



DEPARTMENT OF VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

OCTOBER 2020 HIGHLIGHTS

Criminal Investigations Involving Health Care

Defendant Charged in Connection with Theft Scheme

A defendant was arrested after being charged in the District of New Jersey with conspiracy to commit theft of government property. An investigation by the VA Office of Inspector General (OIG), FBI, and VA Police Service resulted in charges alleging the defendant conspired with a former pharmacy procurement technician at the East Orange VA Medical Center in New Jersey to steal prescription HIV medication from the facility for several years. The loss to VA is approximately \$7.8 million.

Former Anchorage VA Medical Center Contracting Officer's Representative Pleads Guilty in Connection with Bribery Scheme

A former contracting officer's representative at the Anchorage VA Medical Center in Alaska pleaded guilty in the District of Alaska for his participation in a bribery scheme. An investigation by the VA OIG, Small Business Administration OIG, General Services Administration OIG, and FBI resulted in charges alleging the defendant gave preferential treatment to the owner of a service-disabled veteran-owned small business in return for nearly \$30,000 in bribery payments. As a result, the business obtained more than \$5 million in set-aside snow removal and housekeeping contracts at the medical center. Two other individuals were also charged in connection with the scheme.

Suspended West Palm Beach VA Medical Center Employee Pleads Guilty in Connection with Bribery Scheme

A suspended employee of the West Palm Beach VA Medical Center in Florida pleaded guilty in the Southern District of Florida to entering a false record. A VA OIG investigation resulted in charges alleging that this defendant and 16 other individuals engaged in a bribery and kickback scheme involving multiple vendors and employees of VA medical centers in West Palm Beach, Florida; Miami, Florida; and Philadelphia, Pennsylvania. The charges allege that VA employees placed supply orders in exchange for cash bribes and kickbacks from the vendors. In many instances, the prices of supplies were grossly inflated, or the orders were only partially fulfilled or not fulfilled at all. This defendant worked in the warehouse as a material handler, where, in exchange for cash from coconspirators, he falsely entered in a VA database that purchase orders valued at over \$1.4 million had been received. Since 2009, the vendors received millions of dollars from numerous VA medical centers throughout the country through purchase card orders and service and construction contracts.

Defendant Sentenced in Theft Scheme

A former VA vendor was sentenced in the Western District of Texas to five years' probation and restitution of \$714,000. A VA OIG investigation revealed that a former VA maintenance and operations supervisor for the Central Texas Veterans Health Care System in Temple, his wife, and the vendor used the wife's company to steal funds from VA. The former supervisor and his wife provided the vendor

with fraudulent invoices from her company for services that were not actually provided to the vendor. The vendor paid the former supervisor, and then fabricated his own set of invoices used to bill VA for goods and services that were never provided. The amount of these invoices equaled the amount the vendor paid to the former supervisor plus a 30 percent commission. The former supervisor then used a VA purchase card to pay the vendor's fraudulent invoices. The loss to VA is approximately \$1,145,000.

Telemarketing Company Owner Pleads Guilty to Conspiracy to Commit Healthcare Fraud

The owner of a telemarketing company pleaded guilty in the Middle District of Florida to conspiracy to commit healthcare fraud. An investigation by the VA OIG, Internal Revenue Service Criminal Investigation, Department of Health and Human Services OIG, and FBI resulted in charges alleging the defendant's company targeted the Medicare-aged population using offshore call centers that employed aggressive tactics to generate orders for durable medical equipment companies. The defendant's company subsequently bribed doctors to sign the orders. The defendant's company received more than \$12 million from the durable medical equipment companies through the sale of the illegally signed doctors' orders, which were used in support of fraudulent claims submitted to Medicare and VA's Civilian Health and Medical Program. The loss to VA is approximately \$800,000.

Three Defendants Plead Guilty to Defrauding VA's Civilian Health and Medical Program

Three defendants pleaded guilty in the District of New Jersey to conspiracy to violate the anti-kickback statute and conspiracy to commit healthcare fraud. An investigation by the VA OIG, Defense Criminal Investigative Service, Internal Revenue Service Criminal Investigation, Department of Health and Human Services OIG, and FBI resulted in charges alleging the defendants participated in a telemarketing scheme to solicit durable medical equipment and cancer genetic screening tests to prospective patients and then used telemedicine doctors to generate prescriptions for these patients regardless of medical necessity. It is alleged that the telemedicine doctors had no relationship with the patients, and that the telemarketers then sold the completed orders to a testing laboratory. Many of the companies participating in the scheme impacted VA's Civilian Health and Medical Program. The loss to the government exceeds \$1 billion. Of this amount, the loss to VA is approximately \$330,000. To date, investigative efforts have led to nine arrests and six convictions.

Defendant Sentenced in Connection with Fraud Scheme

The daughter of a former transportation assistant at VA's outpatient clinic in The Villages, Florida, was sentenced in the Middle District of Florida to six months' home confinement, 54 months' probation, and 150 hours of community service after previously pleading guilty to false statements. A VA OIG investigation revealed that the former transportation assistant, who had the authority to award transportation assignments to vendors, conspired with the defendant and another relative to create and control two companies to whom he steered VA transportation assignments. As a result, VA paid \$305,673 to these companies. The former transportation assistant also solicited and received approximately \$76,789 in kickbacks from two other transportation vendors.

Nonveteran Sentenced in Connection with Healthcare Fraud Scheme

A nonveteran was sentenced in the Central District of California to 16 months' imprisonment and restitution of \$167,234. An investigation by the VA OIG and Department of Housing and Urban Development OIG revealed the defendant falsely claimed to have served in the Marine Corps and to have been awarded the Purple Heart after being wounded in combat. After enrolling for VA healthcare benefits, the defendant received 692 outpatient treatments between December 2012 and March 2016. The defendant also received housing benefits that were intended for homeless veterans through the Department of Housing and Urban Development-VA Supportive Housing Program. The loss to the government was \$167,234. Of this amount, the loss to VA is \$162,900.

VA Puget Sound Healthcare System Employee Pleads Guilty to Theft of Government Property

A suspended employee of the VA Puget Sound Healthcare System in Seattle, Washington, pleaded guilty in the Western District of Washington to theft of government property. A VA OIG investigation revealed that the defendant stole several pieces of medical equipment, to include ventilators and bronchoscopes, and then sold the items on eBay. The loss to VA is \$132,291.

Defendant Pleads Guilty in Connection with Carjacking

A nonveteran pleaded guilty in King County District Court in Washington to unlawful possession of a firearm, escape, assault, and violation of the Uniformed Controlled Substances Act. A VA OIG and VA Police Service investigation revealed that the defendant brandished a firearm as he confronted an employee of the VA Puget Sound Healthcare System in Seattle, who was getting into her vehicle in the facility's parking lot. The defendant then stole the employee's vehicle, purse, and other personal items. The victim's credit card was subsequently used to make 24 unauthorized purchases in the local area.

Former VA Bedford Healthcare System Hospice Nurse Pleads Guilty to Drug Diversion

A former hospice unit nurse at the VA Bedford Healthcare System in Massachusetts pleaded guilty in the District of Massachusetts to tampering with a consumer product and obtaining a controlled substance by misrepresentation, fraud, deception, and subterfuge. A VA OIG investigation revealed the defendant used tap water to dilute liquid morphine and subsequently administered the diluted substance to hospice patients. The defendant then ingested the diluted amount of the remaining drug. To conceal her drug diversion, the defendant falsified medical records by reporting that the patients had received more pain medication than they did.

Criminal Investigations Involving Benefits

Trucking School Owner Sentenced for Wire Fraud

The owner of a trucking school was sentenced in the Central District of California to four years' imprisonment, three years' supervised release, and restitution of over \$4.1 million after previously pleading guilty to wire fraud. An investigation by the VA OIG, Department of Justice OIG, and FBI resulted in charges alleging that the defendant conspired with employees and veteran students of his trucking school to fraudulently enroll veterans at the school from 2011 to 2015. The loss to VA is approximately \$4.1 million.

Two Veterans Sentenced in Connection with Life Insurance Fraud Scheme

Two Navy veterans were sentenced in the Southern District of California for their involvement in a Traumatic Servicemembers Group Life Insurance (TSGLI) fraud scheme. The first defendant was sentenced to four months' imprisonment, four months' home confinement, and three years' supervised release. The second defendant was sentenced to four months' home confinement to be served as part of three years' probation. An investigation by the VA OIG, Naval Criminal Investigative Service, and FBI resulted in charges alleging these two veterans, and at least 16 others, submitted numerous TSGLI claims that reflected fraudulent narratives of catastrophic injuries and exaggerated the loss of activities of daily living to generate payouts of \$25,000 to \$100,000 per claim. VA supervises the administration of the TSGLI program. To date, 11 individuals have been charged in the connection with this scheme. The loss to the TSGLI program is approximately \$2 million.

Veteran Pleads Guilty in Connection with Compensation Benefits Fraud Scheme

A veteran pleaded guilty in the Southern District of Florida to theft of government funds. A VA OIG investigation revealed that the defendant lied about his military service history, to include submitting a fraudulent record that listed the receipt of a Combat Infantryman Badge and a combat deployment to Panama, when he actually had no active duty periods other than for training. The fraudulent record enabled the defendant to receive VA compensation and healthcare benefits. The loss to VA is \$318,423.

Criminal Investigations Involving Other Matters

Defendant Pleads Guilty in Workers' Compensation Fraud Scheme

A defendant was sentenced in the Northern District of Texas to 12 months' imprisonment, two years' supervised release, and restitution of approximately \$190,623. Of this amount, VA will receive approximately \$72,436. An investigation by the VA OIG, Department of Labor OIG, U.S. Postal Service OIG, and Department of Homeland Security OIG resulted in charges alleging the defendant sold the personally identifiable information of government employees to other conspirators, who subsequently used the information to fraudulently bill the Department of Labor's Office of Workers'

Compensation Program. The loss to the federal government is approximately \$6.5 million. Of this amount, the loss to VA is approximately \$2.5 million.

National Healthcare Review

Veterans Crisis Line Challenges, Contingency Plans, and Successes During the COVID-19 Pandemic

This review focused on Veterans Crisis Line (VCL) operations during the COVID-19 pandemic. VCL's communal call center model posed a safety risk to staff, so VCL was challenged to equip and transition nearly 800 employees to telework-based operations. Over the course of six weeks, VA's Office of Information and Technology issued staff computers, monitors, and cell phones. Regional information technology staff ensured that VCL employees had connectivity and access to needed programs. VCL employees were provided with training, guidance, and resources, and precautionary safety measures were implemented in the call centers for onsite staff. The VCL continued to meet performance targets for key indicators. VCL leaders reported the VCL could benefit from a broader technology and equipment plan, its own information technology staff, and managing its own contracts; better succession planning; and maintaining an inventory of items such as headsets, keyboards, and cell phones. The OIG made no recommendations.

To listen to the podcast on the OIG's October 2020 activity highlights, go to www.va.gov/oig/podcasts.