

**U.S. Department of Justice
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United States Attorney
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NEWS RELEASE

December 21, 2009

FOR IMMEDIATE RELEASE

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HAROLD RICHARD HOFMANN PLEADS GUILTY IN U.S. FEDERAL COURT

Bill Mercer, United States Attorney for the District of Montana, announced today that during a federal court session in Billings on December 21, 2009, before Chief U.S. District Judge Richard F. Cebull, HAROLD RICHARD HOFMANN, a 58-year-old resident of Laurel, pled guilty to Social Security fraud. Sentencing is set for March 18, 2010. He is currently released on special conditions.

In an Offer of Proof filed by Assistant U.S. Attorney Jessica T. Fehr, the government stated it would have proved at trial the following:

HOFMANN applied for Social Security Administration (SSA) disability payments for the first time in 1985. On his original application HOFMANN claimed he was unable to work due to a back injury. In 1986, HOFMANN was granted disability benefits. The SSA reviewed HOFMANN'S disability claim several times. In 1989, HOFMANN reported to the SSA that he was unable to return to work.

In the late 1990s HOFMANN began to report earnings from various employers, including Triple-L-Trucking. For the majority of the years earnings were reported for HOFMANN between 1989 and 1998, the earnings were less than \$10,000 per year. Disability benefits are not affected by yearly income under \$10,000. In 1999, HOFMANN reported earning \$25,292. The increase in HOFMANN'S reported earnings triggered a review by the SSA of his "work activity." The SSA allows disability recipients to have a trial work period to see if they are in fact able to be gainfully employed. The SSA began to review HOFMANN'S claim to determine if he had exhausted his trial work period.

In September of 2004, the SSA sent HOFMANN a work activity report and a pamphlet detailing the agency's rules for people who work while receiving disability benefits. At the same time, the SSA sent earnings inquires to two of HOFMANN'S known employers. Both companies were known rural postal contract route carriers.

Rural postal contract route carriers bid for contracts with the United States Postal Service (USPS) and deliver the mail to rural communities that do not have regular USPS mail personnel. HOFMANN never returned the work activity report.

On July 12, 2005, SSA sent HOFMANN another work activity report and pamphlet detailing SSA rules for beneficiaries that return to work. HOFMANN did not return the second work activity report.

On August 8, 2005, a SSA representative spoke telephonically with HOFMANN regarding his failure to return either of the work activity reports sent by the SSA. During the conversation HOFMANN told the SSA representative that he felt he had already provided all of the information the SSA needed. The SSA representative went on to question HOFMANN about his earnings. HOFMANN could remember very little about his earnings and attempted to avoid discussing his work activity with the representative.

In approximately 2006, the United States Postal Service, Office of Inspector General was contacted by the SSA. Contract drivers for the USPS are required to maintain Daily Log Reports. The reports contain the date, route and driver information for each contract. The reports for all of the routes HOFMANN was associated with in 2006 and 2007 were reviewed by investigators. The review demonstrated that HOFMANN drove one specific route approximately 277 days in 2006. There were no earnings reported to the Montana Department of Labor or the SSA for HOFMANN in 2006. The USPS log reports also demonstrated that HOFMANN worked consistently throughout 2007 on various contract routes.

Additional interviews demonstrated that HOFMANN worked for Manning International consistently from 2002 until 2007. The president of Manning International told investigators that HOFMANN asked to be paid "under the table" to avoid losing his SSA benefits. The president of Manning International admitted he knew it was wrong to pay HOFMANN "under the table." Interviews with other employers of HOFMANN also reported that HOFMANN requested to be paid in cash.

On September 3, 2008, HOFMANN was interviewed by investigators. HOFMANN admitted he worked full-time and received cash payments for years while receiving SSA disability benefits. HOFMANN explained he had gotten greedy and approached several former employees, requesting that he be compensated under the table. HOFMANN also admitted he ignored requests from the SSA and was evasive when agency personnel questioned him about his work activity. HOFMANN provided a written statement to investigators.

A representative from the SSA used HOFMANN'S work activity and earnings to determine that HOFMANN'S benefits should have ceased in August 2002. HOFMANN continued receiving benefits through January 2008. HOFMANN was paid a total of \$77,198 from 2002 to 2008. HOFMANN'S daughter was also receiving benefits as an auxiliary claim to his disability claim from September 2002 and June 2007. HOFMANN'S daughter's payments also would have ceased when his claim ceased.

HOFMANN'S daughter received a total of \$39,446 to which she was not entitled. The total restitution owed to the SSA is \$124,309.

HOFMANN faces possible penalties of 5 years in prison, a \$250,000 fine and 3 years supervised release.

The investigation was conducted by a cooperative effort between the U.S. Postal Service - Office of Inspector General and the Social Security Administration - Office of Inspector General.

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A copy of the Offer of Proof can be obtained by contacting Sally Frank at (406) 247-4638.