

CalPERS Ethics Helpline

**SUMMARY OF CLOSED SUBSTANTIATED REPORTS
10/16/2013 through 2/15/2014**

**Issue Type: Retirement Benefits Fraud or Abuse-Retired Annuitants
2013-377**

Allegation: An anonymous reporting party alleged that an identified retired annuitant working for a CalPERS contracted employer was paid a higher hourly wage than what is permitted under the government code.

Finding: CalPERS determined that the retired annuitant's pay exceeded the maximum published rates and was therefore out of compliance with Government Code section 21221(h). The retiree was notified via letter that CalPERS would be reinstating the retiree into active membership retroactive to the retiree's hire date.

Action Taken: CalPERS Member Benefits Adjusted

**Issue Type: Retirement Benefits Fraud or Abuse-Retired Annuitants
2013-367**

Allegation: An anonymous reporting party alleged that an identified retiree who was previously admonished for working in violation of post-retirement laws was again working for CalPERS covered employer in violation of post-retirement employment laws.

Finding: CalPERS determined that the identified retiree's post-retirement employment was out of compliance with Government Code section 21221(h). The retiree was notified via letter to terminate employment immediately or CalPERS would reinstate the retiree into active membership retroactive to the retiree's hire date. CalPERS received confirmation that the retiree terminated employment.

Action Taken: Counseled (verbal/written) Warning

**Issue Type: Retirement Benefits Fraud or Abuse-Pension Spiking
2013-357**

Allegation: An anonymous reporting party alleged that a CalPERS contracted employer spiked an identified retiree's pension through a pre-retirement severance package pay hike.

Finding: CalPERS determined that the period and payrate in which the retiree's Severance Agreement terms were administered did not meet the definition of payrate or special compensation as defined in Government Code section 20636. CalPERS notified the retiree via letter that the retiree's monthly benefit amount would be reduced.

Action Taken: CalPERS Member Benefits Adjusted

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Issue Type: Retirement Benefits Fraud or Abuse-Pension Spiking
2013-354

Allegation: An identified reporting party alleged that a CalPERS contracted employer spiked the pay of an identified CalPERS member by allowing the member to remain on payroll up to five months after the member was terminated from employment.

Finding: CalPERS determined that the employer mistakenly reported money the member received as part of a settlement agreement to CalPERS as compensation earnable. CalPERS advised the employer to reverse the settlement agreement compensation and the associated service credit. CalPERS then recalculated the retiree's monthly benefit based on that adjustment and notified the retiree via letter.

Action Taken: CalPERS Member Benefits Adjusted

Issue Type: Retirement Benefits Fraud or Abuse-Retired Annuitants
2013-332

Allegation: An anonymous reporting party alleged that an identified CalPERS contracting employer laid off their employees only to rehire them as contractors to avoid the cost associated with bringing the employees into CalPERS membership.

Finding: The contractors were identified as three CalPERS retirees. CalPERS determined that the retirees performed the work of agency employees subjecting them to the laws governing retired annuitant employment. Based on this finding, CalPERS determined that the three retirees were working in violation of Government Code section 21220(a). The retirees were notified via letter to terminate employment immediately and notify CalPERS no later than 3/10/14 or they would be reinstated into active membership.

Action Taken: Counseled (verbal or written) Warning

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SUMMARY OF CLOSED SUBSTANTIATED REPORTS
10/16/2013 through 2/15/2014

Issue Type: Retirement Benefits Fraud or Abuse-Retired Annuitants
2013-331

Allegation: An anonymous reporting party alleged that two identified CalPERS retirees were working as contractors for a CalPERS contracted employer in violation of retired annuitant laws.

Finding: CalPERS determined that the two identified retiree contractors were performing the work of agency employees subjecting them to the laws governing retired annuitant employment. The employer notified CalPERS that both retirees terminated their employment. Letters were sent to the retirees apprising them of the laws governing any future retired annuitant employment.

Action Taken: Counseled (verbal or written) Warning

Issue Type: Retirement Benefits Fraud or Abuse-Retired Annuitants
2013-322

Allegation: An anonymous reporting party alleged that an identified retiree worked as a retired annuitant for a CalPERS contracted employer in 2012. When the retired annuitant reached the 960 hour limit, the employer rehired the retiree as a full-time consultant through a consulting firm.

Finding: CalPERS determined that the retiree exceeded the allowed payrate and 960 hour limited for Fiscal Year 2012-13. CalPERS also determined that the retiree's most recent consultant position was subject to the laws governing retired annuitant employment. The retiree was notified via letter to terminate employment immediately or the retiree would be reinstated into active membership. CalPERS received confirmation that the retiree terminated employment.

Action Taken: Counseled (verbal or written) Warning

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SUMMARY OF CLOSED SUBSTANTIATED REPORTS 10/16/2013 through 2/15/2014

**Issue Type: Retirement Benefits Fraud or Abuse-Public Agency Activities
2013-300**

Allegation: An anonymous reporting party alleged that a CalPERS contracted employer failed to enroll an identified employee into CalPERS membership in an effort to save money even though the identified employee worked over 1000 hours.

Finding: CalPERS determined that the identified employee was enrolled into membership seven months after the employee qualified for membership. CalPERS adjusted the employee's membership date and notified the employer that they would be invoiced for the arrears period.

Action Taken: CalPERS Member Benefits Adjusted

**Issue Type: Retirement Benefits Fraud or Abuse-Retired Annuitants
2013-292**

Allegation: An identified reporting party alleged that an identified CalPERS retiree was working as a permanent part-time employee for a CalPERS contracted employer.

Finding: CalPERS determined that the retiree was hired as a consultant but performed the work of an agency employee subjecting the retiree to the laws governing retired annuitant employment. Based on this finding, CalPERS determined that the retiree's post-retirement employment was in violation of Government Code section 21220(a). The retiree was notified via letter to terminate employment immediately or the retiree would be reinstated into active membership retroactive to the retiree's hire date. CalPERS received confirmation that the retiree terminated employment.

Action Taken: Counseled (verbal or written) Warning