CARES Act — Identifying & Preventing Fraud

How a simple phone interview can help ensure critical funding gets to families and businesses in need

The CARES Act allocated $2.2 trillion in economic assistance to help individuals and businesses experiencing financial hardship due to the pandemic.

This is the largest economic relief bill in U.S. history.

The big question is: How can the government accurately screen applicants to minimize fraudulent claims?

Problem

The urgency and scale of providing economic assistance in response to the COVID-19 pandemic provides an environment where mistakes, waste, and fraud have historically occurred. "Disasters bring out the best and, of course, the worst in people. Catastrophic events are a beacon for opportunistic predators." (Fraud Magazine)

There are people who seek to take advantage of assistance programs in times of crisis. The U.S. Department of Homeland Security's Office of Inspector General recently released a report which highlights the need for verification tools, with an estimated $3 billion in "improper and potentially fraudulent payments." (Report #OIG-20-23, dtd 4/6/20)

The COVID-19 pandemic is a once-in-a-century natural disaster; however, looking at other historical examples illuminates the potential savings from improving the application process.

- As quoted in a recent Claims Journal article, "Losses to disaster fraud are estimated at 10% of disaster-related insurance payouts and FEMA spending, according to a report by the National White Collar Crime Center in West Virginia. More precise losses are difficult to quantify due to the challenges of identifying, reporting and prosecuting fraud."
- The cost of fraud also includes more than just unwarranted payouts. There are significant secondary costs, such as the expenses to prosecute fraud and incarcerate those convicted of fraud. Consider Hurricane Katrina. According to the Department of Justice, "In connection with Hurricane Katrina alone, federal prosecutors charged over 1,300 disaster fraud cases in 49 different districts." Each one of those cases required a judge, lawyers, a courtroom, a bailiff, court clerks, and more.

It is in the government's and the public's best interest to identify the trustworthy majority who legitimately qualify for aid while simultaneously flagging those potentially trying to game the system to minimize fraud and waste.

Solution

To respond to the scale and speed of the pandemic, the CARES application process and oversight must:

- Implement an automated system to efficiently process and screen all applicants
- Expedite payments and services for the trustworthy majority
- Identify potential fraudsters to decrease the risk of fraud and abuse

The federal government can benefit from adding Clearspeed's anti-fraud solution to the application process to fast track low-risk individuals applying for funds ahead of the high-risk applicants that may warrant additional scrutiny.

Clearspeed Verbal™ voice analytics product delivers a powerful vetting solution for fraud, security, and safety risk assessment screening. By providing unique risk alerts based on an individual's vocal responses to an automated telephone questionnaire, Clearspeed can quickly and effectively clear the low-risk majority, while identifying potential high-risk responses.

The solution is based on applicants answering a brief and automated phone questionnaire with simple YES or NO questions. The interview can be conducted in any language and at scale. Sample questions might include:

- Did you purposely provide any false or misleading information while applying for COVID-19 financial assistance?
- Did you purposely omit any information you were required to provide during the COVID-19 financial assistance process?
- Did you purposely provide any false or misleading information about yourself or your business during the COVID-19 financial assistance process?

Through analysis of the responses, a low-to-high risk level is assigned. The results could be used as an additional data source in the government benefits claims process, and to banks participating in the Paycheck Protection Program and processing SBA loans. Applicants flagged as low-risk can be cleared through the process much faster and at scale, allowing much needed financial assistance to quickly get to individuals, families and businesses in need.

Individuals with a high-risk level may require additional follow up based on the question, the type of benefit(s) being requested, and the overall risk profile of the benefit program. This allows the government to focus their scarce investigative resources on the areas of highest risk for fraud and abuse.

About Clearspeed

Clearspeed™ voice analytics technology provides unique risk alerts based on an individual's vocal responses. It can be quickly and effectively applied for fraud, security, or safety risk screening to clear the low-risk majority while identifying potential high-risk responses that are often missed. Leading global corporations and government organizations use Clearspeed to build trust in their people and vetting processes in hiring, claims, applications, insider threats, compliance, and workplace safety. www.clearspeed.com