

Safety Net won't face criminal charges

Federal investigators determine the nonprofit isn't criminally liable for mismanaging \$1.4 million in disability benefits

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The federal investigation into nonprofit Safety Net of Oregon for mismanaging its clients' disability benefits is closed and no criminal charges will be filed, the U.S. Attorney's Office has announced.

After the 19-month investigation, officials determined neither Safety Net nor any of its employees were to be held liable for significant shortages in its collective account, said Ann Mohageri, a Social Security Administration spokesperson. Linda Chapman (formerly Linda Stelling) and Mark Stelling ran Safety Net as CEO and president, respectively. The couple ended their 20-year marriage in January.

More than 300 beneficiaries were owed a total of \$1.4 million that, according to the nonprofit's ledgers, should have been in its account but wasn't. All the misused funds were Title 2 and Title 16 Social Security disability benefits.

The U.S. Attorney's Office stated investigators determined the shortage was the result of "accounting and bookkeeping errors" in a press release issued Oct. 16. Chapman had previously told investigators she believed the funds were missing due to a software problem.

Safety Net, based in Portland, was Oregon's largest payee service. It handled federal disability benefits for more than a thousand clients who were unable to manage their finances independently due to physical or mental disabilities. Safety Net received Social Security benefit payments on behalf of its clients and was responsible for paying their rent, utilities and other bills, and making sure there was money left over to meet their basic needs.

On March 6, 2014, as previously reported by Street Roots, Safety Net was served with a federal search warrant following allegations it was mismanaging client funds. Investigators initially believed \$600,000 had been mismanaged. Less than one month later, Safety Net permanently closed, leaving many of its clients financially insecure.

Over the next year, many former Safety Net clients struggled to find new payee services and retrieve funds the now-defunct nonprofit owed to them.

This past summer, as word spread that all the money in Safety Net's account had been



Artwork by
Chuck Dobson

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ANN MOHAGERI,
SOCIAL SECURITY ADMINISTRATION
SPOKESWOMAN

paid out, former clients who were still owed money became concerned.

"Social Security has been telling people 'Safety Net's out of money,'" Kathy Wilde, litigation director at Disability Rights Oregon, told Street Roots in mid July. "A lot of people have been told they're S.O.L."

Worried they wouldn't get their money back, former Safety Net clients contacted Sen. Jeff Merkley's office in July. His staff worked with Disability Rights Oregon to alert the Social Security Administration of its responsibility under the law to repay beneficiaries if the payee organization is unable to do so, according to the senator's spokesperson, Courtney Crowell.

When Street Roots asked the Social Security Administration if it would be repaying Safety Net's former clients later that month, Mohageri said, "The only beneficiaries whom we are not paying that had their funds misused are those whom we cannot locate, and those who are deceased."

The estates of the deceased are owed \$185,000 that was mismanaged by Safety

Net, and \$62,000 that was recovered from its accounts.

Mohageri told Street Roots her office would seek restitution from Safety Net to repay the estates of deceased beneficiaries still owed. When asked if those estates would go unpaid if no restitution is collected, she said the "issue is still under consideration."

The administration has since changed its stance, and Mohageri said earlier this month her agency is "developing estates for payment."

To date, the Social Security Administration has reimbursed 216 beneficiaries who were owed money out of the mismanaged \$1.4 million - at a cost of \$1.05 million to taxpayers. More than 700 clients received funds recovered from Safety Net.

Many clients waited more than a year after Safety Net closed to receive funds they were owed. Ninety of the clients whose money was mismanaged have not been paid

See SAFETY NET, page 5