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\$500-million settlement reached in suspension of Social Security benefits

Up to 200,000 people who were cut off on unfounded suspicions that they were felons evading law enforcement or prosecution will receive back payments.

By Carol J. Williams

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Legal advocates for the poor, elderly and disabled secured a \$500-million class-action settlement Tuesday for as many as 200,000 people whose Social Security benefits were suspended on unfounded suspicions that they were fleeing prosecution.

The suspensions, dating back nearly a decade in some instances, were ordered in cases of mistaken identity or outstanding warrants for offenses such as bounced checks or traffic violations.

"Virtually none" of the Social Security recipients who were cut off after their names were matched with those in a computerized warrant database were felons using their government benefits to evade law enforcement or prosecution, said Gerald McIntyre, an attorney for the National Senior Citizens Law Center.

More often, those deprived of their sole source of modest income were people like lead plaintiff Rosa Martinez of Redwood City, Calif., whose name matched that of a woman with a 1980 arrest warrant from Miami for drug offenses -- a city she had never visited and a crime she never committed. The drug suspect described in the arrest warrant was eight inches shorter than Martinez.

"Thanks to God, I was able to prove I was never in that place at those times," Martinez, 52, a former nurse's aide who became disabled with fibromyalgia and other ailments, said of the Miami drug charges. "I was pregnant with my first child when that happened. My God, I have never done anything of the sort."

Martinez, who raised her two daughters alone after her husband abandoned the family, had only the \$700 monthly disability benefit on which to live and was forced to borrow from relatives to pay her rent and buy food during the four-month suspension.

Most of the \$500 million the Social Security Administration has agreed to pay in back benefits will go to 80,000 recipients whose payments have been suspended or denied since Jan. 1, 2007. Those cut off between 2000 and 2006 who haven't previously appealed the suspensions will be allowed to reestablish their eligibility and collect benefits back to April of this year -- a compromise aimed at paying the more recent victims who were appealing their suspensions and presumably had stronger cases, McIntyre said.

The settlement negotiated between the federal government and legal advocacy groups such as the seniors law center earned preliminary approval Tuesday by U.S. District Judge Claudia Wilken in Oakland.

Under the agreement, the government will be able to suspend recipients' benefits only in cases where there is evidence that they were actively seeking to evade arrest or prosecution.

"What's remarkable about this case is the sheer number of individuals who were unfairly denied benefits and the size of the financial settlement they will receive," said David H. Fry of Munger, Tolles & Olson, one of the pro bono attorneys who represented victims. "Hundreds of thousands of impoverished seniors and people with disabilities will once again receive their benefits, and countless others will avoid the same problem in the future."

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