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# A BILL FOR AN ACT

RELATING TO HUMAN SERVICES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 346, Hawaii Revised Statutes, is  
2 amended by adding two new sections to be appropriately  
3 designated and to read as follows:

4           "§346-A Financial assistance; report of fraud; reward.

5           (a) The department shall establish a reward program for  
6 individuals who report persons who have committed fraud under  
7 section 346-34 or 346-43.5.

8           (b) Any individual who reports the commission of a fraud  
9 to the department, attorney general, or any prosecutor's office  
10 may collect a reward under the reward program if the perpetrator  
11 of the fraud is convicted under section 346-34 or 346-43.5 and  
12 ordered to make restitution to the State; provided that:

13           (1) The reward shall be the lesser of:

14                   (A) \$100; or

15                   (B) Ten per cent of the amount awarded as restitution  
16                   to the State;

17                   and



1       (2) Payment of the reward shall be made no later than  
2       thirty days after restitution sufficient to cover the  
3       total amount of the reward is paid by the person  
4       convicted of the fraud.

5       (c) The department may contract with a third party for  
6       purposes of paying rewards under this section.

7       (d) The department may establish rules pursuant to chapter  
8       91 for purposes of this section.

9       §346-B Special account; creation; disbursements. (a) The  
10       department may establish a special account for purposes of  
11       section 346-A.

12       (b) Restitution or a portion thereof received by the  
13       department as a result of fraud committed under section 346-34  
14       or 346-43.5 may be deposited into the special account. The  
15       moneys deposited into the special account including interest  
16       earned shall be retained or disbursed by the commission pursuant  
17       to this section.

18       (c) Moneys deposited into the special account shall be  
19       used to pay rewards under the reward program established under  
20       section 346-A."

21       SECTION 2. Section 346-34, Hawaii Revised Statutes, is  
22       amended by amending subsection (b) to read as follows:



1           "(b) If, at any time while the recipient of public  
2 assistance is receiving public assistance, the recipient's  
3 living requirements are reduced and the recipient wilfully fails  
4 to report the reduction within thirty days from the date of the  
5 reduction to the department, or the recipient acquires from any  
6 source real property, funds, income, or other resources and  
7 wilfully fails to report the amount acquired together with the  
8 source of the resources to the department within thirty days of  
9 receipt of the resources, or prior to spending or otherwise  
10 disposing of all or any portion of the resources, the recipient  
11 shall be guilty of a [~~petty misdemeanor.~~] misdemeanor."

12           SECTION 3. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$           or so much  
14 thereof as may be necessary for fiscal year 2008-2009 for the  
15 department of human services reward program under section 1.

16           The sum appropriated shall be expended by the department of  
17 human services for the purposes of this Act.

18           SECTION 4. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20           SECTION 5. This Act shall take effect on July 1, 2009.



**Report Title:**

Department of Human Services Assistance; Fraud Reward Program

**Description:**

Establishes a reward program for reporting of fraudulent claims made to Department of Human Services (DHS) assistance programs. Increases penalty for committing fraud under assistance programs from a petty misdemeanor to a misdemeanor. Allows DHS to create a special account and contract for payment of rewards. (HB2935 HD1)

