CONGRESSIONAL TESTIMONY
Deputy Inspector General Tells Congress VA Needs to Fully Implement Handbook on Conferences to Prevent Excessive Spending
Mr. Richard J. Griffin, Deputy Inspector General, testified before the Committee on Oversight and Government Reform, United States House of Representatives, on a 2012 Office of Inspector General (OIG) report dealing with VA’s planning for two Human Resources Conferences held in 2011 in Orlando, Florida. His testimony outlined the findings of the report as well as the status of the 49 recommendations contained in the report. Fifteen of 18 recommendations dealing with personnel actions have been closed while only 8 of 31 recommendations dealing with conference management were closed over a year after the report was issued. Many of the conference management recommendations could be addressed by a handbook on conference planning, execution, and reporting. However, to date, VA had not finalized a handbook on this matter. Mr. Griffin was accompanied by Mr. Gary Abe, Deputy Assistant Inspector General for Audits and Evaluations, OIG. [Click here to access testimony.]

OIG REPORTS
OIG Makes Four Recommendations in Response to Patient Deaths at Memphis VA Medical Center Emergency Department
OIG conducted an inspection in response to an allegation of inadequate care for patients who died in the Emergency Department (ED) at the Memphis VA Medical Center (VAMC), Memphis, TN. The complainant alleged that a patient died after a physician ordered a medication for which the patient had a known drug allergy, another patient died after being administered multiple sedating drugs and not being monitored properly, and a third patient died after delays in getting treatment for very high blood pressure. OIG substantiated that a patient was administered a medication, in spite of a documented drug allergy, and had a fatal reaction; another patient was found unresponsive after being administered multiple sedating medications; and a third patient had critically high blood pressure that was not aggressively monitored and experienced bleeding in the brain. OIG found that the VAMC had completed protected peer reviews of the care for all three patients. Two of the deaths were also evaluated through root cause analyses (RCAs); however, OIG found that RCA action plan implementation was delayed and incomplete. OIG recommended that the Facility Director confer with Regional Counsel for possible disclosure to the surviving family member(s) of Patient 3 and ensure that processes are strengthened to monitor RCA action plans. OIG also recommended that processes be strengthened to improve patient monitoring in the ED and that unit specific competency assessments be completed for ED nursing staff. The Veterans Integrated Service Network (VISN) and Facility Directors concurred with OIG’s recommendations and provided an acceptable action plan. [Click here to access report.]
Ineffective Management of Costs and Time Leads to Delays in Leasing of Health Care Centers, None Built by June 2012 Target

OIG conducted this review to determine if VA effectively managed timeliness and costs in the procurement process of seven Health Care Center (HCC) leases. OIG found that VA’s management of the HCC lease procurement process has not been effective. As of August 2013, only four of seven leases had been awarded and no HCCs had been built despite VA’s target completion date of June 2012. This occurred because the HCCs were a new initiative and guidance was not available for planning leases of this magnitude. VA did not meet the milestones it established for HCC activation and occupancy in spite of providing Congress with an aggressive project schedule. Given the lack of progress to date and the inadequate planning documentation, it will take far more time than Congress anticipated for VA to award and activate the seven leases. Further, VA could not provide accurate information on HCC spending into April 2013. Officials provided various estimates, from about $4.6 million to $5.1 million, on costs to prepare for HCC lease awards. According to VA officials, central cost tracking was not in place to ensure transparency and accurate reporting on all HCC expenditures. Until effective central cost tracking is instituted, expenditures to acquire the leases will not fully be accounted for. VA also will not have reasonable assurance of accuracy in reporting total HCC costs to Congress. OIG recommended the Principal Executive Director, Office of Acquisition, Logistics, and Construction (OALC), and the Under Secretary for Health (USH) establish adequate guidance for management of the procurement process of large-scale build-to-lease facilities; provide realistic and justifiable timelines for HCC completion; ensure HCC project analyses and key decisions are supported and documented; and establish central cost tracking to ensure transparency and accurate reporting on HCC expenditures. The Principal Executive Director, OALC, and the USH concurred with OIG’s recommendations.

[Click here to access report.]

CRIMINAL INVESTIGATIONS

VA Contractor Sentenced for Bribery
A contractor doing business with the East Orange, NJ, VAMC was sentenced to 6 months’ home confinement, 2 years’ probation, and a $2,000 fine after previously pleading guilty to bribery. An investigation by OIG and the Federal Bureau of Investigation revealed that between October 2012 and February 2013, the defendant offered to pay a $5,000 bribe to a VA employee for assistance in having his two companies placed on a multimillion dollar multiple award task order contract. The defendant subsequently made two cash payments totaling $1,000 to the VA employee for his assistance.

Husband and Wife Indicted for Fraudulent Claims and Other Charges
A husband and wife were indicted for conspiracy, fraudulent claims, mail fraud, and embezzlement. An OIG investigation revealed that from 2008 to 2009 the defendants, co-founders of a non-profit film school that taught cinematography to wounded Veterans, billed the VA Vocational Rehabilitation & Employment program for equipment that was never provided to the students and for a class that was never taught.
In addition to the fraudulent claims to VA, the defendants used foundation money to pay for their personal medical expenses, alcohol, groceries, and a vacation while claiming to never receive a salary or any benefits.

**Former Lyons, New Jersey, VAMC Patients Are Sentenced for Concealing the Death of Veteran**

A Veteran was sentenced to 8 months’ incarceration, 3 years’ supervised release, and ordered to attend continuous drug and alcohol treatment along with intensive mental health treatment after pleading guilty to obstruction of justice. A second Veteran was sentenced to 12 months and 1 day of incarceration, 1 year of supervised release, and ordered to attend the same treatment programs after pleading guilty to misprision of a felony. An OIG investigation revealed that the defendants used heroin in another Veteran's room at the Lyons, NJ, VAMC. While using the drug, the Veteran collapsed, and the defendants departed the room and failed to notify staff. The victim’s body was discovered the next morning, and the body’s positioning initially led OIG to investigate his death as an apparent accidental suicide. Subsequent information developed through a confidential source revealed that one of the defendants actually administered the heroin to the victim. After the victim died, the same defendant propped up the body to make it appear as though the Veteran had taken the heroin and overdosed on his own. Another aspect of this investigation was its role as the starting point for Operation Red, White, and Blue, a successful undercover drug operation targeting dealers at the same medical center that resulted in the arrests of seven subjects.

**Company Owner Sentenced After Pleading Guilty to Obstruction of a Grand Jury Investigation**

The owner of a large construction company was sentenced to 12 months’ probation and a $5,000 fine after pleading guilty to obstructing a grand jury investigation by altering and deleting documents from his computer. A VA OIG, General Services Administration OIG, Army Criminal Investigation Division (CID), Small Business Administration OIG, and Department of Labor (DOL) OIG investigation revealed that the defendant, a former minority owner of two Service-Disabled Veteran-Owned Small Businesses (SDVOSBs), received a grand jury subpoena for records relating to his business dealings with another company and claims that this other company was an SDVOSB. The defendant deleted the documents on his computer that were required by the subpoena and relevant to the pending investigation.

**Veteran Sentenced for Assaulting West Palm Beach, Florida, VAMC Nurse**

A Veteran was sentenced to 194 days’ incarceration, 12 months’ probation, and ordered to have no contact with the victim after pleading guilty to battery. An OIG and VA Police Service investigation revealed that the Veteran made sexual comments and then assaulted a VA nurse practitioner at the West Palm Beach, FL, VAMC.

**Veteran Arrested for Making Threat to San Diego, California, VAMC**

A Veteran was arrested after he told a VA social worker that he was going to start killing people at the San Diego, CA, VAMC. An OIG investigation revealed that the defendant
left voicemail messages after he was discharged from the medical center due to his disruptive behavior.

**Veteran Arrested for Harassment**
A Veteran and former Compensated Work Therapy employee was arrested for harassment. An OIG, U.S. Secret Service, Federal Protective Service, and VA Police Service investigation identified the Veteran as the suspect who authored and placed a threatening letter on an OIG agent’s vehicle. The defendant previously made unfounded allegations against the same VA supervisor.

**VA Police Officer Indicted for Interstate Communications and False Statements**
A VA police officer was indicted for interstate communications (extortion) and false statements. An OIG investigation revealed that the officer used his position to access a state law enforcement database to obtain personal information regarding a U.S. Army service member in an attempt to further his extortion scheme. The defendant threatened to post sexually explicit images and provide embarrassing information on social media if the service member failed to pay additional money on a previously satisfied personal loan. Also, while off-duty and not in any official capacity, the defendant conducted a traffic stop of an off-duty local police officer using his own personally-owned vehicle that was equipped with emergency lights, siren, and radio.

**Former Tucson, Arizona, VAMC Nurse Sentenced for Drug Diversion**
A former Tucson, AZ, VAMC nurse was sentenced to 10 months’ incarceration and 5 years’ probation after pleading guilty to acquisition of a narcotic drug. An OIG investigation revealed that for 6 months the defendant stole over 1,700 controlled substances to include morphine, oxycodone, and hydromorphone.

**Former Hines, Illinois, VA Employee Charged with Theft**
A former Hines, IL, VA employee was charged in a criminal information with theft. During an OIG investigation, the defendant admitted to stealing 17 laptop computers between 2008 and 2011 from the Hines Information Technology Center. The defendant then sold the computers to a pawn shop. The loss to VA is $17,000.

**Two Non-Veterans Arrested for Theft of Government Property**
Two non-Veterans were arrested for theft of Government property. An OIG, Internal Revenue Service CID, and local police investigation revealed that the defendants used Veterans’ personally identifiable information, obtained from stolen VA medical records and other individuals’ information, to file $469,391 in fraudulent tax returns.

**Former VA Fiduciary Charged with Misappropriation by a Fiduciary**
A former VA fiduciary was charged in a criminal information with misappropriation by a fiduciary. An OIG investigation determined that the defendant, who is an attorney and former police officer, embezzled approximately $137,000 of VA benefits from his brother-in-law, a disabled Veteran.
Veteran’s Daughter Pleads Guilty to Misappropriation by a Fiduciary
The daughter of a Veteran, who was his VA-appointed fiduciary, pled guilty to misappropriation by a fiduciary after an OIG investigation revealed that she embezzled approximately $251,500 from her father’s funds. From October 2004 to September 2010, the defendant submitted fictitious annual accountings and certificate of deposit forms to VA. An accounting submitted in 2010 reported that $244,857 was held in savings and certificate of deposit accounts when there was less than $100 remaining in these accounts. The defendant admitted to falsifying the financial records to prevent VA from terminating her as her father’s fiduciary.

VA-Appointed Fiduciary Sentenced for Misappropriation
A VA-appointed fiduciary was sentenced to 4 years’ probation, ordered to wear a location monitoring device for 180 days, and pay restitution of $28,309 after pleading guilty to misappropriation by a fiduciary. An OIG investigation revealed the defendant misappropriated $35,000 in VA benefits intended for the Veteran.

Veteran Pleads Guilty to Making False Statements
A Veteran pled guilty to knowingly making false statements related to a health care matter. An OIG investigation revealed that the defendant made materially false statements concerning his physical abilities and limitations. The loss to VA is $119,490.

Veteran Sentenced for Grand Larceny
A Veteran and former U.S. Postal Service (USPS) employee was sentenced to 1 to 3 years’ incarceration and ordered to pay restitution of $400,000 after pleading guilty to grand larceny. A VA OIG, USPS OIG, and local police investigation revealed that the defendant befriended an elderly disabled Veteran while working as his postal carrier. From January 2006 to February 2013, the defendant stole over $400,000 from the victim’s accounts, which included VA benefits, using ATM withdrawals and balance transfers while the victim was residing in a VAMC nursing home.

Dallas, Texas, VAMC Nurse Indicted for Workers’ Compensation Fraud
A Dallas, TX, VAMC licensed vocational nurse was indicted and subsequently arrested for making a false statement to obtain Federal employee’s compensation and theft of Government funds. A VA OIG and DOL OIG investigation revealed that the defendant was employed while she was receiving Office of Workers’ Compensation Programs (OWCP) payments based on an injury she sustained at the medical center. The defendant admitted to providing false information to DOL in an effort to conceal the fact that she was working while receiving OWCP benefits.

Friend of Deceased VA Beneficiary Charged with Theft of Government Funds
The friend of a VA widow beneficiary pled guilty to a criminal information charging her with theft of Government funds. An OIG investigation revealed that the defendant stole VA benefits that were direct deposited after the beneficiary’s death in April 2003. The loss to VA is $130,371.
**Veteran Sentenced for Theft of Government Funds**

A Veteran was sentenced to 18 months’ incarceration and ordered to pay VA $205,402 in restitution after pleading guilty to theft of Government funds. An OIG investigation revealed that the defendant made false claims for benefits for post-traumatic stress disorder stemming from trauma received while serving in support of Operation Desert Storm and also claimed to be unemployable and housebound since 1996. The investigation determined that the Veteran earned a Master’s Degree in Education and worked full-time as a teacher for over 8 years.

**Veteran Pleads Guilty to VA Travel Benefit Fraud**

A Veteran pled guilty to a criminal information charging him with filing a false claim with VA in connection with VA’s beneficiary travel program. An OIG investigation determined that from October 2011 to January 2013 the defendant submitted approximately 60 fraudulent travel claims reporting that he traveled 506 miles roundtrip to the Togus, ME, VAMC. The mileage from the defendant’s residence to the medical center was only 96 miles. The loss to VA is $10,448.

(Original signed by Richard J. Griffin, Deputy Inspector General for:)

GEORGE J. OPFER
Inspector General