

CBS Mornings

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7:20:55 a.m. [TEASE]

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[ON-SCREEN HEADLINE: Ahead; Fraud Investigation]

VLADIMIR DUTHIERS: Still ahead, how one man's lavish lifestyle was financed by fraud against American taxpayers. A CBS News investigation follows the money.

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7:33:01 a.m.

2 minutes and 58 seconds

[ON-SCREEN HEADLINE: CBS News Investigations; Following a Fraudster's Dirty Money Trail]

GAYLE KING: Over the last several months, the CBS News investigative unit has followed the government crackdown on criminals who steal from taxpayers. That's not nice. They commit fraud, targeting hospice, daycare, and food assistance programs. So, this morning, we're taking a look at how prosecutors are trying to figure out where is all that money going. Adam Yamaguchi takes us inside the case of one convicted fraudster.

ADAM YAMAGUCHI: In the Southern California warehouse, a fresh haul of exotic cars paid for by defrauding American taxpayers. I've seen over a dozen Ferraris, Lamborghinis, a Bugatti, Lotus. L.A.'s top federal prosecutor Bill Essayli showed us around this U.S. Marshall's warehouse.

FIRST U.S. ATTORNEY FOR THE CENTRAL DISTRICT OF CALIFORNIA BILL
ESSAYLI: It should offend every American taxpayer that these people are taking advantage of the system and enriching themselves.

YAMAGUCHI: These items had been owned by Paul Randall, who pleaded guilty this year in one of the largest Medi-Cal fraud cases in California history.

ESSAYLI: He submitted above \$270 million worth of claims to the state of California.

YAMAGUCHI: Authorities say that money paid for Kobe Bryant game-worn sneakers, baseball cards of Jackie Robinson and Mickey Mantle, and this home, one of seven properties Randall owned.

ESSAYLI: Let me tell you what a piece of work this Randall guy was. He's got six prior convictions for fraudulent conduct.

YAMAGUCHI [TO ESSAYLI]: Who's responsible for the breakdown of the system?

ESSAYLI: Obviously, there's a breakdown in the criminal justice system if this guy was able to have six convictions and never did any real prison time.

YAMAGUCHI: We turned up a private driveway —

ESSAYLI: He was living like a king off of us.

YAMAGUCHI: — climbing into an exclusive corner of Orange County.

ESSAYLI: It's eight bedrooms, ten bathrooms.

YAMAGUCHI: In other cases, prosecutors believe some of the money not spent on luxury goods is sent overseas.

ESSAYLI: It's much more difficult, if not impossible, for us to trace it or recover it.

YAMAGUCHI: Investigating government fraud is a priority for Haywood Talcove. He's been warning officials about scams for two decades.

HAYWOOD TALCOVE: U.S. taxpayers lose a trillion dollars a year to these criminal groups.

YAMAGUCHI [TO TALCOVE]: Where's it going?

TALCOVE: It goes to Russia, it goes to China, it goes to Nigeria, it goes to Romania.

YAMAGUCHI: By his estimate of that trillion dollars, roughly 70 percent ends up in the hands of transnational criminal gangs.

TALCOVE: The taxpayers are funding transnational criminals who are using this money for horrible things.

YAMAGUCHI: Cars, cards, compounds. This is what fraud looks like after it's already happened, Essayli and Talcove agree.

ESSAYLI: That is why it is so important that the money never goes out in the first place.

YAMAGUCHI: Now, it's worth noting that stolen taxpayer money is meant to help people in need through various government programs. Now, Randall faces up to 30 years in prison when he'll sentenced in August. He did not want to talk to us for the story, Vlad.

DUTHIERS: Adam, as always, excellent investigation. Kudos to you and the team. Really, really job well done. Appreciate it.