



Department of Veterans Affairs

Office of Inspector General

October 2011 Highlights

ADMINISTRATIVE INVESTIGATION

South Texas HCS Official's Hiring of Business Partner at VA a Conflict of Interest, IG Investigation Shows

An administrative investigation substantiated that an employee of the South Texas Veterans Health Care System (HCS) engaged in a conflict of interest when the employee approved the appointment of the employee's private business partner to a VA position and recommended the business partner for a \$21,274 recruitment incentive. In addition, the appointed employee misused official VA time to conduct tasks for the private business, and Title 38 full-time physicians at the Medical Center held a general misperception on the proper use of leave. [\[Click here to access report.\]](#)

OIG REPORTS

Review of Alleged Contract Irregularities in VA's Office of Information and Technology Results in Termination of Underutilized Contract

The Office of Inspector General (OIG) conducted an audit to determine whether VA Office of Information and Technology's (OIT) Office of Architecture, Strategy, and Design officials directed contractor personnel to perform work outside the scope of a task order. Although OIG substantiated the allegation, there was no evidence that this work was actually completed. However, OIG did find that the work the contractor was doing did not meet the overall intent of the task order—technical reviews of OIT systems. OIG's review questioned \$1,651,215 for an underutilized task order for the first and second option years. Additionally, OIT could better use \$786,840 by either exercising the third option year then having the contractor perform the required technical reviews of OIT systems, or terminating the task order altogether. OIG recommended OIT terminate the task order. The Principal Under Secretary agreed with OIG's findings and recommendations and terminated the contract.

[\[Click here to access report.\]](#)

Better Patient, Family, and Staff Education Could Further Reduce Risk of Multidrug-Resistant Organism Infection

OIG evaluated the management of multidrug-resistant organisms (MDRO) in Veterans Health Administration (VHA) facilities by determining whether facilities complied with applicable guidelines and standards regarding MDRO, hand hygiene, isolation, and environmental cleanliness and whether facilities adequately communicated about patients infected or colonized with MDRO. OIG conducted this review at 24 facilities during Combined Assessment Program reviews performed from October 1, 2010, through March 31, 2011. VHA facilities recognized the importance of establishing and maintaining measures to reduce the incidence of health care-associated infections due to MDRO. OIG identified three areas where compliance with MDRO requirements needed improvement and recommended that patients infected or colonized with MDRO and their families receive infection prevention strategies education, that facilities provide MDRO education to designated staff based on risk assessment results, and that

facilities develop policies and programs that control and reduce antimicrobial agent usage. [\[Click here to access report.\]](#)

Better Medical Documentation, Staff Training Could Reduce Risk to Patients in Telemetry Unit at New York Harbor HCS

OIG conducted a review to determine the validity of an allegation regarding the quality of patient care on a telemetry unit at the Manhattan Campus of the New York Harbor HCS, New York, NY. OIG could neither confirm nor refute the allegation that a patient on the telemetry unit was not continuously monitored due to a disconnected telemetry lead, malfunctioning monitoring equipment, or short staffing. However, OIG identified two system weaknesses that increased the risk of patients not being adequately monitored: (1) medical record documentation by unit staff did not meet industry or facility requirements, and (2) telemetry unit nursing and biomedical engineering staff were not trained to properly use the telemetry monitoring equipment. OIG made two recommendations to address these system weaknesses. Management agreed with the findings and recommendations and provided acceptable improvement plans.

[\[Click here to access report.\]](#)

Most Allegations on Electroconvulsive Therapy at Boston HCS Unsubstantiated, But Machine Quality Checks Lacking

OIG conducted a review to determine the validity of allegations that patients were not medically optimized prior to electroconvulsive therapy (ECT) and that a patient underwent ECT without consent or the knowledge that ECT could be refused. OIG did not substantiate these allegations and other allegations related to improprieties in ECT research and inpatient Mental Health unit census. OIG did substantiate that although local maintenance was performed annually, the ECT machine was not sent to the manufacturer every 2 years for a full quality control check, and that a psychiatrist initiated, but did not complete, electronic medical record notes for residents she supervised. OIG recommended that the System Director implement procedures to ensure that the manufacturer's recommended maintenance for the ECT machine is followed as prescribed. [\[Click here to access report.\]](#)

CRIMINAL INVESTIGATIONS

Company Pleads Guilty to Misbranding Drug, Ordered To Pay \$85 Million Fine

Scios, Inc., a subsidiary of Johnson & Johnson, Inc. Biopharmaceutical Group, pled guilty to causing the introduction and delivery of a misbranded drug into interstate commerce. The company was ordered to pay an \$85 million fine and was placed on organizational probation for 3 years. A VA OIG, Food and Drug Administration (FDA) Office of Criminal Investigations, Federal Bureau of Investigations (FBI), and Defense Criminal Investigative Service investigation revealed that from August 2001 through June 2005, the company marketed and sold the drug Natrecor for off-label use. The drug was only approved by the FDA to treat acute heart failure, not chronic heart conditions. During the relevant period of time, VA purchased over \$5 million of Natrecor; however, records only confirmed off-label use totaling approximately \$100,000.

Veteran Pleads Guilty to Service-Disabled Veteran-Owned Small Business Fraud

A Veteran pled guilty to a criminal information charging him with conspiracy to commit wire fraud and major fraud against the United States. An OIG investigation determined that while the Veteran was a full-time employee of the U.S. Forest Service in Florida, he allowed his service-disabled Veteran status to be used by his half-brother's business in New Mexico in exchange for \$54,000. The defendant's half-brother then fraudulently claimed Service-Disabled Veteran-Owned Small Business status to obtain \$10.9 million in VA contracts.

Veteran Indicted for \$1 Million Compensation Fraud Over 15 Years

A Veteran was arrested after being indicted for theft of Government funds and false statements for fraudulently receiving approximately \$1,000,000 in VA compensation benefits for approximately 15 years. The defendant, who was treated by VA for numerous ailments, claimed to be wheelchair bound and required the need of an aide. The defendant gave various fabricated accounts to neighbors, the media, and VA staff on how his injury occurred, including being a U.S. Navy SEAL wounded during Operation Desert Storm, being injured during hand-to-hand combat training, falling down steps, and being shot by friendly fire while at Ft. Bragg. The investigation also revealed that while the defendant reported to VA that he was not ambulatory, he completed the North Carolina Basic Law Enforcement Training program and later held jobs as a police officer and a child protective services officer.

Miami, Florida, VA Medical Center Employee Arrested for Identity Theft

A Miami, FL, VA Medical Center (VAMC) employee was arrested for aggravated identity fraud after an OIG, U.S. Secret Service, and U.S. Postal Inspection Service investigation revealed that she sold the personally identifiable information of 22 VA patients during an undercover operation.

Company Nurse Sentenced for Making False Statements, VA Billed \$2.6 Million as a Result

A nurse, who was formerly employed with a company that provided nursing home and home health care services to various Government agencies, including VA, was sentenced to 4 months' home confinement, 3 years' probation, and a \$2,000 fine after pleading guilty to making false statements relating to health care matters. A multi-agency investigation determined that the defendant, who was responsible for performing periodic supervisory nursing visits to patients under her employer's care, falsely certified that visits were made. The defendant also misrepresented visit dates and forged the names of company nurses on the supervisory visit forms. The visits were subsequently billed for payment by the defendant's employer. The loss to VA is approximately \$2.6 million.

Veteran Sentenced for Compensation Fraud

A Veteran was sentenced to 38 months' incarceration, 24 months' probation, and ordered to pay \$161,418 in restitution to VA after an OIG investigation revealed that he provided false information to VA in support of his claim for disability compensation benefits. Between 2003 and 2006, the defendant submitted VA forms along with

pictures attesting to his claims and later made statements to VA examiners that he participated in combat activities while serving in the first Gulf War and suffered from post-traumatic stress disorder. The Veteran's false assertions included hand-to-hand combat in the trenches, killing enemy combatants, seeing fellow soldiers die, seeing dead bodies inside burned-out tanks, and being under chemical attack. During the same period, the Veteran asserted his military service and fraudulent combat activities to the local police as a defense during subsequent court appearances on unrelated criminal and civil proceedings.

Former Account Manager Sentenced for Fraud

A former account manager for a home health care company that provided services to individuals covered by various health care programs, to include Medicaid and VA, was sentenced to 3 months' home confinement, 2 years' probation, and a \$1,000 fine after pleading guilty to knowingly and willfully making false statements relating to health care matters. A VA OIG, Health and Human Services (HHS) OIG, and FBI investigation resulted in the defendant admitting to altering documents detailing the credentials of his company's employees to make them appear compliant with state licensing regulations during audits of the employer's operations.

Fee-Basis Dentist Pleads Guilty to Wire Fraud

A former fee-basis dentist pled guilty to wire fraud after an OIG and FBI investigation revealed that she fraudulently billed VA for dental treatment on homeless Veterans that was never performed. The VA Palo Alto HCS authorized fee-basis dental treatment for 15 Veterans participating in the VA's Homeless Veterans Rehabilitation Program (HVRP) and the defendant billed VA for treatments that were never performed on 12 of these HVRP Veterans. Also, the investigation revealed that the dentist had a conscious sedation permit and was diverting narcotics from her practice for her personal use. The loss to VA is \$27,898.

Veteran Indicted for Making False Claim to VA

A Veteran was indicted for false statements and theft of Government funds after an OIG investigation revealed that he sustained a severe medical injury while participating in a burglary when he was on active duty. The defendant reported to medical personnel, the Army, and VA that the injury was sustained by falling down stairs. Additionally, the defendant made false statements to VA and the Army when applying for a disability retirement. The approximate loss to VA is \$ 81,000.

Former Fiduciary Indicted for Embezzling from Father

A former fiduciary was indicted for defrauding VA by embezzling her father's VA disability compensation. The defendant acted as her father's fiduciary from July 2007 until VA removed her in February 2009. During this time period, she misappropriated approximately \$58,000.

Deceased Beneficiary's Daughter Sentenced for Theft of VA Benefits

The daughter of a deceased VA beneficiary was sentenced to 3 years' probation, 100 hours' community service, and ordered to pay restitution of \$129,000 after pleading

guilty to theft of Government funds. An OIG investigation revealed that between March 2001 and October 2009 the defendant failed to report the beneficiary's death to VA and stole VA benefit funds that were direct deposited to a joint account after her mother's death in February 2001.

Veteran Steals Palo Alto, California, VAMC Employees' Wallets, Pleads Guilty to Credit Card Fraud

A Veteran pled guilty to conspiracy, access device fraud, and aggravated identity theft after an OIG and VA Police Service investigation revealed that he and two accomplices were responsible for the thefts of numerous Palo Alto, CA, VAMC employees' wallets. The investigation also revealed that the Veteran and his accomplices used credit cards from those stolen wallets at local retail stores to purchase thousands of dollars in gift cards, merchandise, and gas with the gift cards being re-sold in an illegal gift card scheme. The two accomplices previously pled guilty to similar charges.

Son of Deceased Beneficiary Pleads Guilty to Theft of VA Benefits

The son of a deceased beneficiary pled guilty to theft of Government funds after an OIG investigation revealed that he used his trustee position to steal VA funds that were direct deposited after his father's death in February 2003. The loss to VA is \$103,866.

Compensation Work Therapy Workers Charged with Grand Larceny

Two Compensation Work Therapy (CWT) workers were charged with grand larceny as a result of an OIG and VA Police Service investigation which disclosed that they stole more than 20 cold weather modular sleep systems and other winter gear from the VA's Homeless Outreach Program. This specialized gear was intended specifically for homeless Veterans living in harsh cold weather conditions. One of the defendants was also charged with obstruction of justice because he threatened the other defendant for talking to investigators.

Former Bath, New York, VAMC Nurse Pleads Guilty to Bank Theft

A former Bath, NY, VAMC nurse pled guilty to a criminal complaint charging her with bank theft. As a condition of her plea, she agreed to pay full restitution of \$7,375. An OIG investigation revealed that the defendant used her position to gain access to the bank card and PIN of a Veteran under her care and for over 3 months withdrew funds for her own personal use from the Veteran's bank account.

Veteran Indicted for Travel Benefit Fraud at Gainesville, FL, VAMC

A Veteran was indicted for theft of Government property after an OIG investigation revealed that, from February 2010 to July 2011, he filed 234 fraudulent travel claims at the Gainesville, FL, VAMC. The defendant claimed that he was traveling 152 miles round trip from St. Augustine, FL, when in reality he was residing in the local area. The loss to VA is \$14,333.

Former Martinsburg, West Virginia, VAMC Registered Nurse Sentenced for Drug Diversion

A former Martinsburg, WV, VAMC registered nurse was sentenced to 14 months' incarceration, 12 months' probation, and 120 hours' community service after pleading guilty to obtaining oxycodone by fraud. An OIG and VA Police Service investigation determined that on approximately 56 occasions the defendant retrieved controlled medication from the facility's automated medication dispensers using the names of VA patients whose electronic medical records indicated they did not receive the medication.

Former Salem, Virginia, VAMC Nurse Sentenced for Drug Diversion

A former Salem, VA, VAMC registered nurse was sentenced to 30 days' incarceration, 5 months' home confinement, and 50 hours' community service after pleading guilty to obtaining controlled substances by fraud. As a special condition of her sentencing, the defendant was also prohibited from working in the health care field. An OIG investigation revealed that the defendant engaged in a variety of schemes in order to obtain over 6,000 micrograms of fentanyl from VAMC OmniCell machines as well as patients. The defendant admitted to using the narcotic while providing care to patients.

Veteran and Two Others Arrested for Unlawfully Obtaining Narcotics

A Veteran, his spouse, and a nurse, who works in a physician's office, were arrested for their part in a scheme to unlawfully obtain narcotics through doctor shopping and misuse of a physician's Drug Enforcement Administration control number. An OIG, FBI, and HHS OIG investigation revealed that since 2008 the three defendants fraudulently obtained more than 16,000 pills from local pharmacies and VA. This investigation is part of Operation Pharm Team, which is being coordinated by the U.S. Attorney's Office in Connecticut.

*(original signed by Richard J. Griffin
Deputy Inspector General for:)*

GEORGE J. OPFER
Inspector General