

I. BACKGROUND OF THE ILLINOIS DEPARTMENT OF HUMAN SERVICES' CHILD CARE ASSISTANCE PROGRAM AND ALLEGATION

The Illinois Department of Human Services (DHS) provides subsidies through its Child Care Assistance Program (CCAP) so that low-income families can receive quality, affordable child care services.¹ Throughout the State, CCAP-subsidized child care is largely provided by non-contracted providers in child care centers and family homes.² The CCAP Policy Manual sets forth policies and procedures that guide key aspects of the CCAP, such as the application process, the billing and payment process, and more.³ The CCAP Policy Manual and other CCAP-related documentation, including the CCAP application itself and billing paperwork, reveal the following about the CCAP.

To enroll in the CCAP, an individual must complete an application and send it to a Child Care Resource and Referral (CCR&R) agency so that their eligibility to participate in the program can be assessed. When applying to the CCAP for benefits, applicants must identify their selected child care provider and outline their expected child care arrangement with that provider. New license-exempt home providers—for example, those who provide care to a limited number of children in the provider's own home—are required to submit their social security number and a copy of State-issued identification to the CCR&R agency. In addition, both the applicant and the provider must certify that the information they provided is true and correct, and that they understand that providing false information can result in pay back of overpayments and/or referral for prosecution for fraud. Once a CCAP application is received by a CCR&R agency, its staff processes the application information and enters it into DHS' child care computer system. The CCR&R agencies do not verify the validity of provider information nor do they take any steps to ensure the listed provider actually is, or will be, providing the child care services alleged. Rather, the CCR&C simply verifies whether an applicant qualifies to participate in the CCAP, based on criteria set by DHS.

After an applicant is approved for CCAP benefits, a case is opened and the applicant becomes a CCAP client. Thereafter, a billing certificate is automatically generated by DHS each month and mailed to the provider listed on the client's child care application. At the conclusion of every month, the provider must complete the certificate, inputting the number of days each child actually received child care services. The provider must sign the certificate, certifying that the information submitted is complete and accurate, and return the completed certificate to the CCR&R agency. Once received, the CCR&R agency will transmit the information from the certificate to DHS, and payment will ultimately be made to the provider by the Illinois Office of the Comptroller (IOC).

On January 22, 2016, the Office of Executive Inspector General (OEIG) received a complaint alleging that payments for CCAP-related child care services were issued in the name of

¹ DHS Child Care Assistance Program, <http://www.dhs.state.il.us/page.aspx?item=30355> (last visited August 1, 2017).

² DHS, Illinois Annual Child Care Report FY 2015, *available at* <http://www.dhs.state.il.us/page.aspx?item=84140> (last visited June 20, 2017).

³ See CCAP Policy Manual, <http://www.dhs.state.il.us/page.aspx?item=9877> (last visited August 7, 2017).

[Individual A] even though she never provided child care services nor received any of the payments. The complaint indicated that the payments sent out by the IOC were sent to the address of Roy Esteviz, Sr., the father of [Individual A]’s [identifying information redacted]’s boyfriend, Roy Esteviz, Jr., who had access to [Individual A]’s social security number.

II. INVESTIGATION

A. Interview Of [Individual A]

On April 6, 2016, investigators interviewed [Individual A]. [Individual A] stated that in January 2016, she was contacted by the Internal Revenue Service (IRS) regarding her failure to report income earned from the State of Illinois in 2014. [Individual A] said she has never worked for the State of Illinois in any capacity at any time, but eventually learned that the State made payments in her name from 2013 to 2015 for providing child care services as part of the CCAP. [Individual A] stated that she learned the checks in her name were sent to [Identifying Information Redacted], which is the address of Mr. Esteviz, Jr., the boyfriend of her [identifying information redacted], Krystal Moreno. [Individual A] said she has never lived at [Identifying Information Redacted].

[Individual A] stated that Krystal Moreno and Mr. Esteviz, Jr. have two children. [Individual A] stated that she never provided child care services for these children, nor did she ever fill out any applications or CCAP billing certificates stating that she was or would be providing child care services for these children. When shown CCAP applications and billing certificates signed in her name that identified her as the child care provider for Krystal Moreno’s children between November 2013 and March 2015, [Individual A] said she had never seen any of the documents, did not complete any of the documents, and did not sign any of the documents. In addition, when shown checks issued in her name by the IOC for child care services provided to Krystal Moreno’s children between November 2013 and March 2015, which also were signed in her name, [Individual A] denied receiving any of the checks, signing any of the checks, or receiving payment from the checks. [Individual A] stated that she only has one bank account, at [Individual A’s Bank], and did not know whose bank account the checks were deposited into. According to [Individual A], the handwriting on the various documents she was shown appeared to be that of Krystal Moreno and Mr. Esteviz, Jr.

B. Review Of Relevant Documents

Investigators obtained and reviewed numerous DHS CCAP documents, including a Change of Provider form and several monthly billing certificates, listing [Individual A] as the child care provider for the children of her [identifying information redacted], Krystal Moreno, from November 1, 2013 until March 31, 2015. Each of these documents listed [Individual A]’s address as [Identifying Information Redacted], Chicago, IL 60617, and included a signature in [Individual A]’s name in the provider certification section, verifying that child care services had or would be provided as detailed.

In reviewing the documents related to [Individual A]’s alleged child care services, investigators learned that Krystal Moreno also submitted several CCAP applications and monthly billing certificates listing other individuals as child care providers for her children over the course

of several years, including during the same period of time that [Individual A] was allegedly caring for the children. Specifically, these applications and monthly billing certificates indicated that Krystal Moreno’s children were regularly watched by a [Individual B] from August 2, 2010 to October 31, 2013, and by a [Individual C] from August 20, 2012 to approximately December 31, 2013. Each of the billing certificates and many of the applications also listed the address for both [Individual B] and [Individual C] as [Identifying Information Redacted], Chicago, IL 60617, and appeared to be signed in the name of either [Individual B] or [Individual C] in the provider certification section.

Investigators obtained copies of documents reflecting all payments supposedly made by the State of Illinois to [Individual A], [Individual B], and [Individual C] for child care services provided to Krystal Moreno’s children. A summary of relevant information obtained from these documents follows:

Alleged Provider/Payee	Total Paid	# of Payments ⁴	Address On Checks	Checks Endorsed To
[Individual A]	\$8,777.02	18	[Identifying Information Redacted]	Krystal Moreno & Roy Esteviz ⁵
[Individual B]	\$19,999.31 ⁶	36	[Identifying Information Redacted]	Roy Esteviz
[Individual C]	\$5,006.58	15	[Identifying Information Redacted]	Krystal Moreno

Based on limited bank records obtained by the Illinois Office of the Attorney General, at least 12 of the above payments, made in the names of [Individual A] and [Individual B], were deposited into a joint bank account held by Krystal Moreno and Roy Esteviz, Jr.

C. Interview Of [Individual B]

On May 10, 2016, investigators interviewed [Individual B]. [Individual B] stated that he used to be friends with Krystal Moreno and Roy Esteviz, Jr., but they no longer have a relationship. [Individual B] confirmed that Ms. Moreno and Mr. Esteviz, Jr. have two children together. [Individual B] stated that he has never worked for the State of Illinois or DHS in any capacity,

⁴ The payments made by the State of Illinois to these individuals were by check, direct deposit, or both.

⁵ The first two checks sent to [Individual A] were not endorsed to anyone.

⁶ During the period that [Individual B] was purportedly being paid for watching Krystal Moreno’s children, he also seemingly received payment for watching Mr. Esteviz, Jr.’s [family member] under a different CCAP account. Investigators were able to determine which direct deposits were for Krystal Moreno’s children, but unable to definitively determine which checks issued to [Individual B] were for Krystal Moreno’s children. However, because the direct deposits for Krystal Moreno’s children were double that of the direct deposits for Mr. Esteviz, Jr.’s [family member], and the checks issued to [Individual B] followed the same pattern, investigators only used those payments believed to have been made for Krystal Moreno’s children to calculate this number and the number of payments made for Krystal Moreno’s children. During his interview, [Individual B] denied providing child care services for Mr. Esteviz, Jr.’s [family member].

including as a child care provider. [Individual B] stated that he has never provided child care services for Krystal Moreno's children, nor has he ever filled out any applications or CCAP billing certificates stating that he was or would be providing child care services for Krystal Moreno's children. When shown CCAP applications, supporting documentation, and billing certificates identifying him as the child care provider for Krystal Moreno's children between October 2010 and October 2013, and that allegedly contained his signature, [Individual B] stated that he had never seen any of the documents, did not complete any of the documents, and did not sign any of the documents. In addition, when shown checks issued in his name by the IOC for child care services provided to Krystal Moreno's children between October 2010 and approximately July 2011, which also allegedly contained his signature, [Individual B] denied ever having received any of the checks or signing any of the checks. [Individual B] stated that he did live at the address on the checks, [Identifying Information Redacted], during the time these checks were sent, but said he never received any of these checks. Finally, when shown IOC Direct Deposit Issue Reports for payments allegedly made to him for child care services provided to Krystal Moreno's children between approximately August 2011 and October 2013, [Individual B] stated that he did not have a bank account during this time period and did not receive any of the direct deposits. [Individual B] added that the handwriting on all of the documents he was shown appeared to be that of Krystal Moreno and Mr. Esteviz, Jr.

D. Krystal Moreno's Current CCAP Status

1. Status as CCAP Client

A review of documents showed that on July 1, 2010, Krystal Moreno first applied to become a CCAP client. Since being approved for the program shortly thereafter, Krystal Moreno's children have continued receiving child care services subsidized through the CCAP. As of May 2, 2017, Krystal Moreno reported that her children were receiving child care services from Heaven's Little Angels Academy (Heaven's Little Angels) at 611 Wentworth Avenue, Calumet City, IL 60409. According to DHS records, Ms. Moreno is approved as an active CCAP client through at least September 30, 2017.

2. Status as CCAP Provider

Investigators obtained numerous documents relating to the ownership and operation of Heaven's Little Angels. A review of those documents revealed the following:

Early August 2013: Krystal Moreno contacted Illinois Department of Children and Family Services (DCFS) Day Care Licensing Representative [DCFS Employee] and stated that she wanted to open a daycare center at 611 Wentworth Avenue in Calumet City, IL.

October 9, 2013: Heaven's Little Angels Daycare, Inc. (Heaven's Little Angels) was incorporated with the Illinois Secretary of State, with Krystal Moreno's boyfriend, Roy Esteviz, Jr. as the registered agent.

- October 22, 2013: An application for a Child Care Facility License for Heaven’s Little Angels was submitted to DCFS bearing Mr. Esteviz, Jr.’s name. The application stated that Heaven’s Little Angels would be located at 611 Wentworth Avenue, Calumet City, IL 60409.⁷
- November 19, 2013: Krystal Moreno contacted [DCFS Employee] and stated that Mr. Esteviz, Jr. no longer wanted his name associated with Heaven’s Little Angels because he was looking into other business ventures. [DCFS Employee] informed Krystal Moreno that Mr. Esteviz, Jr. needed to submit a letter to DCFS stating that he was no longer interested in applying for a daycare license, and that she needed to submit a new application for a license and update any other documents that were previously submitted with Mr. Esteviz, Jr.’s name.
- November 21, 2013: Krystal Moreno contacted [DCFS Employee] stating that Mr. Esteviz, Jr. changed his mind and wanted to proceed with the daycare licensing process. During this conversation, [DCFS Employee] informed Krystal Moreno that she thought she saw Mr. Esteviz, Jr. on the news.⁸ Krystal Moreno then informed [DCFS Employee] that she needed the daycare center open for her family, and would put the name of Mr. Esteviz’s father, Roy Esteviz, Sr. on the application. In response, [DCFS Employee] informed Krystal Moreno that this would be deceptive, and that she needed to go through the proper process with the Illinois Secretary of State if she wanted the daycare in Mr. Esteviz, Sr.’s name.
- December 3, 2013: New Articles of Incorporation for Heaven’s Little Angels were filed with the Secretary of State, listing Mr. Esteviz, Sr. as the registered agent.
- On the same day, Krystal Moreno met with a DCFS supervisor and asked that the name on the licensure application for Heaven’s Little Angels be changed to Mr. Esteviz, Sr. In this meeting, Krystal Moreno stated that she would be the manager of Heaven’s Little Angels, and only submitted the original application in Mr. Esteviz, Jr.’s name because she did not have good credit and had “some other things going on.”
- December 11, 2013: A formal application for a Child Care Facility License for Heaven’s Little Angels was submitted to DCFS bearing Mr. Esteviz, Sr.’s name.

⁷ Between August and October 2013, Ms. Moreno regularly corresponded with [DCFS Employee] about Heaven’s Little Angels, providing necessary paperwork for the daycare, including employee background check information, company bylaws, a State Fire Marshal report for the facility, and more.

⁸ On November 19, 2013, several news outlets reported that Roy Esteviz, Jr. had been charged with aggravated involuntary servitude and aggravated criminal sexual assault of two of his tenants. See [http://www.\[publication\].com/news/local/breaking/chi-chicago-crime-labo-trafficking-charge-20131119-story.html](http://www.[publication].com/news/local/breaking/chi-chicago-crime-labo-trafficking-charge-20131119-story.html) (last visited August 31, 2017). In late 2016 or early 2017, Mr. Esteviz, Jr. pled guilty to the charge of involuntary servitude, and was sentenced to six years in the Illinois Department of Corrections.

- July 21, 2014: Mr. Esteviz, Sr. was issued a temporary Day Care Center Permit to begin operations at Heaven's Little Angels.
- October 2, 2014: Heaven's Little Angels submitted a new employee information form and an authorization for background check form for Krystal Moreno, stating that she would begin as a teacher/teacher assistant at Heaven's Little Angels on October 6, 2014.
- January 14, 2015: Mr. Esteviz, Sr. was issued a Day Care Center License for Heaven's Little Angels, retroactive to July 21, 2014.
- July 22, 2015: Mr. Esteviz, Sr. informed [DCFS Employee] that while he is the owner of Heaven's Little Angels, "Krystal takes care of the day care center."

From Heaven's Little Angels' receipt of its Day Care Center Permit in July 2014 until the time records were initially obtained by the OEIG in January 2016, Heaven's Little Angels submitted numerous other documents to DHS and DCFS regarding the operation of the daycare center that appeared to have been completed by Krystal Moreno, including employee rosters and staffing plans, employee background check authorization forms, parent sign-in sheets, and CCAP monthly billing certificates. A review of these documents revealed that the vast majority of the documents submitted by Heaven's Little Angels to the State were completed in the same writing as documents known to be completed by Krystal Moreno, such as the letters she sent to [DCFS Employee] when seeking to begin the process of opening a daycare, and her own background check and employee information forms. In addition, all but three of the nearly 350 CCAP billing certificates submitted by Heaven's Little Angels from August 2014 until January 2016 and from March to May 2017,⁹ list either Krystal Moreno or Heaven's Little Angels as the provider, and contain Ms. Moreno's signature where asked for the provider's signature.

E. Referral To Illinois Attorney General

On May 13, 2016, the OEIG referred this matter to the Illinois Office of the Attorney General, pursuant to the Illinois State Officials and Employees Ethics Act, given the evidence uncovered during the investigation.

On April 17, 2017, Krystal Moreno and Roy Esteviz, Jr. were indicted on charges of Continuing Financial Crimes Enterprise; Theft; Identity Theft; and Mail Fraud relating to their alleged falsification of CCAP documents and their alleged receipt of payments from the State for child care services that were never provided.

III. ANALYSIS

During the above-captioned investigation, the OEIG uncovered evidence that CCAP client Krystal Moreno repeatedly falsified CCAP applications and monthly billing certificates between approximately August 2010 and March 2015, claiming that certain individuals were providing

⁹ Investigators did not obtain Heaven's Little Angels billing certificates from February 2016 through February 2017.

child care services for her children when they, in fact, were not. As a result of this fraudulent reporting, the IOC paid out nearly \$40,000 in State funds to the alleged child care providers during this period for the services they had reportedly provided for Krystal Moreno's children. However, the investigation indicated that it was Krystal Moreno and the father of her children, Roy Esteviz, Jr., who obtained the funds paid out by the IOC, rather than any of the alleged child care providers. Because of this suspected fraud, the OEIG referred this matter to the Illinois Office of the Attorney General on May 13, 2016. On April 17, 2017, investigators learned that Krystal Moreno and Mr. Esteviz, Jr. had been indicted on charges of fraud and theft relating to Krystal Moreno's falsification of CCAP documents and their inappropriate receipt of payments from the State of Illinois for child care services not rendered. Nevertheless, according to State records, Krystal Moreno remains an active CCAP client and is approved to continue receiving CCAP benefits through at least September 30, 2017.

In addition, the OEIG's investigation revealed evidence that Krystal Moreno is operating a daycare center, named Heaven's Little Angels, that also receives State funding through the CCAP. Beginning in early August 2013, Krystal Moreno contacted the DCFS Day Care Licensing division about opening a daycare center at the address where Heaven's Little Angels is located in Calumet City, IL. Despite the daycare center not being in her name, Krystal Moreno was the individual who, from day one, was repeatedly communicating with DCFS about her plans to open a daycare center. In a meeting with a DCFS supervisor, Krystal Moreno stated that she would be the manager of Heaven's Little Angels, and only submitted the original application in Mr. Esteviz, Jr.'s name because she did not have good credit and had "some other things going on." Krystal Moreno provided DCFS with the paperwork necessary for Heaven's Little Angels to obtain a daycare license and begin daycare operations, and made clear through her communications with DCFS and others that Heaven's Little Angels was her business.

Heaven's Little Angels has submitted numerous documents to both DHS and DCFS regarding the operation of the daycare center since July 2014, that appear to have been completed by Krystal Moreno, including employee rosters and staffing plans, employee background check authorization forms, parent sign-in sheets, and CCAP monthly billing certificates. In fact, all but three of the nearly 350 CCAP billing certificates submitted by Heaven's Little Angels from August 2014 until January 2016 and from March to May 2017¹⁰ list either Krystal Moreno or Heaven's Little Angels as the provider, and contain Krystal Moreno's signature as the provider. Finally, according to a report completed by DCFS in July 2015, Mr. Esteviz, Sr. informed a DCFS representative that while he is the owner of Heaven's Little Angels, "Krystal takes care of the day care center."

Given Krystal Moreno's indictment for serious fraud relating directly to her falsification of CCAP applications and monthly billing certificates, the OEIG believes Krystal Moreno is unfit to operate a child care center that receives significant money from the State of Illinois based almost exclusively on her completion of these very same documents and her assertion that they are true and accurate. Therefore, the allegation that Heaven's Little Angels Academy, a vendor receiving

¹⁰ Investigators did not obtain Heaven's Little Angels billing certificates for the months of February 2016 through February 2017, but it is likely Ms. Moreno completed and signed these certificates, too.

State funds pursuant to the CCAP, has engaged in mismanagement by having Krystal Moreno operate the business and complete CCAP paperwork is **FOUNDED**.¹¹

IV. FINDINGS AND RECOMMENDATIONS

As a result of its investigation, the OEIG concludes that there is **REASONABLE CAUSE TO ISSUE THE FOLLOWING FINDING:**

- **FOUNDED** – Heaven’s Little Angels Academy engaged in mismanagement by allowing Krystal Moreno to operate the business and complete CCAP paperwork.

The OEIG recommends that Ms. Moreno be terminated as a CCAP client and barred from future participation in the CCAP. In addition, the OEIG recommends that DHS no longer allow Heaven’s Little Angels to be a CCAP provider or receive funding from the State for rendering child care services. Finally, the OEIG recommends that DCFS review the status of Heaven’s Little Angels’ day care center license as it relates to ownership, operation, and staffing.

No further investigative action is warranted and this case is considered closed.

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¹¹ The OEIG concludes that an allegation is “founded” when it has determined that there is reasonable cause to believe that a violation of law or policy has occurred, or that there has been fraud, waste, mismanagement, misconduct, nonfeasance, misfeasance, or malfeasance.