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Social Security Administration to Pay \$500 Million in Settlement

By DARRELL A. HUGHES

WASHINGTON -- The Social Security Administration agreed to repay more than \$500 million in benefits that were "unlawfully" withheld from thousands, according to a statement issued Tuesday by the National Senior Citizens Law Center.

Roughly 80,000 eligible recipients of Social Security had their benefits suspended or denied since January 2007 because of a flawed computer method that tracked beneficiaries who allegedly had arrest warrants issued against them.

U.S. District Court Judge Claudia Wilken in California approved a preliminary settlement Tuesday between the Social Security Administration and several plaintiffs of a class-action lawsuit against the agency. The National Senior Citizens Law Center is one of the organizations representing plaintiffs in the lawsuit.

In addition to the \$500 million settlement, individuals whose benefits were denied between 2000 and 2006 will be given a chance to re-establish eligibility. However, the beneficiaries must still be eligible to receive payments. More than 200,000 people may see their benefits reinstated and/or receive back payments.

Judge Wilken ordered a fairness hearing for Sept. 24, where plaintiffs in the class action can voice their objections to the settlement.

The settlement is part of a class action that challenged the agency's use of a provision in federal law meant to prevent people from using government benefits to flee arrest.

Rather than trying to determine which Social Security recipients were actually attempting to flee arrest, the agency used a computer system that matched names in warrant databases to Social Security recipients.

The name-matching method led to automatic benefit suspensions for many, despite the matches involving false or unproved allegations, minor infractions or long-dormant arrest warrants.

Furthermore, Social Security recipients were allowed to appeal benefit suspensions or denials, but agency employees "inaccurately" told people they couldn't appeal, the law center said.

"The vast majority of class members were not fleeing at all," said Gerald McIntyre, an attorney with the law center. "Many of them never knew that criminal charges were pending against them, let alone that a warrant had been issued."

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