

## **State Auditor Mike Foley Exposes yet Another Debacle at the Nebraska Department of Health and Human Services**

### **Criminal Prosecution Has Now Commenced**

State Auditor Mike Foley announced today the completion of an audit of assistance programs for roughly 6,000 vulnerable Nebraskans who are elderly, blind, or disabled. The programs are run by the Nebraska Department of Health and Human Services (DHHS), using nearly \$15 million in State tax dollars each year. The audit team found the programs to be riddled with problems – some of which are criminal in nature.

Foley observed: “Once again, the citizens of Nebraska have seen their hard-earned tax dollars squandered by the State’s largest agency of government. Clearly, the people who pay the bills have been disserved again. Far worse, though, the welfare of some of Nebraska’s most vulnerable elderly and disabled citizens, including veterans, has been jeopardized by the negligence of DHHS.”

The mismanaged programs at issue are known as the Assistance to the Aged, Blind, or Disabled (AABD) and the State Disability Program. The AABD program has been in existence for nearly a half century. The programs provide cash payments to persons with little or no income for basic life needs, such as food, clothing, and shelter and the payment of medical expenses. Applicants must meet certain low income and low asset criteria to qualify for the payments.

A sample of cases selected at random by the auditors found that, in 36% of the instances, DHHS was making cash payments for basic living expenses or medical payments that were unreasonable or in direct violation of State law or regulations. The audit team concluded that DHHS’s inadequate control procedures failed to safeguard taxpayer funds.

For example, the auditors identified persons who were receiving thousands of dollars of cash assistance for living expenses, even though DHHS personnel knew the recipients were living in a DHHS facility and, therefore, had no living expenses and were ineligible for monetary assistance. In at least one instance, DHHS violated State regulations – not to mention the most basic common sense – by paying \$645 in “living expenses” to a convicted felon for time when he was incarcerated in the State Penitentiary.

Most of the cash assistance under the AABD program is for disabled persons. However, the auditors found that DHHS continued to make cash payments to some individuals after learning that medical evaluations had revealed them to be not eligible for disabled status and, consequently, ineligible for further assistance.

In other cases, people received assistance despite owning assets, including homes and vehicles, which were not properly disclosed to DHHS. One such individual owned a rental property and vehicles that DHHS personnel failed to value properly, resulting in over \$100,000 in undeserved payments.

One DHHS worker wrongly lowered the valuation of assets owned by an applicant – thus, making the applicant improperly eligible for over \$122,000 in assistance payments.

Another DHHS worker approved an application for assistance, despite knowing that the applicant owned a bank account, the balance of which was never verified. This led to improper assistance payments of over \$150,000.

Harking back to similar findings in a previous DHHS audit, the auditors also found 10 instances of payments being made to people after their deaths. Totaling approximately \$2,300, the cumulative dollar amount for these particular instances was relatively small. Regardless, DHHS violated State regulations by failing to recoup the improper payments.

The most serious problems in the program relate to the apparent financial abuse of vulnerable elderly and disabled persons receiving AABD and other public benefits through guardianship arrangements. During the course of their work, the auditors grew suspicious regarding the activities of Judith Widener of Scottsbluff, Nebraska, who served as a legal guardian for over 600 persons throughout the State. (See maps attached below.) In addition to being an absurdly large number of people for one guardian even to contemplate caring for effectively, the wards were spread throughout the State – with a considerable concentration in Lancaster and Douglas counties, hundreds of miles from Widener’s home and business.

As a result of their suspicions, the audit team – accompanied by an investigator from the Nebraska State Patrol – personally interviewed Widener. During that interview, the auditors provided numerous examples of what appeared to be private and public benefit funds intended for vulnerable Nebraskans having been deposited instead into bank accounts controlled by Widener and then taken for her personal use. Widener made a recorded confession to the auditors, in the presence of the State Patrol, indicating that she knowingly misappropriated monies belonging to wards of the State.

Hundreds of Widener’s court-appointed guardianships will now presumably be terminated in dozens of county courts across the State. Some 100 of these guardianship cases directly involve AABD clients.

DHHS ignored numerous “red flags” indicating suspected financial impropriety by Widener, who allegedly used a variety of techniques to embezzle the money from some of Nebraska’s most vulnerable citizens. The audit team worked closely with law enforcement in recent months to review bank records subpoenaed by the Scotts Bluff County Attorney. Widener

masked her alleged embezzlement through a complex array of credit cards and over 40 bank accounts containing more than \$600,000.

The audit team pulled a small sample of transactions from thousands of possibilities and readily identified over \$35,000 in funds that appear to have been taken by Widener. Her computers, cell phones, hard drives, and all banking and financial records have now been seized by the State Patrol for a more in-depth examination, pursuant to a search warrant issued last week by District Judge Randall Lippstreu of Scotts Bluffs County.

The audit report documents numerous instances in which Widener allegedly filed false financial reports with County Courts or failed to make required court filings regarding the financial affairs of wards under her charge. In so doing, Widener is alleged to have helped herself to many thousands of dollars of assets rightfully belonging to her court-appointed wards and many thousands more in funds belonging to the estates of deceased wards, often using the monies to pay her personal credit card bills.

Widener's accounting records reveal also that she paid herself \$500 Christmas and birthday gifts from the monies under her control. Other records show an involvement with casino gambling.

State Auditor Foley explained, "It will take months, if not years, to unsnarl the tangled mess apparently woven by Judith Widener in the scam that she allegedly perpetrated against vulnerable Nebraskans right under the not-so-watchful eyes of DHHS and the County Courts."

DHHS files show that the agency was well aware of – but ignored – warnings from the US Social Security Administration and the US Veterans Administration, both of whom raised concerns regarding Widener's questionable dealings with State wards and their assets. In recent years, Lancaster County Judge Gerald Rouse had forbidden Widener from being named to any further legal guardianships in Lancaster County, which was public information readily available to DHHS.

Despite it all, DHHS continued to allow State assistance funds to flow to Widener. So oblivious was DHHS to Widener's alleged misconduct, in fact, that the auditors found examples of the agency making thousands of dollars of direct deposits into her bank accounts for wards whom she was not even the legal guardian – once again violating both State regulations and basic common sense.

Foley concluded, "This whole sorry episode is yet another glaring example of the need to reform DHHS. How many more must I provide?"

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Judith Widener's guardianship and conservator cases per Nebraska Court records.

