

# AFP "GHOSTBUSTERS"

**A**FP Investigating Officers in Central Region have proved that ghosts do exist — at least in the criminal world. Detective Sergeant Fred Mitson reports on the pursuit, and capture, of the apparitions.

THROUGHOUT a police career, officers will often be required to positively identify a person by using a combination of factors.

Less frequently the opposite occurs, requiring the police to take a set of identification factors and prove there is no living, bodily owner.

In 1983, Department of Health audits to identify fraud in the nursing home industry in South Australia resulted in the AFP being requested to investigate the existence of a veritable "veil of ghosts".

Ridge Park Nursing Home is in the leafy suburbs to the south of Adelaide. It was operated by the company, Ridge Park Nursing Home Pty. Ltd., and controlled through various family companies and trusts by Joseph Luke Evans and Maureen McDermott.

Evans was an accountant in private practice and a part-time administrator to the Nursing Home. McDermott, a triple certificated nursing sister, held the position of Matron.

## Basis of Funding

At that time Commonwealth funding of nursing homes was calculated on a two-pronged expenditure basis. An annual return covered most furniture, food, running expenses and non-human resource costs. A second return, usually submitted at the time of national wage variations, covered the salaries and wages of the staff.

In simple terms the nursing home was permitted to charge fees based on total expenditure translated into cost-per-bed-day. This fee also included a "reasonable" profit loading and the higher the allowable costs, the higher the permitted fees.

Payment of the permitted fee was, in part, through a set of Commonwealth components for each occupied bed with the balance, if any, being paid by the patient.

On a visit to the nursing home, Commonwealth staff saw documents which raised suspicions about 10 possible ghost employees.

Following referral to the AFP and further preliminary inquiries, those 10 "ghosts" formed the grounds for search warrants which resulted in the seizure of a huge volume of employee records, payroll documents and day-



Det. Sgt. Fred Mitson

to-day operating paperwork.

A list of more than 300 names of past and present employees was subjected to exhaustive checking through various indices and seized records.

## The Scam

The painstaking work produced a pattern of some employees existing to receive wages but not showing up as existing to spend the income.

The employment records of the suspect "ghosts" were correlated chronologically by occupation and the pattern which emerged was very clear: "Ghosts", between two and 12 in number, had been "employed" at the nursing home for some time.

The "ghost" employee was given a classification, employed part-time on a casual basis, and continued in "employment" until the wages for the fiscal year reached a level a few dollars below the income tax threshold.

The "ghost" was then "dismissed" and a new name was created for the successor.

Meticulous documentation was maintained for each "ghost" in the form of clocked time cards, pay records and payrolls.

Indications of the fraud were apparent for a number of years.

The pay clerk at the nursing home was granted indemnity from prosecution and confirmed Federal Police theories.

She was able to explain the procedure adopted and the roles of the two principals.

As the names of the "ghosts" appeared on staff rosters, nursing and domestic supervisors were interviewed to find the presence of "ghost" workers on their shifts and to corroborate the pay clerk.

Additional fraudulent activities were disclosed through staff identifying people getting "wages", but not being employed at the nursing home.

The wife of Evans and a cleaner at another business were identified, but suspicions regarding others weren't able to be proved.

## The Finish

Ridge Park Nursing Home Pty. Ltd. was charged with six offences contrary to the National Health Act, while Evans and McDermott were each charged with six counts of aiding, abetting, counselling and procuring the commission of the offences.

The offences covered 26 "ghost" names and one real person, spread over three years. The fraud was estimated at \$100,000 for the period covered by the charges.

Following committal proceedings, the company and Evans indicated a willingness to plead guilty to all charges. McDermott was tried before a judge and jury and following an aborted trial, eventually was found guilty of all six counts.

Her appeal against the conviction was dismissed and court proceedings spanning three years were ended when sentences were handed down.

Evans and McDermott was sentenced to 30 and 21 months (to serve 13 and 5 weeks) respectively, and the company was fined \$18,000.

Reparation calculations caused many headaches to Departmental staff as they were faced with the problem of separating Commonwealth from patient monies over the three year period covered by the charges.

Prosecution and defence counsel finally agreed on the Commonwealth component of \$19,300 to be repaid in equal parts by each of the convicted persons. Reparation of the much larger sum of patient monies proved too complex for a satisfactory agreement to be reached.

In a voluntary gesture Evans and McDermott each paid \$56,000 to the Australian Taxation Office for undisclosed income.