



Attachment II

OVERVIEW OF PONDERA FRAUD DETECTION & CASE MANAGEMENT



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INTRODUCTION

Since its inception in 2011, Pondera Solutions LLC's (Pondera) sole focus has been detecting, preventing, and investigating fraud, waste, and abuse (FWA) in large government programs, including unemployment insurance, social services, and health care.

In March of this year, Thomson Reuters acquired Pondera, combining the industry's best public records data (CLEAR®) and Pondera's leading fraud analytics and case management platform. This combination allows us to offer governments the most powerful solution to combat fraud, waste, and abuse in the unemployment insurance program.

For the Illinois Department of Employment Security's (IDES) program integrity efforts, we bring:

FraudCaster®, an existing, configurable fraud detection and prevention solution

- Integrated investigative case management (CaseTracker™) collectively with FraudCaster is referred to as the "System")
- ID Confirm and CLEAR data options, with over 60 data sources and billions of records
- Experienced SIU staff with unemployment insurance program integrity expertise
- A proven implementation methodology to tune your System with IDES' unique requirements

PROPOSED SOLUTION

Pondera's sophisticated System identifies fraud schemes in unemployment insurance. IDES investigators can simply log-in to the FraudCaster dashboard to view results from advanced analytics, rules, and third-party data crossmatches, and can quickly validate leads and convert them into cases, using our integrated CaseTracker.

In 2018, a UI client achieved \$5,973,515 in return on investment (8.5X ROI) with Pondera's System. This client had 2,508 cases opened and 2,268 cases closed. Since the deployment of CaseTracker in February 2016 through December 2018, this client achieved \$16,357,884 in program savings. Additionally, current leads identified by their Pondera System are averaging 4:1 improvement on identified recovery dollars versus non-Pondera System identified leads.

FraudCaster generates alerts on UI claimants and employers for wage conflicts, SUTA dumping, worker misclassification, identity theft, deaths, incarceration, and many other program or behavioral violations.

FraudCaster

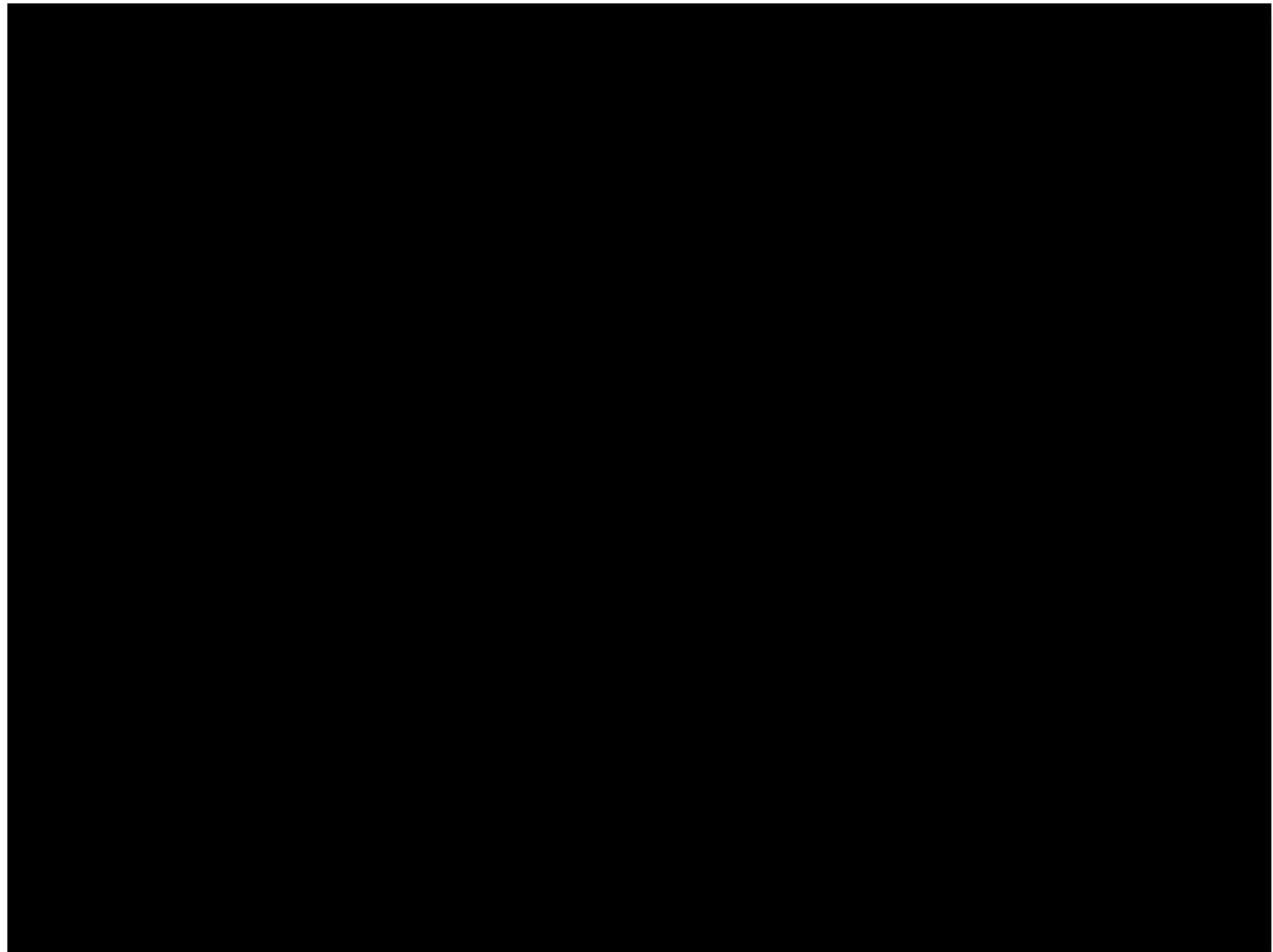
FraudCaster is an advanced fraud, waste, and abuse detection and prevention solution.

FraudCaster includes dozens of pre-configured UI alerts, clusters, trends, and models for IDES investigators.

Alert types include identity theft, wage conflicts, SUTA dumping, worker misclassification, fictitious employer, and fictitious employee schemes. The dashboard also includes visualizations depicting IP, address, phone, and bank account sharing.

FraudCaster then displays its results via an intuitive dashboard (shown in Figure 1) that includes configurable alerts, interactive geospatial maps, and profiles for entities. Once in production, Pondera schedules regular data feeds from program systems and returns validity scores and investigation recommendations to the dashboard. FraudCaster's current alert library includes dozens of unemployment insurance specific rules.

Figure 1: The FraudCaster Dashboard



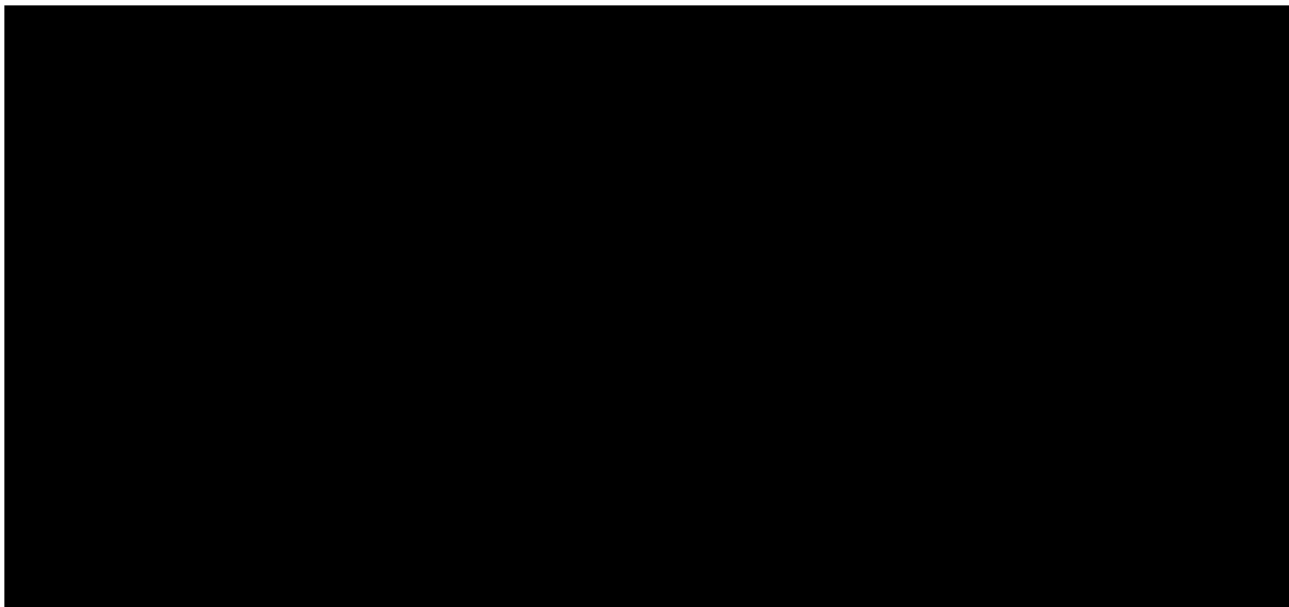
FraudCaster also analyzes referrals and cases using Thomson Reuters CLEAR and other relevant pre-integrated third-party data sets for both businesses and individuals. CLEAR provides access to billions of additional records about claimants and employers for analytics and reporting. In addition, Pondera will integrate up to five (5) state data sources such as the NDNH database, DMV records, incarceration records, and other desired sources.

FraudCaster is a force multiplier for any program integrity unit. With limited resources and a constant influx of new referrals, IDES managers and investigators will leverage FraudCaster's analytics to understand claimant and employer risk as well identify prior behaviors and patterns of fraudulent behavior. This leads to the assignment and prioritization of the true highest value cases.

Scorecard

FraudCaster is designed to triage leads based on their fraud risk scores. Consequently, an important differentiator for Pondera is our Scorecard functionality. The Scorecard combines information from all the data sources and streams, in addition to violations generated by FraudCaster, and generates a fraud risk score from 1-100, for likelihood of FWA (shown in Figure 2), for every program participant. Scorecards are especially effective for programs with large numbers of participants. FraudCaster will likely generate thousands of flags with each new data run. The Scorecards bring clarity to the large number of program violations, allowing users to detect the most egregious violators.

Figure 2: The Scorecard ranks all program facilities based on their fraud risk score



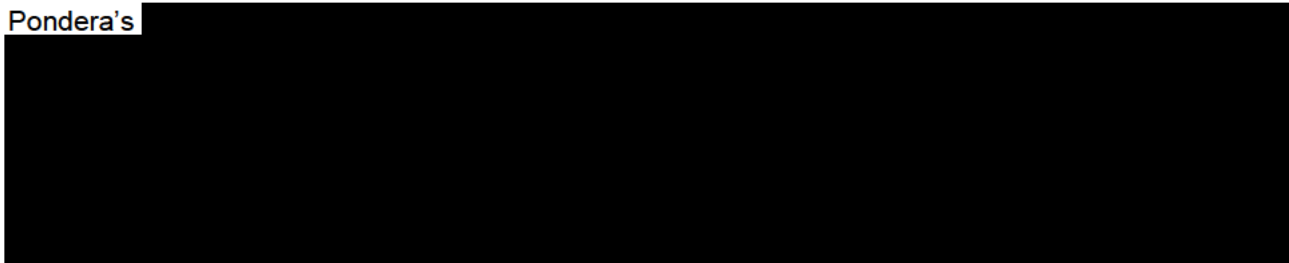
The result is a quicker, more efficient investigative process that aids in the detection and investigation of the program's greatest integrity threats. Pondera's learning algorithms further aid in providing critical information on areas of program vulnerability to inform and improve policy and procedures, thereby reducing future instances of improper payments.

Fictitious Employer (FE) Scheme Visualizer

Pondera knows from experience that not all employers properly register and comply with their reporting responsibilities. FraudCaster uses data and algorithms to identify businesses that are not in compliance, including:

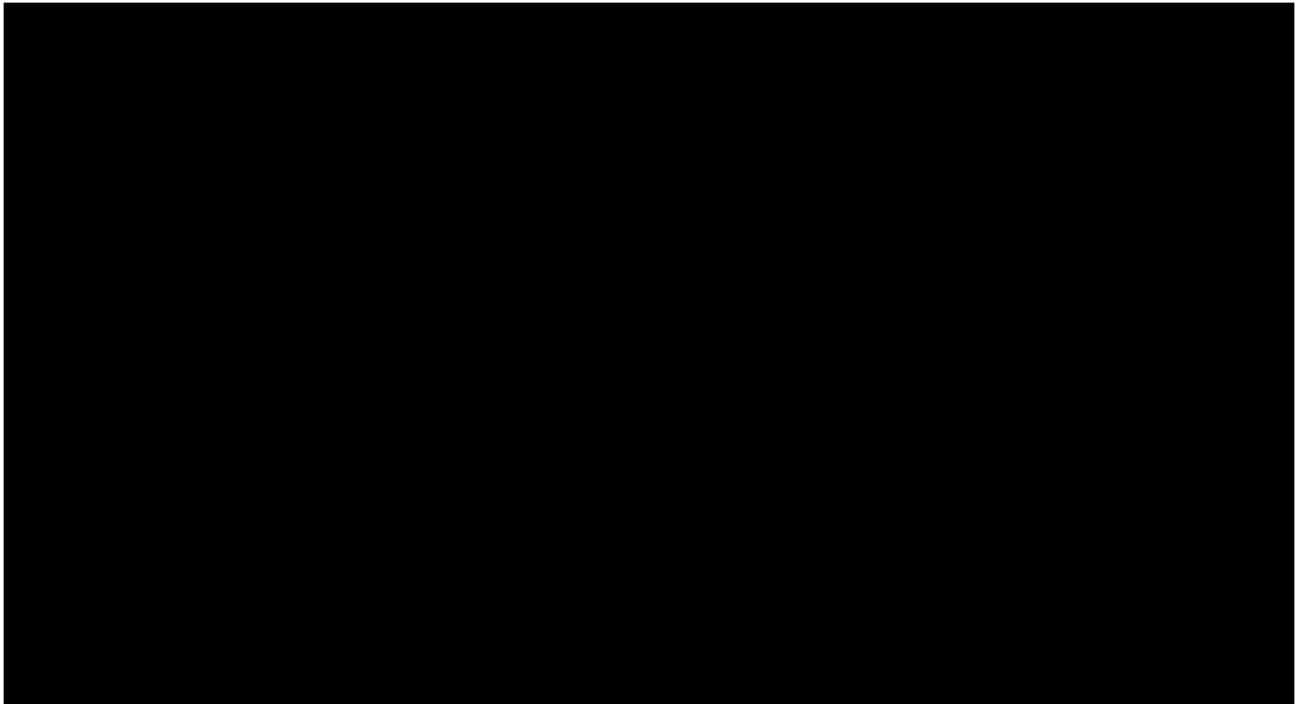
- Those known to have employees but are not registered
- Registered businesses that do not report all of their employees
- Registered businesses that have related businesses, allowing them to "move employees" from one business to another in an effort to reduce their required unemployment contribution rate
- Fraudsters who register a fictitious business and fictitious employees in an effort to defraud the State's unemployment system

Pondera's



FraudCaster recognizes the pattern of average, compliant businesses and compares that to each individual business to rate the risk that the business is actually fictitious versus legitimate. In this example, the employer scammed a State UI program out of \$149K of taxpayer money over a one-year period.

Figure 3 : FE Scheme Visualizer Example



FraudCaster will be configured specifically for the IDES, including alerts, geospatial maps, and profiles with fraud indicators. Pondera will leverage claimant and employer data from IDES’s own data systems. For this implementation, an initial output file for the previous three years is recommended.

The base FraudCaster functionality is extended to all users (unlimited IDES users permitted). We continue to work with you after the initial go live to identify new alerts and functionality to develop and push into IDES’s System.

Pondera will deliver a software subscription of FraudCaster with the functionality identified in Table 1.

Table 1: FraudCaster Base Functionality

Activity	Description	Quantity
Claimant Validation	[REDACTED]	Up to 1,100,000 claimants
Employer Validation	[REDACTED]	Up to 375,000 Profiles
Procedural Flagging	[REDACTED]	Up to 20 flags
Geospatial Analysis	[REDACTED]	Up to 3 maps
Street View	[REDACTED]	Up to 1,500,000 Entities

Activity	Description	Quantity
Data Matching	[REDACTED]	Up to 1,500,000
Scorecard	[REDACTED]	1 Claimant Scorecard

The functions described in Table 1 will detect and flag anomalous and suspect activity. In addition, they will help identify high-risk groups of claimants and employers.

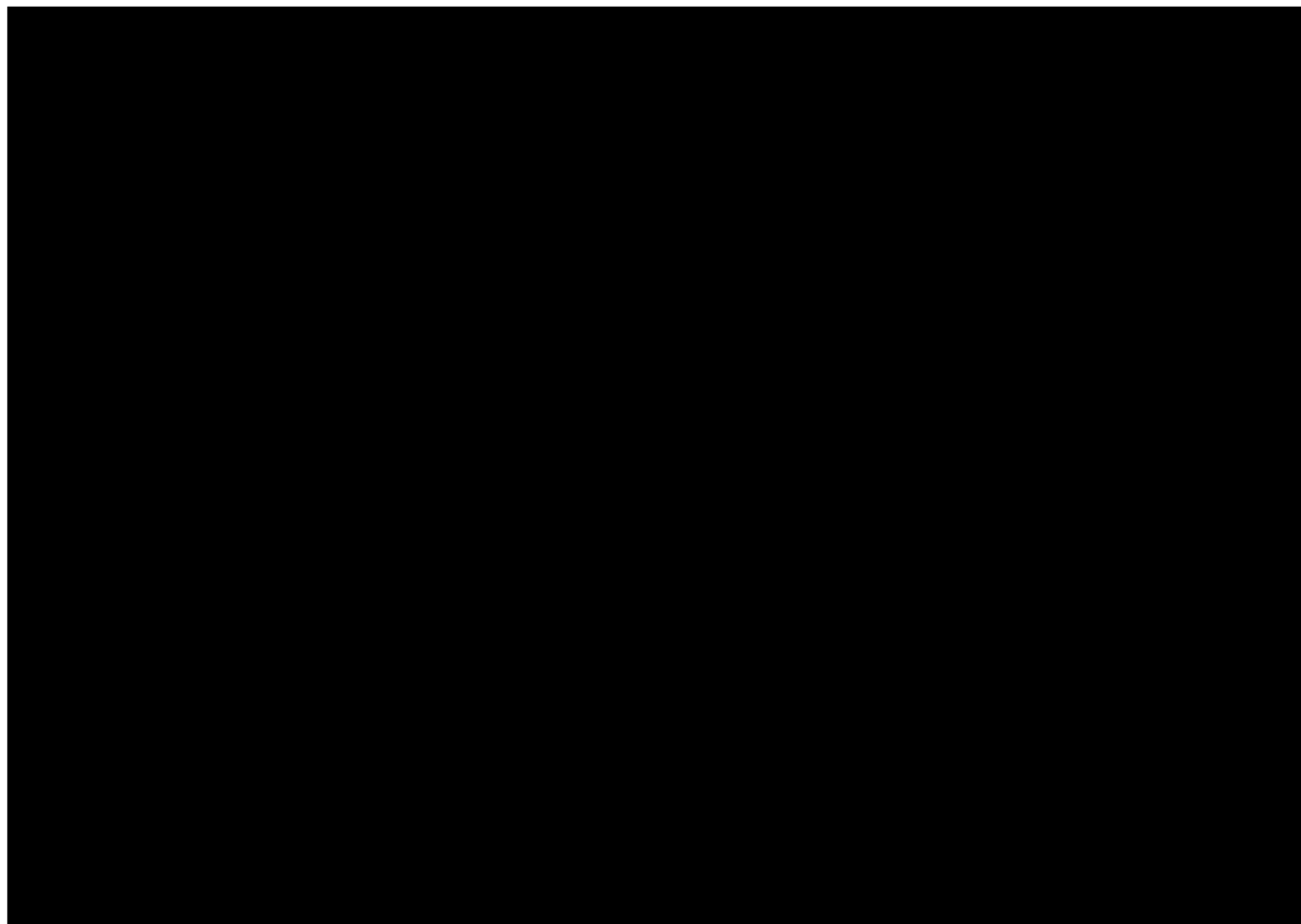
CaseTracker

The sheer volume of referrals that IDES assesses and investigates annually necessitates a mechanism to intake, assess, assign, and monitor referrals as they move through the investigative life cycle. Moreover, the scope and level of complexity associated with IDES cases, further demands tools to manage the investigative process (including reports of interview, documents collected, case actors, time and expense tracking, etc.) to maximize efficiency.

Pondera's CaseTracker is a fully integrated investigative case tracking and management system. CaseTracker includes robust reporting capabilities to view caseloads, progress, and statistics on case resolution times. IDES users can leverage all data captured within the CaseTracker module to easily run queries and ad-hoc reports. The module includes a fully integrated business intelligence tool that allows for individualized reporting for each user based on any information captured. Users can easily create reports using a drag-and-drop interface and can save them to their dashboard for future use.

The reporting tool is used to aggregate any case data to create customizable reports for external consumption. Reports can automatically be broadcast to PDF, CSV, DOC, XLS, Word, or HTML. Standard reports, including the ROI report below (Figure 5), display information on numbers of cases assigned to investigators, average time to completion, and other common reporting metrics.

Figure 4: CaseTracker includes standard reports like this ROI Report.



Moreover, the System supports and fosters the accurate and complete documentation of investigative work through data validity business rules. For example, if the user attempts to save and move the case forward without any required fields (identified with a red asterisk) populated, the user interface provides an error message that prompts the user to correct the missing field(s) before moving forward. This is essential to ensuring the System delivers clear and accurate reports.

Pondera will deliver a software subscription of CaseTracker for up to 15 users with the functionality described in Table 2.

Table 2: Proposed Case Management Functions

Function	Description	Max Annual Quantity
Intake Form	The intake form is used to record new cases.	1
Workflow	Workflow rules are used to optimize the business process. A 'rule' is logic that triggers a change in status.	Up to 7
Case Record	The case record will contain all the standard case functionality including those items in Case Details section.	No limit
Case Details Overview	This tab displays information on the intake form and includes up to 150 fields (closure reason, recommended outcome, etc.).	No limit
Case Activity	<ul style="list-style-type: none"> Record Notes 	No limit

Function	Description	Max Annual Quantity
	<ul style="list-style-type: none"> Record To-Do's with reminders Assign To-Do's to a CaseTracker user other than case owner Send and receive emails from within a case. 	
Case Entities	Add multiple entities to a case to record various 'Entity Types' (i.e. customer, subject, witness, etc.). Each of the unique forms may have up to 50 data fields.	Up to 3
Case Files	Attach any sort of electronic document to the case (fax, scanned document, MS Word, etc.) with a maximum individual attachment size of 200 MB.	No limit
General Case Features	Ability to assign a case by selecting an owner from the pick list and the ability to print the case file. There is also case history that will display an audit trail of changes made to the case record.	No limit
Integration with Current System	Pondera can import cases from the existing case management system. Many clients choose to import active cases only.	No limit
Case Record Forms	Forms can be deployed within the case file to record information. Forms are used for data sets that must be recorded more than once during the case lifecycle. For example: An expense form could be deployed to track many expense items. An interview form could be deployed to record every interview conducted.	Up to 7
Maintenance	<p>Pondera provides the following maintenance functions:</p> <ul style="list-style-type: none"> Add, modify or delete users, select their access level and notify them by email of their username and password Add, modify or delete category items (issues, products, etc.) Add, modify or delete workflow rules (for example: users may change timing of notifications) Add, modify or delete email standard responses 	No limit
Access Controls	Access controls restrict functions and data available to groups of users. For example, information may be restricted based on the user's department. In that case, the user only sees cases and report information related to that department. Other examples could include case type, location, severity, etc.	Up to 5 roles
Reporting	CaseTracker includes a standard reporting package. This is an ad-hoc reporting tool integrated in case management and will be populated with reportable field values. Pondera will provide reports based on the IDES requirements, such as audit or investigation outcomes, progress of prosecution referrals and hearings, and performance, to monitor program integrity efforts.	Up to 7 pre-configured reports and 4 ad-hoc reporting licenses
Automated steps	Built in processes to allow users to configure specific functions including transferring a complaint to a case, case assignment, set notifications for updates related to records submissions, reporting dates, field population, dependencies, form indicators etc.	Up to 8 business rules
Search options on Advanced Search and Case View	Ability to search within CaseTracker to identify potentially related cases or providers.	Up to 5 search criteria
Time & Expense Tracking	CaseTracker includes a standard employee time and case expense tracking functionality. This facilitates the seamless creation of employee routine timesheets and investigative costs.	No limit

Thomson Reuters CLEAR & CLEAR ID Confirm Batch

We leverage and integrate Thomson Reuters CLEAR database, which pulls from over 60 data sources to provide IDES access to billions of additional records about employers and claimants for analytics and reporting. These sources include individual and business records, identity information, criminal backgrounds, incarcerations, deceased status, best known address, affiliates, linkages, social media, and more.

Thomson Reuters CLEAR helps more than 14,000 agencies at all levels of government through its aggregation of billions of public records powered by cutting-edge technology that allows customers to identify the most recent and accurate information about people and companies.

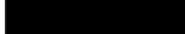

CLEAR ID CONFIRM BATCH INTEGRATED WITH FRAUDCASTER



- Discover new data to know whether the subject is who they say they are
- Compare information provided against continuously updated records
- Immediately identify possible fraudulent IDs with identity flags
- Analyze all of the identities related to claims since 3/1/2020 data.

CLEAR INVESTIGATIVE LOOK-UPS

CLEAR Online Lookup provides comprehensive and current data sources, functionality, and exclusive offerings that comprise the most comprehensive investigative platform available. CLEAR increases the efficiency and the effectiveness of due diligence and investigations by providing:

- An easy-to-use online interface with dashboard presentation of results, including display with investigative tools such as Quick Analysis Flags and Address Map
- Access to vast collections of public records, publicly available information 
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- Access to Web information, such as social networking sites, blogs, and news

CLEAR FOR SKIP TRACING

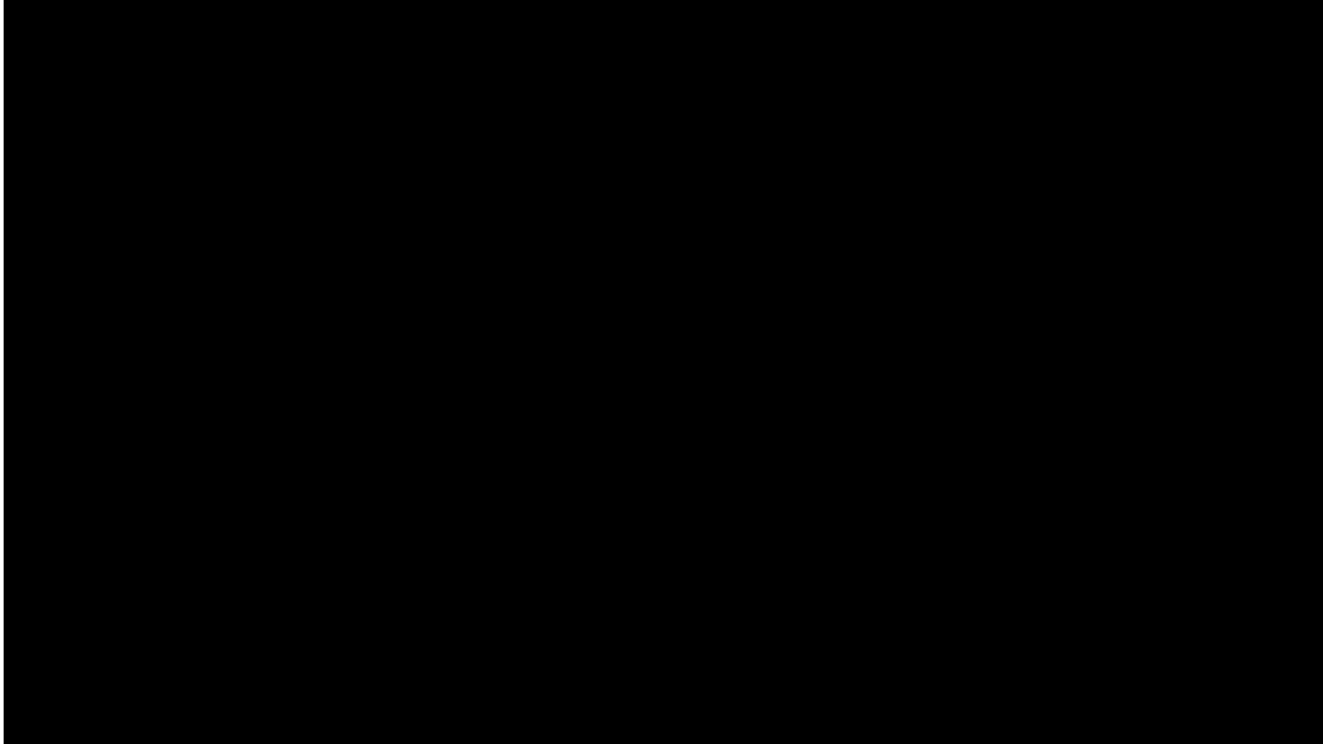
CLEAR for Skip Tracing includes the data sources, functionality, and exclusive offerings to provide a fast, efficient means of locating and verifying information on individuals:

- An easy-to-use online interface with dashboard presentation of results, including a display with investigative, dashboard tools such as Associate Analytics and Address Map
- Live gateway data available directly from the Contact View (Figure 5), specifically designed to meet skip-tracing needs
- Enhanced phone content includes consumer phone records in the hundreds of millions
- Reverse cell phone lookup and VoIP data
- Utility data—updated daily—often divulges locate information otherwise unpublished or unknown
- Death indicators that verify if a debtor has passed away

- Asset, licenses, and potentially adverse information are filtered, allowing users to focus on find and locate information
- Reports available when a deeper dive is needed

Figure 5 is a close-up of the Contact View which shows the convenient summary of vital information—including best address and best phone—that is immediately available after running a search, without having to run a report.

Figure 5: Skip Tracing lookup information



IMPLEMENTATION & DELIVERABLES

We implement and configure the System using the Pondera Requirements and Onboarding Process (PROP). The PROP is an interactive process that validates existing requirements, uncovers new and possibly unknown requirements, gathers information for threshold and model tuning, and assesses training needs. Typical implementation timeline is three to four months from receipt of data.

The PROP contains six main steps, as highlighted below. In addition, project management, infrastructure, and training work streams run throughout to support the following PROP process:

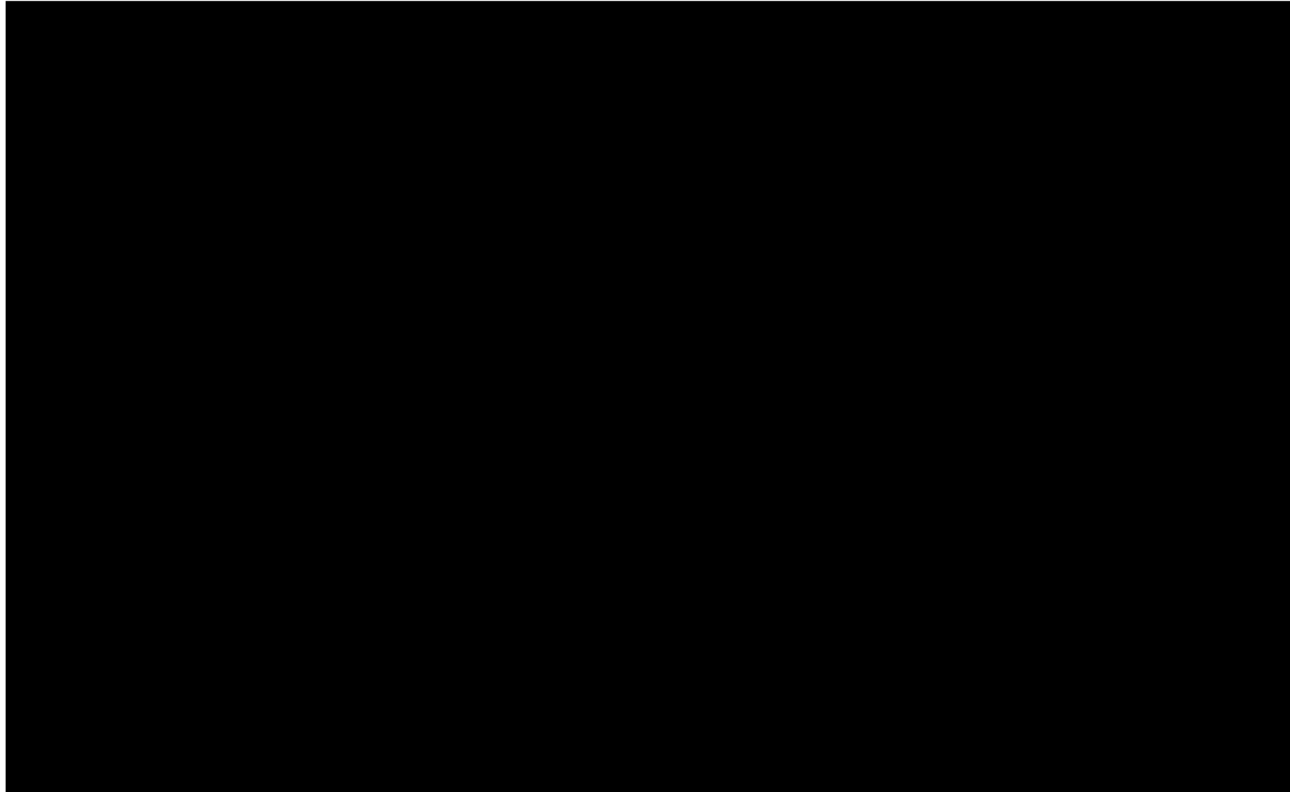
- **Step 1: Plan** – During this step, the project management framework will be developed and deployed including validation of the detailed project schedule, development of customer deliverables, and development of the project management plan, including communications and change management plans. The project kick-off meeting marks the end of the project planning step.
- **Step 2: Fit Gap** – Key participants will be identified, and a schedule developed for structured interactive discussions. Structured interactive discussions will occur by topic to validate functional and technical requirements and determine the fit gap with the Pondera System. These decisions will be documented in a Master Design Document.
- **Step 3: Build** – During this step, we configure the System based on the decisions made during the Fit Gap step (Step 2) including adjustment of the thresholds for COTS reports. If needed, we hold additional program and policy sessions to fine tune the solution. Features that are not out-of-the-box will be developed during this step. Finally, we send source data through a rigorous QA process.
- **Step 4: Test** – During this step, Pondera executes numerous levels of tests including analytics output validation/quality assurance, smoke tests, unit tests, impact analysis tests, and user acceptance demonstrations. This results in a solution with functionality that has been validated and approved by the customer.
- **Step 5: Deploy** – During this step, we deploy functionality to production, train end users, and the System will go live.
- **Step 6: Operations** – During this step, Pondera will provide post-production support including statistical support, help desk support, post implementation reviews, and configuration management to fine tune the models. In Operations, the System is fully functional.

Pondera will provide the following deliverables for this implementation:

- **Requirements Validation** – Pondera will conduct structured technical and business fit-gap interviews to validate IDES requirements.
- **Security Plan** – Pondera will develop a System Security Plan (SSP) to govern this project. The SSP will include information on how data is transported, secured, and purged. It will also describe how data will be used in crossmatches and which Pondera staff will have access to data and for what purpose.
- **Production System** – Pondera will configure and deploy the System with the functionality described in Tables 1 and 2 and based on the results of the PROP sessions. Pondera will provide hosting services and store and process data in the secure, FedRAMP High certified Microsoft Azure environment.
- **User Training** – Prior to go live, Pondera will conduct on-site training for IDES management and staff using the production System. Pondera will provide one management session and up to three staff sessions. Additionally, we will provide ongoing training refreshers, as needed (remote). Pondera will conduct the training and provide all required course materials.
- **Post-Implementation Support** – Pondera will provide post-implementation technical and user support as needed. In addition, Pondera's Special Investigations Unit (SIU) will be available to assist in case development for high profile cases. Case support includes dedicated analysts, data analysis, link analysis, and findings reports. It is also important to note that with our Software-as-a-Service

System models, features, and functions are added on a regular basis as part of your annual subscription fee. Figure 6 details the overall system architecture.

Figure 6: FraudCaster System Architecture



[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]