

THE OPPORTUNITY

Since the pandemic, banks have prevented billions of benefits from reaching bad actors. These are referred to as Bank-Held Government Disbursements. You have an opportunity to get those dollars back for your agency and the claimants who need them most.

By recognizing the potential for collaboration with financial institutions (FIs), state agencies can harness a proactive approach to funds recovery. Through focused strategies, seamless communications, and well-defined channels for the funds to be returned, states can significantly enhance their financial governance, mitigate fraud-losses, and ensure the proper allocation of funds for their communities.

HOW RUSSELL ALLEN CAN HELP

As banking and government payments experts, we navigate the complexities of banks' financial crime intelligence and combine it with agency identity verifications to form powerful solutions to simplify the recovery and prevention of Government Benefits fraud.

Leveraging our extensive network in the banking industry, we collaborate across government and financial institutions to efficiently identify the opportunity for funds recovery and streamline the steps to return dollars and reconciliation data to state agencies.

A PROVEN APPROACH

Russell Allen has developed a full-service solution to identify, reconcile, and recover bank-held government funds - easing the burden on agency staff.

Identification

1

Agency Due Diligence

Review current process, data & legal

2

Data Analysis

Analyze & prioritize past disbursements

3

Financial Institution Outreach

Initially assess funds held by banks

4

Opportunity Assessment

Estimate recoverable funds from banks

Reconciliation & Recovery

5

Detailed Data Access

Determine structure, access & protocols

6

Agency/ Bank Legal

Agreements between RDFIs & the agency

7

Joint Reconciliation Analysis

Working sessions to assess held funds

8

Data & Funds Transfer

Final agreement on funds to be sent



How One State Responded

To combat the unemployment fraud sweeping the nation, Ohio created the Public Private Partnership (P3) Team in early 2021, which was comprised of financial services professionals from companies across Ohio. With their assistance, ODJFS instituted a series of anti-fraud measures, such as identity verification, multi-factor authentication, and a variety of other safeguards. Russell Allen coordinated the P3 initiative for Ohio.

Alongside the P3 participants, Russell Allen leveraged decades of collective expertise to drive operational efficiencies in the claims process. The question was then asked, "Can any of the improperly disbursed money be recovered?" The team, steeped in banking experience, set out to learn and find the answer. The answer was "Yes."

KEY LEARNINGS

- Benefits are received by FIs with no contractual relationship with the agency
- FIs stopped hundreds of millions of dollars of suspicious payments
- Disbursements held for suspicious activity can be returned to the agency

Based on these learnings, in just six months, ODJFS and the P3 Team built a trusted banking relationship network, established a process for data exchange, streamlined the legal documentation flow, and facilitated the steps for the return of funds from over 30 FIs, including the supporting payment data needed by Ohio to reconcile trust accounts and determine accurate claimant status.

In the wake of the urgent need for widespread financial support amid the COVID-19 pandemic, state agencies nationwide swiftly distributed crucial financial aid. This rapid deployment of funds came with challenges in ensuring proper allocation of funds and a target of criminal behavior.

The Employment and Training Administration (ETA) estimates that **18.7%** of these disbursements, amounting to at least **\$163 billion**, were made improperly, often due to fraud. State agencies have been diligently engaged in identifying and preventing such fraudulent activities, yet an avenue for funds recovery from bank-held funds remains largely untapped.

Ohio Department of Job and Family Services (ODJFS) Director Matt Damschroder announced* that nearly \$398 million in unemployment benefits had been recovered to date, thanks to the ongoing collaboration of ODJFS with financial institutions and law enforcement.

Ohio subsequently enacted legislation requiring the Office of Budget and Management to establish and coordinate an effort for a statewide, multi-agency initiative to identify and recover state funds from banking institutions and digital payment networks that hold funds associated with fraudulent disbursements.

