

Illinois Department of Insurance
Workers' Compensation Fraud Unit

2013 ANNUAL REPORT



Pat Quinn, Governor

Andrew Boron, Director



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

June 28, 2013

The Honorable Pat Quinn
Governor
207 State House
Springfield, Illinois 62706

Re: Workers' Compensation Fraud Unit – 2013 Annual Report

Dear Governor Quinn:

On behalf of the Department of Insurance and pursuant to Sections 25.5(e-5) and 25.5(h) of the Workers' Compensation Act (820 ILCS 305/25.5(e-5) and 820 ILCS 305/25.5(h)), I hereby submit the Workers' Compensation Fraud Unit's 2013 Annual Report.

Respectfully submitted,

Andrew Boron, Director
Illinois Department of Insurance

TABLE OF CONTENTS

I. Introduction.....1

II. 2005 Reforms.....1

III. 2011 Reforms.....3

IV. WCFU Operations7

 A. Complaints8

 B. Investigations8

 C. Referrals for Prosecution9

 D. Confidentiality9

V. Building Relationships.....9

VI. Statistics11

Exhibit A: 2012 Fraud Complaints by Source

Exhibit B: 2012 Fraud Complaints by Target

Exhibit C: Disposition of 2012 Complaints

Exhibit D: 2012 Convictions Resulting from WCFU Referrals

Exhibit E: North Carolina Form 90

I. Introduction

In 1911, Illinois became one of the first states in the nation to pass comprehensive workers' compensation laws. While state law has changed over the years, the basic principle guiding workers' compensation remains the same: employees and employers deserve a reliable and affordable system of insurance which protects employers, injured workers and their families from financial catastrophe.

Today, state law requires almost every working resident of Illinois to be covered by workers' compensation insurance. Employers provide workers' compensation benefits either by purchasing insurance policies or by paying for the benefits themselves (known as self-insurance). Employers and employees benefit from the state's mandatory system, which allows employers to avoid costly litigation and provide employees protection and compensation for work-related injuries.

The business environment in Illinois could benefit significantly from greater fraud protection because the decrease in fraudulent claims would lead to more cost effective insurance, and therefore, a more efficient market. The Illinois market is highly competitive, with 326 different companies competing to write direct workers' compensation premiums in 2012.

II. 2005 Reforms

In 2005, representatives from the business sector, labor, and government leaders united to address the problems of fraud and non-compliance in the Illinois workers' compensation system. Later that year, the General Assembly passed House Bill 2137, which would become Public Act 94-277. This legislation established in Illinois, for the first time, a statute devoted specifically to criminalizing and combating workers' compensation fraud.

Public Act 94-277, later codified as Section 25.5 of the Illinois Workers' Compensation Act (Act) (820 ILCS 305/25.5), introduced two anti-fraud reforms. First, the Act required the Illinois Department of Insurance (Department) to create an investigative unit, hereafter referred to as the Workers' Compensation Fraud Unit (WCFU).¹ The WCFU is charged with examining allegations of workers' compensation fraud and insurance non-compliance.² Section 25.5(c) of the Act specifically provides that it "shall be the duty of the [WCFU] to determine the identity of insurance carriers, employers, employees, or other persons or entities that have violated the fraud and insurance non-compliance provisions of this Section." 820 ILCS 305/25.5(c).

The Act's fraud and insurance non-compliance provisions constitute the second major anti-fraud reform. Prior to the passage of Public Act 94-277, fraudulent receipt, denial, or application for workers' compensation benefits were not specifically defined as unlawful by the Act. The 2005 reforms established eight specific fraudulent acts:

1. Intentionally presenting or causing to be presented any false or fraudulent claim for the payment of any workers' compensation benefit;
2. Intentionally making or causing to be made any false or fraudulent material statement or material representation for the purpose of obtaining or denying any workers' compensation benefit;
3. Intentionally making or causing to be made any false or fraudulent statements with regard to entitlement to workers' compensation benefits with the intent to prevent an

¹ Section 25.5 states that the "Division of Insurance of the Department of Financial and Professional Regulation" shall establish the WCFU. Pursuant to Executive Order 4 (2009) and a statute passed by the General Assembly, the Division of Insurance was re-established as the Department of Insurance effective June 1, 2009. Section 25.5 was amended to reflect this change in 2011.

² In addition to the WCFU, the Illinois Workers' Compensation Commission (IWCC), which is separate and apart from the Department, also employs a number investigators charged with investigating insurance non-compliance pursuant to Section 4 of the Act, which requires employers to provide workers' compensation benefits to employees.

- injured worker from making a legitimate claim for workers' compensation benefits;
4. Intentionally preparing or providing an invalid, false, or counterfeit certificate of insurance as proof of workers' compensation insurance;
 5. Intentionally making or causing to be made any false or fraudulent material statement or material representation for the purpose of obtaining workers' compensation insurance at less than the proper rate for that insurance;
 6. Intentionally making or causing to be made any false or fraudulent material statement or material representation on an initial or renewal self-insurance application or accompanying financial statement for the purpose of obtaining self-insurance status or reducing the amount of security that may be required to be furnished;
 7. Intentionally making or causing to be made any false or fraudulent material statement to the WCFU in the course of an investigation of fraud or insurance non-compliance; and
 8. Intentionally assisting, abetting, soliciting, or conspiring with any person, company or other entity to commit any of the acts listed above.

These eight prohibitions defined the nature and scope of WCFU investigations from 2005 to 2011.

III. 2011 Reforms

In 2011, the General Assembly passed House Bill 1698, which would become Public Act 97-18. The 2011 amendments to Section 25.5 of the Act provided the WCFU with additional tools to combat workers' compensation fraud. The first change enacted was the addition of a ninth prohibition. This provision makes it illegal to "intentionally present a bill or statement for

the payment for medical services that were not provided.” 820 ILCS 305/25.5(a)(9).

Public Act 97-18 also reformed the sentencing provisions in the Act. Previously, those convicted of workers’ compensation fraud were guilty of a Class 4 felony and required to pay appropriate restitution. The amended sentencing provisions now base the punishment for a violation of the Act’s fraud provisions on the value of the property the person convicted of fraud obtained or attempted to obtain. The new sentencing scheme, codified at 25.5(b) of the Act, is as follows:

1. A violation in which the value of the property obtained or attempted to be obtained is \$300 or less is a Class A misdemeanor.
2. A violation in which the value of the property obtained or attempted to be obtained is more than \$300 but not more than \$10,000 is a Class 3 felony.
3. A violation in which the value of the property obtained or attempted to be obtained is more than \$10,000 but not more than \$100,000 is a Class 2 felony
4. A violation in which the value of the property obtained or attempted to be obtained is more than \$100,000 is a Class 1 felony.

These changes to the sentencing scheme have led to greater interest from prosecutors.

Unfortunately, the changes to the sentencing scheme have also had a number of unintended consequences. As the new sentencing scheme is based upon the monetary value of the fraud committed, an issue exists for a number of violations where a value cannot be quantified. While the new sentencing guidelines work well for cases involving false claims and benefits received by workers’ compensation claimants through false statements or fraudulent means, the guidelines pose problems for a number of other violations.

Thirdly, the recent reforms have given the WCFU broader powers of subpoena. While

the WCFU utilized the subpoena power granted to the Director of the Department from its inception, the statute now clearly states that the WCFU has “the general power of subpoena of the Department of Insurance, including the authority to issue a subpoena to a medical provider, pursuant to section 8-802 of the Code of Civil Procedure.” 820 ILCS 305/25.5(c). Section 8-802 of the Code of Civil Procedure, which defines the physician-patient privilege in Illinois, states that “no physician or surgeon shall be permitted to disclose any information he or she may have acquired in attending any patient in a professional character, necessary to enable him or her professionally to serve the patient, except . . . [upon] the issuance of a subpoena pursuant to Section 25.5 of the Workers' Compensation Act.”³ 735 ILCS 5/8-802. This makes it clear that medical providers not only have to provide the medical records, but may speak to investigators about what would otherwise be privileged.

Additionally, Public Act 97-18 removed the notice requirement from Section 25.5(e) of the Act. Prior to the 2011 amendments, the WCFU was required to contact the target of a potential investigation immediately upon receipt of a complaint, notifying them of the investigation, the nature of the reported conduct, and the name and address of the complainant. This requirement hindered the WCFU greatly in that it made attempts to conduct surveillance futile, as the target was aware of the investigation. The notice requirement also discouraged complainants from coming forward, as they would have their identity and address given to the target of the investigation. Without this requirement, the WCFU can be much more effective as well as more inviting to potential complainants.

The time limit for the WCFU to conduct a fraud investigation was removed from Section 25.5(e) of the Act. Previously, the WCFU had to complete its investigation within one hundred

³ The language in Section 8-802 of the Code of Civil Procedure concerning subpoenas pursuant to Section 25.5 of the Illinois Workers' Compensation Act was added by PA 97-18.

twenty (120) days of the time a complaint was received. Given the resources available, this limitation often proved to be impossible to comply with as the time limit started to run before the case was even assigned to an investigator, and subpoena compliance took up the majority of the one hundred twenty (120) days. However, with that requirement removed, the WCFU can collect all of the relevant records, complete thorough investigations, and make better referrals to prosecutors, resulting in more convictions.

Finally, the 2011 amendments require that the WCFU to procure and implement a system utilizing advanced analytics inclusive of predictive modeling, data mining, social network analysis, and scoring algorithms for the detection and prevention of fraud, waste, and abuse by January 1, 2012. To date, no system has been procured, as no funding was provided for this mandate.

The Department and the WCFU did issue a Request for Information (RFI) regarding this system in March of 2012 in the hopes of receiving information regarding how to draft a Request for Proposal (RFP) to obtain such a system. The Department received a number of responses.

Despite the fact that the system has yet to be procured and implemented as required by statute, the WCFU has several recommendations regarding opportunities for additional fraud prevention and detection of fraud, waste, and abuse. First, the WCFU recommends that insurance companies, employers, and third party administrators responsible for issuing checks for temporary disability benefits pursuant to the Act include language on those checks requiring the injured employee to affirmatively state they remain entitled to the disability benefits being paid. In the case of temporary total disability benefits, the WCFU recommends that injured employees also be required to indicate that they are not employed elsewhere. Second, the WCFU recommends that the IWCC require injured employees to submit a form on a monthly

basis, similar to the North Carolina Industrial Commission's Form 90,⁴ regarding any employment or earnings during that time period. The WCFU also recommends that the General Assembly consider whether the state would be better served by requiring the IWCC, CMS or CMS's contracted third party administrator to procure the system required under Section 25.5(e-5) of the Act. Unlike the WCFU or the Department, CMS possesses the medical records, employment history, and other data related to the claims filed by state employees, which could be mined and analyzed to determine possible trends or identify potential fraud, waste, and abuse. Again, unlike the WCFU or the Department, the IWCC also collects and possesses information, which could be mined and analyzed to determine possible trends or identify potential fraud, waste, and abuse. Specifically, information concerning injuries resulting in more than three lost work days, when benefits begin or are being stopped, when there is a change in employee status, and when final compensation is paid on workers' compensation cases.⁵ Finally, the WCFU recommends that the General Assembly consider additional amendments to Section 25.5 of the Workers' Compensation Act that would amend the language of Section 25.5(a)(5) to remove any ambiguity as to whether cases involving the underreporting of payroll may be charged under this section by replacing the word *rate* with *amount* and add language to the sentencing provisions of Section 25.5(b) to account for violations of the act that do not have associated dollar amounts.

IV. WCFU Operations

Section 25.5(c) of the Act charged the Department with establishing the WCFU. The Department established the WCFU in 2006 and now oversees its operations, investigations, personnel, and progress.

⁴ Attached as Exhibit E

⁵ See Illinois Form 45: Employer's First Report of Injury (IC45 8/12) and Illinois Form 85: Employer's Supplemental Report of Injury (IC85 8/12)

A. Complaints

The WCFU tracks reports of workers' compensation fraud. Complainants are required by statute to identify themselves and can report fraud by regular mail, electronic mail, or by calling a toll-free telephone number (1-877-WCF-UNIT or 1-877-923-8648). After receiving a report, the WCFU supervisor reviews each complaint to determine whether the complaint alleges a violation of the Act's fraud provisions that warrants investigation. In conducting this review, the supervisor assigns a case number to each complaint and enters it into the WCFU's case management system. If necessary, the supervisor contacts the complainant or requests additional information in order to complete the review process. If the report is frivolous, legally insufficient, or unsubstantiated, the investigation ceases and the report is closed. If the supervisor finds evidence sufficient to justify further inquiry the case is assigned for investigation.

B. Investigations

The primary responsibility of the WCFU is to conduct investigations and refer worthy cases for prosecution. To fulfill this task, WCFU investigators spend countless hours each year conducting field investigations, reviewing hours of surveillance footage, issuing numerous subpoenas, and reviewing insurance, payroll, medical, and other records. An investigation begins after the WCFU supervisor assigns it to an investigator. During 2012, the number of WCFU investigators statewide varied between four and six throughout the course of the year

While structurally similar, each investigation differs based upon a host of factors, including the nature and quality of the initial report. Most investigations involve: (1) review of documentary and physical evidence; (2) detailed background checks of persons related to the case (*e.g.*, investigative targets and witnesses); and (3) interviews of persons related to the case

(e.g., complainants, witnesses, insurance company personnel, medical treatment providers, and the investigative target).

C. Referrals for Prosecution

At the conclusion of each investigation, a review of the sufficiency of evidence is conducted. If the inquiry does not produce evidence deemed sufficient to convict an individual or entity of workers' compensation fraud, the case is dismissed. Investigations that produce sufficient evidence to convict are referred to the Attorney General's office or the State's Attorney of the county where the offense occurred. The power to decide whether to file criminal charges rests solely with the prosecutor who receives the WCFU referral.

The WCFU is building working relationships with relevant prosecuting authorities. Since its creation, the WCFU has referred cases to and worked with State's Attorneys representing thirty-nine (39) counties: Bureau, Cass, Champaign, Christian, Cook, DeKalb, DeWitt, DuPage, Edgar, Ford, Franklin, Gallatin, Jackson, Jasper, Jefferson, Kane, Kankakee, Knox, Lake, Livingston, Macon, Macoupin, McLean, Morgan, Madison, Ogle, Peoria, Perry, Saline, Sangamon, Shelby, St. Clair, Tazewell, Union, Vermillion, White, Will, Williamson and Winnebago.

D. Confidentiality

The confidentiality of all fraud reports and associated medical records is strictly maintained in accordance with the relevant statutes, and is only shared in the course of referring a case for prosecution or in complying with other lawful requests.

V. Building Relationships

WCFU investigators have learned many valuable lessons since the unit was established in

2006. Primary among them is the importance of building working relationships with state law enforcement authorities. WCFU investigators work to aid prosecutors in the exercise of their discretion. Cases referred for prosecution are presented clearly and succinctly. WCFU investigators are committed to their investigations, and for this reason assist the Illinois Attorney General or respective State's Attorney throughout any criminal case. This level of communication and continued assistance establishes trust, which improves future referrals and prosecutions.

The progress of WCFU investigations over the years has improved the general public's understanding of workers' compensation fraud investigations. In the past, some complainants (*e.g.*, employers, insurers, employees) were confused about what kind of evidence the WCFU needed to successfully investigate an allegation of fraud. Nowhere was this more true than with agencies of state government. In 2011, the WCFU worked with state agencies, including the Department of Central Management Services and the Department of Corrections, to agree on guidelines for submitting complaints and to open lines of communication. In 2012, the WCFU worked with the Department of Transportation to establish similar guidelines for complaints, to explain the elements of workers' compensation fraud, and to determine ways to work together to effectively investigate workers' compensation fraud perpetrated by Department of Transportation employees. Establishing working relationships with these, and other entities, has helped to clarify the type of information that is required to prove workers' compensation fraud.

As the WCFU has grown in experience over the years, the WCFU's cooperation and coordination with other investigative and law enforcement agencies has also grown. WCFU investigators have worked with the Federal Bureau of Investigation, the Postal Inspector's Office, the Internal Revenue Service, state medical investigators, local police departments, the

Illinois State Police, and numerous State's Attorney investigators. Investigators also share non-confidential information with organizations dedicated to identifying and stopping fraud conspiracies, including the National Insurance Crime Bureau.

VI. Statistics

In 2012, the WCFU received one hundred nineteen (119) allegations of fraud.⁶ Of these allegations, twenty-eight (28) were reported by concerned individuals; twenty-two (22) were referred by insurance companies; twenty-one (21) were referred by employers; fourteen (14) were referred by employees regarding employers and insurance companies; eleven (11) were referred by special investigation agencies (commonly referred to as SIUs) on behalf of insurance companies and third party administrators (TPAs)⁷; eleven (11) were referred by attorneys; four (4) were referred by the Illinois Department of Central Management Services (CMS), who acts as the administrator for claims filed by state employees; four (4) were referred by the IWCC; two (2) were referred by TPAs; one (1) was referred by the Cook County State's Attorney's Office; and one (1) was referred by the National Insurance Crime Bureau. Of the complaints received in 2012, seventy-one (71) did not warrant further investigation because of insufficient evidence, lack of jurisdiction, or because the statute of limitations expired.

The WCFU investigated sixty-four (64) allegations of insurance fraud in 2012. Of these

⁶ In previous years, the WCFU has included complaints alleging that social security numbers assigned to other individuals were being submitted by employees filing workers' compensation claims as complaints of workers' compensation fraud. Nearly all of them were deemed "information only" by the complainants, and were also referred to the Social Security Administration. In reviewing those complaints, it was determined that no allegations of fraud pursuant to Section 25.5 of the Act were alleged, and in many instances, the social security numbers were not being submitted by the individuals filing claims, but rather by their employers. As such, beginning January 1, 2012, these referrals were no longer considered as complaints of workers' compensation fraud and were not entered in the WCFU's case management system.

⁷ Of these eleven (11) complaints submitted by SIUs, seven (7) were referred on behalf of TPAs and four (4) were referred on behalf of insurance companies.

investigations, twenty-six (26) investigations remained open from 2011, two (2) remained open from 2010, and an additional thirty-six (36) were opened in 2012. Of the thirty-six (36) cases opened in 2012, two (2) were initially reported to the WCFU in 2010, thirty (30) were reported in 2011, and four (4) were reported in 2012. Twenty-two (22) of the investigations initiated in 2012 remained open at the beginning of 2013. As of the date of this report, nineteen (19) complaints received in 2012 have been assigned for investigation in 2013, and twenty-eight (28) additional complaints received in 2012 have yet to be assigned for investigation.

In 2012, the WCFU referred eighteen (18) cases to the Office of the Illinois Attorney General and the various county State's Attorneys for prosecution. Two (2) of the cases referred in 2012 were from investigations begun in 2010, eleven (11) of the cases were from investigations begun in 2011, while five (5) of the referred investigations were initiated in 2012. The 2012 referrals were made to eight (8) different prosecutors: seven (7) were referred to the Attorney General; three (3) were referred to the Cook County State's Attorney; two (2) were referred to the DuPage County State's Attorney; two (2) were referred to the Champaign County State's Attorney; and one (1) case each was referred to the Knox County State's Attorney, St. Clair County State's Attorney, Will County State's Attorney, and the Winnebago County State's Attorney.

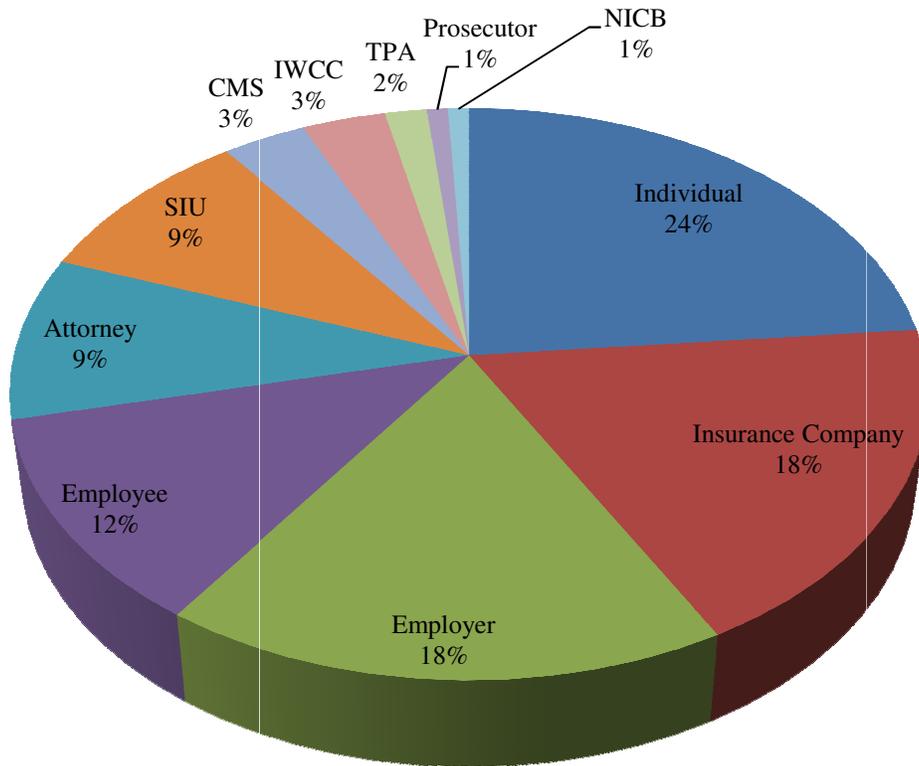
Of the cases referred for prosecution in 2012, seven (7) were indicted, eight (8) were declined, two (2) are still pending with the respective prosecutor, and one (1) case was presented to, and later withdrawn from, the Cook County State's Attorney's Office after no action was taken.⁸ As of the date of this report, two of the cases referred in 2012 have been resolved. The

⁸ One of cases was originally declined because of a limited connection to the jurisdiction where it was presented. That case has been subsequently charged by way of information in another jurisdiction and is awaiting a preliminary hearing. In 2013 the investigation that was originally referred to the Cook County State's Attorney was presented to the Illinois Attorney General, who indicted the case.

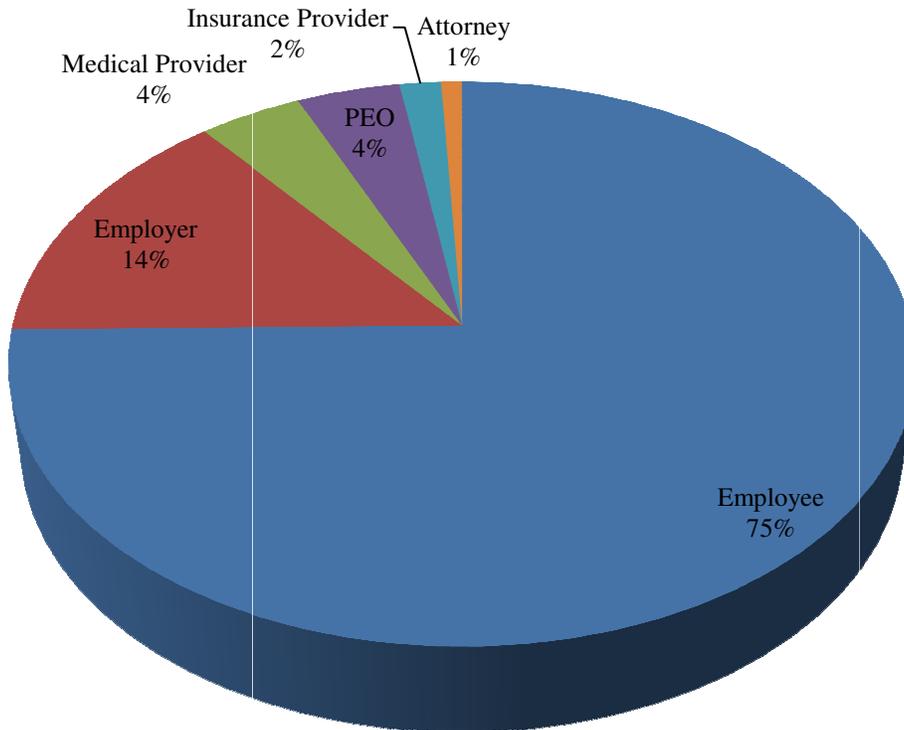
first case, which was prosecuted by the St. Clair County State's Attorney's Office, resulted in a plea to a misdemeanor charge of Reckless Conduct in January of 2013. The second case, which was prosecuted by the Winnebago County State's Attorney's Office, resulted in a plea to a misdemeanor charge of Theft by Deception in June of 2013.

In addition to the cases referred in 2012, charging decisions were made on four (4) cases referred prior to 2012. Two (2) of those cases resulted in indictments, while two others were declined. Four (4) other cases referred for prosecution prior to 2012 were also resolved this past year. A case referred to the Illinois Attorney General in 2011 resulted in a plea on misdemeanor Insurance Fraud charges, twelve (12) months probation, and \$5,000 in fines, fees, and costs. Another case referred to the Illinois Attorney General in 2008 was tried in 2012 after a warrant was executed. The defendant was found guilty of Theft and sentenced to forty-eight (48) months probation, four hundred (400) hours of community service, restitution, and \$3,529.62 in fines, fees, and costs. A case referred to the Will County State's Attorney in 2011 and indicted later that year resulted in a 2012 plea to a reduced charge of Attempt Workers' Compensation Fraud and a sentence of twenty-four (24) months probation, one (1) day in jail, restitution, and \$525 in fines, fees, and costs. A case referred to the Kane County State's Attorney in 2009 was tried in 2011. The defendant was found guilty after a jury trial and sentenced in 2012 to twenty-four (24) months probation, fifty (50) hours of community service, \$4,104 in restitution, and fines, fees, and costs. Finally, as of the date of this report, seven (7) of the cases referred for prosecution in 2011 and 2012 are pending in the Illinois courts.

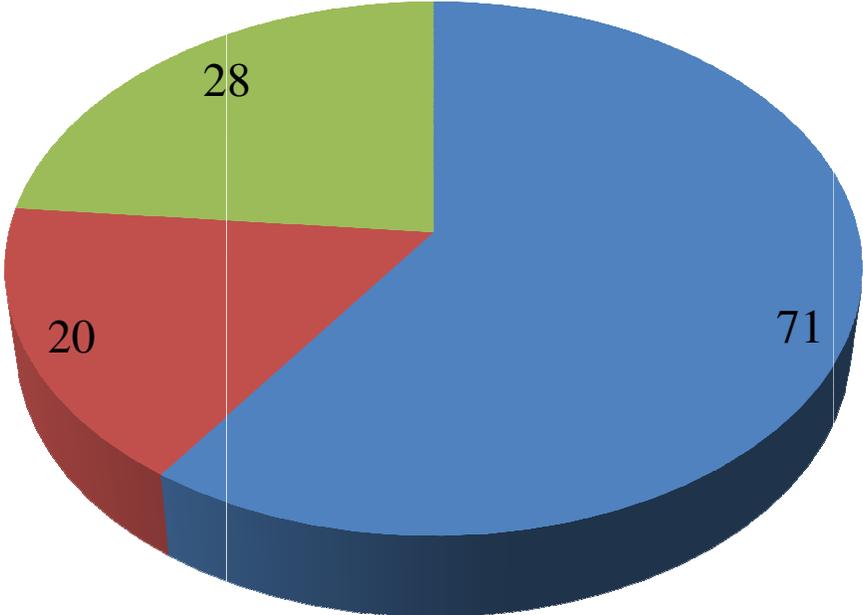
2012 Fraud Complaints by Source



2012 Fraud Complaints by Target



Disposition of 2012 Complaints



■ No Investigation ■ Assigned for Investigation ■ Awaiting Investigation

2012 Convictions Resulting from WCFU Referrals

County	Date	Offense	Sentence	Summary
Cook	1/13/12	Insurance Fraud (Class A misdemeanor)*	12 months probation, \$5,000 in fines, fees, and costs.	The defendant misclassified employees in order to obtain workers' compensation insurance at less than the proper rate.
Will	9/28/12	Attempt Workers' Compensation Fraud (Class A misdemeanor)*	24 months probation, 1 day jail, \$525 in fines, fees, and costs.	The defendant submitted a false claim in an attempt to receive workers' compensation benefits. The defendant alleged that he was injured the day he was terminated by his employer.
Lake	12/5/12	Theft (Class 1 felony)	48 months probation, 400 hours community service, restitution in the amount of \$24,289.15, and \$3,529.62 in fines, fees, and costs.	The defendant claimed to have suffered a work-related injury that did not occur at work and made numerous false statements regarding the alleged injury. The defendant was also working while collecting TTD benefits. The defendant was found guilty by a Lake County Jury.

*Amended from felony

REPORT OF EARNINGS

IC File # _____

Emp. Code # _____

Carrier Code # _____

Carrier File # _____

The Use Of This Form Is Required Under The Provisions of The Workers' Compensation Act Employer FEIN _____

(EMPLOYER/INSURANCE CARRIER TO COMPLETE THIS SECTION)

Employee's Name _____			Employer's Name _____ () _____ Telephone Number _____		
Address _____			Employer's Address _____ City _____ State _____ Zip _____		
City _____ State _____ Zip _____			Insurance Carrier _____		
() _____			Carrier's Address _____ City _____ State _____ Zip _____		
Home Telephone _____			() _____ () _____		
Work Telephone _____			Carrier's Telephone Number _____ Fax Number _____		
Social Security Number _____ Sex <input type="checkbox"/> M <input type="checkbox"/> F			Date of Birth _____ / _____ / _____		

To Employees: The Employer/Insurance Carrier periodically needs to verify your continuing eligibility for workers' compensation benefits and to update their records. **You are required to complete Page 2 of this Report of Earnings and return it to the insurer or employer address provided on page 2 of this form within 15 days after receipt of this form, even if you have no earnings.**

****YOUR WORKERS' COMPENSATION BENEFITS MAY BE SUSPENDED IF YOU FAIL TO COMPLETE THIS REPORT IN A TIMELY MANNER.****

NOTICE TO EMPLOYEES RECEIVING WORKERS' COMPENSATION

When you are receiving weekly workers' compensation benefits, YOU MUST REPORT ANY EARNINGS YOU RECEIVE TO THE INSURANCE CARRIER (OR EMPLOYER IF THE EMPLOYER IS SELF-INSURED) THAT IS PAYING YOU THE BENEFITS. "Earnings" include any cash, wages or salary received from self-employment or from any employment other than the employment where you were injured. Earnings also include commissions, bonuses, and the cash value for all payments received in any form other than cash (e.g., a building custodian receiving a rent-free apartment). Commissions, bonuses, etc., earned before your disability do not constitute earnings that must be reported.

You must report any work in any business, even if the business lost money or if profits or income were reinvested or paid to others.

Your endorsement on a benefit check or deposit of the check into an account is your statement that you are entitled to receive workers' compensation benefits. Your signature on a benefit check is a further affirmation that you have made no false claims or statements or concealed any material fact regarding your right to receive workers' compensation benefits.

MAKING FALSE STATEMENTS FOR THE PURPOSE OF OBTAINING WORKERS' COMPENSATION BENEFITS MAY RESULT IN CIVIL AND CRIMINAL PENALTIES.

TIME PERIOD COVERED BY THIS REPORT: _____ to _____
(Employer/Insurance Carrier must complete)

EMPLOYEE: COMPLETE SECTION BELOW

(1) Did you receive earnings from work during the time period indicated on Page 1? <input type="checkbox"/> YES <input type="checkbox"/> NO	(2) Did you work for a business or any person during that time period? <input type="checkbox"/> YES <input type="checkbox"/> NO
---	---

(3) If you answered **NO** to both questions 1 and 2, **sign and return** the form to the insurance carrier or to the individual identified by the insurance carrier or employer listed below.

(4) If you answer **YES** to either question, **complete item 5 below**, sign and return the form to the insurance carrier or to the individual identified by the insurance carrier or employer listed below. For the purposes of this statement, "Gross Earnings" include all pre-tax earnings, bonuses, commissions, and/or the cash value of any payment received in any form other than cash.

(5) 1st Employer or Business Name (include self-employment):

Location: _____
Dates worked: _____
Gross Earnings: _____

Next Employer or Business Name (include self-employment):

Location: _____
Dates worked: _____
Gross Earnings: _____

Attach additional page(s) if necessary.

Employee Signature: _____ Date: _____
(Required)

NOTICE TO EMPLOYEE:

- 1. Failure to report earnings as defined herein may subject you to criminal prosecution and civil liability including the suspension or forfeiture of your benefits. This form must be signed and returned to the insurance carrier listed below even if you have no earnings.**
- 2. If the Commission suspends benefits for failure to complete and return a Form 90 Report of Earnings, the self-insured employer, insurance carrier or third party administrator shall immediately reinstate benefits to the employee with back payment as soon as the Report of Earnings is submitted by the employee.**
- 3. If benefits are not immediately reinstated, the employee should submit a written request for an Order from the Executive Secretary instructing the employer or insurance carrier to reinstate benefits. An application for reinstatement of benefits should be addressed to North Carolina Industrial Commission, Office of the Executive Secretary, 4333 Mail Service Center, Raleigh, NC 27699-4333.**

Insurance carrier or Employer must list the name and address below of the person to whom this form must be returned and mail this form to the employee by certified mail return receipt requested, and include a self-addressed stamped envelope for the return of the Form.

Name: _____
Address: _____
City State Zip

NOTICE TO INSURER OR EMPLOYER:

Any person who willfully makes a false statement or representation of a material fact for the purpose of denying or assisting another in denying any benefit or payment under the Workers' Compensation Act shall be guilty of a Class 1 misdemeanor if the amount at issue is less than \$1000. Violation is a Class H felony if the amount at issue exceeds \$1000. Any person who threatens an employee with criminal prosecution under the provisions of the Act for the purpose of coercing or attempting to coerce an employee into agreeing to compensation under the Act shall be guilty of a Class H felony.