified that PUA funds related to 34 individual claims, including

McClellan's own PUA claim, were either deposited into or associated with one of McClellan's 12 bank accounts.

From their review of ODJFS records, investigators determined that Hamilton accessed McClellan's PUA claim multiple times. On May 18, 2021, Hamilton voided the fraud designation on McClellan's PUA claim resulting in the release of thousands in PUA funds to McClellan. The very next day, McClellan sent a total of $1,600 via CashApp® to Hamilton.

Hamilton accessed McClellan's claim two more times, once on June 9, 2021, to void the identity verification issue (IDEN-IVER) and again on August 24, 2021, to redetermine a denied employment verification (EMER) issue to eligible status. Hamilton's actions resulted in the improper release of $41,418 in PUA benefits to McClellan.

Investigators determined the total dollar amount of the 34 PUA claims deposited into McClellan's 12 bank accounts (including McClellan's own PUA claim) is $508,165 and the total dollar amount Hamilton received from Lasheta McClellan and the day care business accounts McClellan controlled is $59,850.

EVIDENCE COLLECTED DURING INVESTIGATION

During the course of the investigation, investigators collected evidence from multiple sources, including but not limited to:

Physical Search Warrants

- McClellan's home located in Delaware, Ohio
- Two day care centers owned by McClellan:
    a. Start 2 Finish Learning Academy, Columbus, OH
    b. Start 2 Finish Learning Academy 2, Columbus, OH
- Hamilton's home located in Columbus, Ohio

Electronic Search Warrants

- McClellan's two Facebook profiles and the electronic records associated with them
- Hamilton's Facebook profile and the electronic records associated with them

- McClellan's iCloud account
- Hamilton's iCloud account
- Subscriber information, account content, and activity for 17 Yahoo email addresses used in claims
- Subscriber information, account content, and activity for 20 Google email addresses used in claims

The following subpoenas were issued for the following:

- McClellan's CashApp® account records
- Hamilton's CashApp® account records
- McClellan's JP Morgan Chase banking records
- Hamilton's JP Morgan Chase banking records
- US Bank ReliaCard® cardholder information and transaction history for ReliaCards® associated with "Hamilton and McClellan" claims as well as "McClellan only" claims
- McClellan's AT&T phone records
- Hamilton's T-Mobile phone records
- Subscriber information only, for an additional six Yahoo email addresses
- Subscriber information only, for an additional 18 email addresses
- Subscriber information of IP addresses associated with 'McClellan Only" claims.

Fraud Breakdown

Hamilton/McClellan

Based on interviews and evidence collected, investigators determined that Hamilton and McClellan were working in concert with one another in a scheme to commit fraud in the State of Ohio. The evidence shows frequent communications between the two women regarding activities involving fraudulent PUA claims, records tracking their activity, and payments disbursed between the two parties. Hamilton admitted to investigators during an interview that she was working with McClellan, stating that McClellan would charge claimants a fee to assist them in receiving fraudulent PUA monies. McClellan would, in turn, pay Hamilton a fee for releasing PUA benefits to ineligible claimants. Hamilton was not authorized to access the claims

and clear issues that resulted in monies being released. In total, 40 fraudulent claims totaling $1,171,561 were released based on the partnership between Hamilton and McClellan.

Alana Hamilton

Investigators determined Hamilton also improperly released PUA benefits to claimants independent of McClellan. Hamilton accessed claims with no legitimate work-related purpose and redetermined the identity/employment verification and program eligibility holds without the required documentation in order to release fraudulent PUA monies on the claim. Hamilton maintained records of her activity and recorded payments received from ineligible claimants for her actions. Bank records also confirm payments made from claimants to Hamilton for her actions. In total, Hamilton was responsible for improperly accessing and/or releasing PUA benefits to 104 claimants in the amount of $2,395,594.50.

Lasheta McClellan

Finally, investigators found that McClellan was also associated with fraudulent claims independent of Hamilton. McClellan maintained detailed records that connect her to fraudulent PUA claims. Additional records acquired during the investigation, along with claimant interviews, further corroborate that McClellan was involved in the fraudulent release of PUA benefits and that she received payment for her actions from ineligible applicants. Other evidence that connected McClellan to the fraudulent activity included the use of common email addresses, the use of physical mailing addresses associated with McClellan's day care centers used to receive PUA ReliaCards®, and evidence in her possession that linked her to claimants. Her actions resulted in PUA benefits being released to 86 ineligible claimants totaling $2,339,512.

	Number of Fraudulent Claims	**Dollar Amount of Fraudulent Claims**
Hamilton/McClellan	40	$1,171,561
Hamilton	104	$2,395,594.50
McClellan	86	$2,339,512
Totals	230	$5,906,667.50

REFERRAL(S)

The Office of the Ohio Inspector General is referring this report of investigation to the Ohio Auditor of State and has previously sent the report to the Franklin County Prosecutor's Office for consideration.

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL
RANDALL J. MEYER, INSPECTOR GENERAL

NAME OF REPORT: Ohio Department of Job & Family Services

FILE ID #: 2022-CA00003

KEEPER OF RECORDS CERTIFICATION

This is a true and correct copy of the report which is required to be prepared by the Office of the Ohio Inspector General pursuant to Section 121.42 of the Ohio Revised Code.

Jill Jones
KEEPER OF RECORDS

CERTIFIED
August 31, 2023

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