



Department of Veterans Affairs

Office of Inspector General

March 2014 Highlights

OIG REPORTS

Poor Internal Controls Gave Advantage to Vendor Whose Lease Proposal for Butler Healthcare Center Had Numerous False Statements

In June 2013, the Office of Inspector General (OIG) issued a Management Advisory Memorandum advising VA of the findings of its review of the lease awarded to Westar Development Company, LLC (Westar) for the Butler, PA, Healthcare Center. OIG found that Westar principals made false and misleading statements regarding its Veteran ownership status, past performance and experience, and teaming arrangements. A follow-on review found that VA's change to a one-step lease acquisition process created an advantage for Westar and that VA officials did little to verify material facts disclosed by Westar such as Veteran ownership, past experience, and teaming arrangements. OIG's review also determined that VA did not have support for its decision to dismiss a protest of the lease awarded to Westar and that VA's financial analysis of the lease cost was not accurate. VA Management did not agree with OIG's findings relating to the identified deficiencies, but largely agreed with the recommendations.

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

Funds for Grants To Help Veteran Families Avoid Homelessness Spent Properly, Eligibility Verification Can Improve

At the request of the House Committee on Veterans' Affairs, Subcommittee on Health, OIG conducted this audit to determine if the Veterans Health Administration's (VHA's) Supportive Services for Veteran Families (SSVF) program grantees appropriately expended program funds. In December 2010, VA established the SSVF program to rapidly re-house homeless Veteran families and prevent homelessness for those at imminent risk due to a housing crisis. For fiscal years (FYs) 2012 and 2013, VHA awarded about \$60 million and \$100 million in SSVF grants, respectively, and has increased awards to nearly \$300 million for FY 2014. OIG found that VHA's SSVF program has adequate financial controls in place that are working as intended to provide reasonable assurance that funds are appropriately expended by grantees. OIG determined program staff were reviewing grantee timecards, invoices for temporary financial assistance, subcontractor costs, and conducted annual inspections. However, SSVF program officials can improve controls to ensure only eligible Veterans and their family members participate in the program. OIG found three of five grantees used outdated area median income (AMI) limits to determine eligibility for the program. In addition, four of five grantees did not verify Veterans' discharge status with the required "Certificate of Release or Discharge from Active Duty" (DD 214).

This occurred because some grantees were not aware when new AMI limits were published. To avoid delaying program participation, grantees did not always follow up to ensure receipt of the required DD 214 when an interim eligibility document was used. As a result, VHA risks providing SSVF services to ineligible Veterans or excluding eligible Veterans from the program. OIG recommended the Under Secretary for Health

ensure SSVF program management implements a mechanism to inform grantees when the most current AMI limits are published and ensure grantees comply with eligibility documentation requirements. The Under Secretary for Health concurred with OIG's recommendations and provided an appropriate action plan. OIG considers the SSVF program actions sufficient and closed the recommendations as completed.

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

Miami VA Medical Center Residential Rehab Program Cited for Lapses in Patient Monitoring, Drug Screening, and Contraband Detection

OIG conducted a review of an unexpected patient death in the substance abuse residential rehabilitation treatment program (SARRTP) at the Miami VA Medical Center (VAMC), part of the Miami VA Healthcare System (HCS). OIG found that a patient died in his room in the SARRTP, and autopsy results indicated the patient died from cocaine and heroin toxicity. This patient had a history of multiple positive urine drug screens while in the SARRTP. OIG found that the SARRTP security surveillance camera was not working at the time of the patient's death and was still not working at the time of the site visit, and no alternative arrangements were made to monitor patients in the absence of an operational camera. OIG found that evening, night, and weekend SARRTP staff often sat in a back room where they had an extremely limited view of the unit and no view of the unit's entrance/exits. OIG also found that staff were not consistent in their methods of contraband searches and did not monitor patient whereabouts or unit visitors as required.

VHA mandates that there be one staff member on the SARRTP unit at all times. OIG found that staff was not present at all times as required. OIG reviewed the electronic health records of other SARRTP patients to determine the frequency of illicit substance use among program participants. Not including potential false positives due to prescribed medication, we found that 7 of 21 patients had a positive urine drug screen or Breathalyzer test while in the SARRTP. OIG concluded that the current system of surveillance and supervision of patients did not adhere to VHA policy. OIG made four recommendations. [\[Click here to access report.\]](#)

OIG Review Reveals Problems with Physician Qualifications, Practitioner Oversight, and Morale at Des Moines, Iowa, HCS

OIG conducted an inspection in response to a request by Senators Charles Grassley and Tom Harkin, both of whom received allegations of administrative irregularities, leadership lapses, and quality of care concerns at the VA Central Iowa HCS. OIG did not substantiate that a physician was not qualified for his/her position; however, the physician did not meet Accreditation Council for Graduate Medical Education (ACGME) standards for a position he/she filled temporarily. OIG did not substantiate that a physician had inappropriately performed skin biopsies, that a physician obstructed the cardiology consult process, nor that the nursing staff turnover rate was high and due to discontent with facility leadership.

OIG substantiated that a physician did not follow ACGME standards in the selection process of physician staff whose duties would include teaching, the facility did not

complete Focused Professional Practice Evaluations as required, and there was a decline in staff morale. OIG also substantiated that staff were unclear as to who was authorized to perform out of Operating Room airway management. OIG recommended that the Veterans Integrated Service Network (VISN) Director ensure that staff meet ACGME requirements and that the facility Director ensure: (a) that the selection of physicians participating in medical educational activities is within the standards of the ACGME's Residency Review Committee, (b) a standardized process for the management of cardiology consults is implemented, (c) Focused Professional Practice Evaluations are consistently completed, and (d) a comprehensive list of staff authorized to perform out of Operating Room airway management is maintained.

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

Complaints Unsubstantiated Against Diagnostic Imaging Services at North Florida/South Georgia Veterans Health System, Gainesville and Lake City, Florida

OIG conducted an inspection in response to complaints about diagnostic imaging services at the North Florida/South Georgia Veterans Health System, Gainesville, and Lake City, FL. OIG substantiated that some patients with documented contrast media (contrast) allergies received contrast for Computed Tomography (CT) exams; however, there were processes in place to address potential adverse effects of contrast administration. OIG did not substantiate that patient deaths occurred as a result of contrast administration. OIG substantiated that ureteral stent placements were performed in a cystoscopy clinic without general anesthesia; however, OIG found that other appropriate measures were taken to provide pain control. Further, OIG did not substantiate that the clinic setting was chosen so that urology resident physicians could perform a required number of stent placements for professional education. OIG substantiated that a staff member in the CT department was absent for a protracted period but did not substantiate that the reduced staffing resulted in a backlog of patients. OIG did not substantiate that a pre-procedure marking was incorrect or that a patient's bowel was perforated. OIG did not substantiate that after-hours radiologist support was lacking for CT technologists at the Lake City campus. OIG did not substantiate that the CT scanner at the Lake City Campus was beyond its useful life and broke down weekly. The scanner had been serviced by the manufacturer with an up-time rate greater than 98 percent. A new scanner has recently been installed in accordance with a routine replacement schedule. OIG made no recommendations.

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

Combined Assessment Program Reviews

In March 2014, OIG published five Combined Assessment Program (CAP) reviews containing findings for the medical centers and health care systems listed below. The purpose of the CAP reviews was to evaluate selected health care facility operations and to provide crime awareness briefings. Topics reviewed may vary due to differences in services provided at each facility, the need to follow up on previous CAP findings, or the rotation of CAP review topics over time. The reviews covered the following seven activities: (1) quality management, (2) environment of care (EOC), (3) medication management (MM), (4) coordination of care, (5) nurse staffing, (6) pressure ulcer

prevention and management, and (7) community living center Resident Independence and Dignity (excluding the Overton Brooks VAMC).

- [Atlanta VAMC, Decatur, Georgia](#)
- [Eastern Colorado HCS, Denver, Colorado](#)
- [Oscar G. Johnson VAMC, Iron Mountain, Michigan](#)
- [Overton Brooks VAMC, Shreveport, Louisiana](#)
- [Syracuse VAMC, Syracuse, New York](#)

Community Based Outpatient Clinic Reviews

In March 2014, OIG published seven Community Based Outpatient Clinic (CBOC) reviews containing findings at select CBOCs and primary care clinics that fall under the oversight of the parent facilities listed below. The purpose of the CBOC reviews was to evaluate four operational activities: (1) EOC, (2) alcohol use disorder, (3) MM, and (4) designated women's health provider proficiency.

- [Atlanta VAMC, Decatur, Georgia](#)
- [Caribbean HCS, San Juan, Puerto Rico](#)
- [Eastern Colorado HCS, Denver, Colorado](#)
- [Loma Linda HCS, Loma Linda, California](#)
- [Louis Stokes Cleveland VAMC, Cleveland, Ohio](#)
- [Oscar G. Johnson VAMC, Iron Mountain, Michigan](#)
- [Overton Brooks VAMC, Shreveport, Louisiana](#)

CRIMINAL INVESTIGATIONS

Former VA Contracting Officer Pleads Guilty To Accepting Bribes

A former VA contracting officer pled guilty to receipt of a bribe by a public official. An OIG and Federal Bureau of Investigation (FBI) investigation revealed that for approximately 4 years the defendant, responsible for administering VA contracts worth millions of dollars, accepted bribes including cash, two vehicles, airplane tickets, hotel stays, and professional football tickets all worth \$105,742 in exchange for her influence in awarding contracts. In return for the bribes, the defendant was able to ensure continuous work for the contractors at various VA campuses.

VA Contractor Arrested for Fraud

A VA contractor was arrested for conspiracy, mail fraud, wire fraud, and bank fraud relating to a large-scale Ponzi scheme. An OIG and FBI investigation revealed that the defendant accepted more than \$125 million from investors who believed they were financing company contracts to supply latex gloves to VA. In reality, company sales totaled only about \$25,000 per year. As part of the scheme, the defendant falsified VA invoices and letters and also requested one of his employees to impersonate a VA contracting official.

Former Augusta, Georgia, VAMC Nurse Arrested for Assaulting Patient

A former Augusta, GA, VAMC nurse was indicted and subsequently arrested for assaulting a patient. An OIG investigation revealed that the defendant entered a

patient's room, with other staff present, and without provocation punched the patient on his side, resulting in two fractured ribs.

Veteran Sentenced for Making Threats to Atlanta, Georgia, VAMC Medical Staff

A Veteran was sentenced to 2 years' incarceration and 4 years' probation after pleading guilty to making terroristic threats. An OIG investigation revealed that the defendant threatened to kill Atlanta, GA, VAMC medical staff by going to his residence to get a weapon, return, and shoot them in the head if he was not granted a 100 percent disability pension rating. The Veteran left the VAMC and before he could return got into a shootout with local police at his residence after the officers responded to a domestic disturbance call. The Veteran was charged separately for this offense.

Veteran Indicted for Making Threats To Destroy the Buffalo, New York, VAMC

A Veteran was indicted for threats by telephone to unlawfully damage and destroy a building, unlawful possession of a firearm, and unlawful possession of ammunition. An OIG and Bureau of Alcohol, Tobacco, Firearms, and Explosives investigation revealed that the defendant made a telephonic threat to destroy the Buffalo, NY, VAMC by means of an explosive. The Veteran was also discovered to be in possession of a firearm and ammunition and was charged for these offenses based on previous commitments to a psychiatric facility.

Veteran Arrested for Threatening To Kill Roseburg, Oregon, VAMC Employee

A Veteran was arrested for communicating an interstate threat. An OIG, FBI, VA Police Service, and local police investigation revealed that the defendant threatened to kill his ex-wife, a Roseburg, OR, VAMC employee. The defendant made threatening statements to his wife by text messages and voicemails while she was on duty at the VAMC.

Six Years in Prison, \$105K Judgment for Former Tampa VAMC Employee Who Stole Identities of Over 100 Inpatients

A former Tampa, FL, VAMC employee was sentenced to 72 months' incarceration, 36 months' supervised release, 50 hours' community service, and ordered to pay \$105,271 in restitution after pleading guilty to access device fraud and aggravated identity theft. An OIG, Internal Revenue Service (IRS) Criminal Investigation, and local police investigation revealed that the defendant, a former Tampa VAMC medical support assistant, stole the personally identifiable information (PII) of inpatients and then traded the information for crack cocaine. The PII was subsequently used to file \$831,890 in fraudulent tax returns and to obtain lines of credit. The sentence in this case included a vulnerable victim enhancement penalty because the defendant targeted VAMC inpatients.

Former Brooklyn, New York, VAMC Psychiatrist Sentenced for Health Care Fraud

A former Brooklyn, NY, VAMC psychiatrist was sentenced to 18 months' incarceration, 36 months' supervised release, and ordered to forfeit \$1.2 million and pay Medicare restitution after pleading guilty to health care fraud. A VA OIG and Health and Human Services OIG investigation revealed that the defendant submitted false and fraudulent

Medicare claims while operating a private practice. The fraud included home visits billed to Medicare while the defendant was on approved sick or bereavement leave from VA.

Long Beach, California, VAMC Employee Arrested for VA Pension Fraud

A Long Beach, CA, VAMC employee, who was also a Veteran, was arrested for pension fraud. An OIG investigation revealed that while employed by the VAMC the defendant applied for and received approximately \$60,746 in VA pension benefits without disclosing that between 2007 and 2011 he had earned approximately \$155,000 in wages.

Former Bath, New York, VAMC Nurse Pleads to Drug Diversion

A former Bath, NY, VAMC nurse pled guilty to a criminal information charging her with possession of oxycodone. An OIG and VA Police Service investigation determined that the defendant diverted controlled substances for her own use. The defendant utilized “as needed” orders to withdraw the medications, documenting the charts as if she had administered the drugs to patients. The defendant usually diverted drugs on the night shift when most of the patients reported being asleep.

Dallas, Texas, VAMC Nurse Pleads Guilty to Workers’ Compensation Fraud

A Dallas, TX, VAMC licensed vocational nurse pled guilty to making a false statement to obtain Federal workers’ compensation benefits. A VA OIG and Department of Labor (DOL) OIG investigation revealed that from November 2007 to June 2011 the defendant received Office of Workers’ Compensation Program (OWCP) benefits while she was gainfully employed during all or part of that time period. The defendant admitted to being employed while receiving OWCP benefits and to providing false information in an effort to conceal her employment.

Veteran Arrested for VA and Workers’ Compensation Fraud

A Veteran was arrested for fraud and false statements, mail fraud, wire fraud, and false statements to obtain Federal workers’ compensation benefits. A VA OIG, USPS OIG, and DOL OIG investigation revealed that the defendant, who receives over \$9,000 a month in VA and workers’ compensation benefits, greatly exaggerated his disabilities and was observed engaging in activities that were inconsistent with his claims. Though allegedly wheelchair bound, the defendant has only been observed using a wheelchair for his appointments with VA and using a cane when attending scheduled DOL and USPS exams. The defendant was also observed playing horseshoes, riding a bicycle, and engaging in a wide variety of physical activities while on a cruise.

Former Dublin, Georgia, VAMC Nurse Pleads Guilty to Fraud

A former Dublin, GA, VAMC nurse, who was collecting workers’ compensation benefits, pled guilty to a criminal information charging her with mail fraud. A VA OIG and DOL OIG investigation revealed that the defendant made more than 200 false claims for mileage and medical cost reimbursements to OWCP. The loss to the Government is approximately \$461,000. The defendant was remanded into custody while awaiting sentencing.

Los Angeles, California, VAMC Engineer's Employment Terminated for Conflict of Interest

A Los Angeles, CA, VAMC engineer's employment was terminated for engaging in activities that created a conflict of interest by accepting gifts or gratuities from contractors and for lack of candor. An OIG investigation determined that the employee engaged a contractor to perform work on his personal residence at a significantly discounted price. The employee then failed to disclose this relationship when participating in VA contract negotiations and price determinations involving this contractor.

Former Richmond, Virginia, Housekeeping Aid Sentenced for Travel Benefit Fraud

A former Richmond, VA, housekeeping aid was sentenced to 134 days' incarceration (time served), 3 years' supervised release, and ordered to pay VA \$2,334 after pleading guilty to theft of Government benefits. An OIG investigation revealed that the defendant submitted fraudulent travel reimbursement vouchers to the VAMC claiming that he was traveling from a non-existent address in Lynchburg, VA.

Veteran Sentenced for Travel Benefit Fraud

A Veteran was sentenced to 4 month's home detention, 5 years' probation, and ordered to pay restitution of \$23,795. An OIG investigation revealed that from September 2008 to June 2013 the defendant submitted 740 fraudulent travel benefit vouchers to the Clarksburg, WV, VAMC. The defendant claimed that he resided 40 miles from the facility when he actually lived a few miles from the VAMC.

Former Employee of Non-Profit Research Institute Pleads Guilty to Theft and Misuse of a Passport

A former employee of a VA affiliated non-profit research institute pled guilty to theft from programs receiving Federal funds and misuse of a passport. A VA OIG, U.S. Department of Homeland Security, Immigration and Customs Enforcement, U.S. Department of State, Diplomatic Security Service (DSS), and Social Security Administration (SSA) OIG investigation revealed that the defendant used a false social security number (SSN), date of birth, and passport to conceal his criminal history and obtain employment with the research institute. After gaining employment, the defendant fraudulently opened two corporate accounts in the name of a VA research group and deposited 20 checks totaling approximately \$68,000. When arrested, the defendant was living approximately 100 miles away from his initial location and had obtained employment and housing using another fictitious name, SSN, date of birth, and passport. The other investigative agencies joined the case after it was determined that the defendant committed additional criminal offenses in an effort to elude capture and gain new employment.

Veteran's Brother Arrested for Embezzling Funds

A former VA fiduciary was arrested for dealing in the proceeds of unlawful activity, theft, and theft by deception. An OIG investigation determined that the defendant, a fiduciary

for his Veteran brother, embezzled VA funds and used the money for gambling and other personal expenses. The loss to the Veteran is approximately \$41,000.

Defendant Sentenced for Theft of Government Funds and Identity Theft

A defendant was sentenced to 61 months' incarceration, 3 months' probation, and ordered to pay VA \$122,134 in restitution after pleading guilty to theft of Government funds and aggravated identity theft. An OIG and DSS investigation determined that beginning in approximately 1986 the defendant assumed the identities of at least five different individuals. On four occasions, the defendant entered the military under fraudulent identities and obtained VA education benefits using one of these fraudulent identities. This investigation also determined that the defendant obtained U.S. passports under two fraudulent identities and had applied for passports under other identities.

Federal Grand Jury in Puerto Rico Returns Seven-Count Indictment Against Man Who Received VA Benefits Using Assumed Identity

A Veteran was indicted and subsequently arrested for wire fraud, theft, identity theft, aggravated identity theft, false statements, and false statements in application and use of a passport. An OIG and DSS investigation revealed that the defendant fraudulently enlisted in the U.S. Army by using his cousin's identity after being discharged and barred from re-enlistment under his own identity. The defendant admitted to using his cousin's identity in order to fraudulently re-enlist and obtain VA compensation, education, and medical benefits. The loss to VA is approximately \$904,000.

Veteran Pleads Guilty to Conspiracy To Defraud the Government

A Veteran pled guilty to conspiracy to defraud the Government. An OIG investigation revealed that the defendant submitted false claims to VA in order to receive VA disability compensation and education benefits for injuries allegedly sustained while in the U.S. Marine Corps. The loss to VA is approximately \$90,000.

Veteran Sentenced for Making False Statements to VA

A Veteran was sentenced to 5 months' incarceration, 5 months' home detention, 1 year of supervised probation, and ordered to pay VA restitution of \$101,163 after pleading 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 alleged physical limitations. The loss to VA is \$119,490.

Veteran Indicted for Fraud and False Statements

A Veteran voluntarily surrendered after being indicted for health care fraud and making false statements pertaining to health care matters. An OIG investigation revealed that the subject misrepresented the extent and severity of his disabilities. The defendant claimed he was unable to walk and was rated for loss of use of both feet. Investigation revealed that the defendant was able to walk without any assistance. The loss to VA is approximately \$260,000.

Veteran Arrested for Theft of Government Funds and False Statements

A Veteran was arrested for theft of Government funds and false statements. An OIG investigation revealed that the defendant, in order to receive VA compensation, fraudulently claimed Vietnam service and submitted an altered DD-214 indicating that he received a Purple Heart and Vietnam Gallantry Cross. A review of the Veteran's service record indicated that he never served in Vietnam and did not receive the claimed military awards. The defendant served aboard Navy ships that were not deployed to Vietnam or to any other combat zone. The loss to VA is approximately \$102,000.

Veteran Pleads Guilty to Theft and Conspiracy

A Veteran pled guilty to theft of Government funds and conspiracy in making false statements to Federally-licensed firearms dealers. An OIG investigation revealed that the defendant fraudulently obtained VA compensation benefits of approximately \$7,500 per month by claiming the loss of the use of both legs. The Veteran was observed ambulating freely, driving a vehicle, rolling hay bales, and operating a riding lawnmower. The Veteran's wife was placed into a pre-trial diversion program and ordered to pay restitution for her part in the scheme to defraud VA. Additionally, the Veteran's mother and stepfather pled guilty to conspiracy in making false statements to Federally-licensed firearms dealers after the investigation revealed that in 2011 and 2012 they purchased over 25 firearms for the defendant, who is a registered sex offender and is prohibited from possessing firearms due to a prior felony conviction for committing a lewd act with a minor. The loss to VA is \$159,297.

Veteran Pleads Guilty to Theft of Government Funds

A Veteran pled guilty to theft of Government funds. A VA OIG and U.S. Postal Service (USPS) OIG investigation revealed that the defendant, who was in receipt of VA individual unemployability and other Federal disability benefits, was the owner and operator of an auto sales and laundromat business while reporting that he was unemployed and had no income. The total loss to the Government is approximately \$500,000, with VA's loss being approximately \$105,000.

Veteran Sentenced for "Stolen Valor" Fraud

A Veteran was sentenced to 5 years' probation, ordered to pay \$10,000 in restitution and to participate in a substance abuse treatment program after pleading guilty to false statements related to the delivery of health care. The defendant fraudulently claimed military service during the Vietnam War and that he received military awards and citations to include the Purple Heart, Bronze Star, Silver Star, and Combat Infantry Badge. Over the past 7 years, the defendant received VA health care and VA travel benefits for post-traumatic stress disorder appointments.

Service Officer Sentenced for Possession of Child Pornography

A former Vietnam Veterans of America service officer was sentenced to 48 months' incarceration, lifetime probation, and ordered to register as a sex offender after pleading guilty to possession of child pornography. An OIG investigation revealed that the

defendant possessed child pornography on his personal laptop that was located in an office at the St. Petersburg, FL, VA Regional Office.

Former USPS Maintenance Manager Sentenced for Drug Theft

A former USPS maintenance manager was sentenced to 5 years' probation and ordered to pay an \$8,000 fine and \$558 in restitution. A VA OIG and USPS OIG investigation revealed that between April and October 2012 the defendant stole more than 17 mail packages containing the Schedule II narcotic Vicodin that was shipped from a VA Consolidated Mail Outpatient Pharmacy. The defendant confessed to stealing all of the VA's missing medications and was in possession of two of the packages when caught by postal supervisors.

Veteran Arrested for Possession of Heroin with Intent To Distribute

A Veteran was arrested for possession of heroin with intent to distribute. An OIG and VA Police Service investigation revealed that the defendant sold heroin to patients at the Boston, MA, VAMC. The defendant was identified during an undercover operation at the VAMC, and when confronted the defendant admitted to being in possession of heroin that he intended to sell.

Veteran Arrested for Prescription Fraud

A Veteran was arrested after being indicted for obtaining a controlled substance by fraud and aiding and abetting. An OIG investigation revealed that the defendant altered a legitimate VA prescription form issued in 2009 and produced blank copies to obtain narcotics issued under the name of a VA nurse practitioner. As part of the scheme, the defendant used multiple aliases, forged the signature of the nurse practitioner, and used a false Drug Enforcement Administration number. The defendant is currently on state probation for a similar offense committed in 2011.

Non-Veteran Sentenced for Drug Possession

A non-Veteran was sentenced to 2 years' incarceration and ordered to pay a \$7,500 fine after being found guilty at trial of multiple drug possession charges. An OIG investigation revealed that a Veteran obtained over 2,200 doses of a controlled substance from VA and his private physician, which the Veteran then provided to the defendant. A felony warrant for the Veteran remains outstanding.

Defendant Sentenced for Misuse of SSN

A defendant was sentenced to 33 months' incarceration, 3 years' supervised release, and ordered to pay restitution of \$177,694 (\$58,052 to SSA and \$119,642 to VA) jointly and severally with another defendant after pleading guilty to misuse of a SSN. A VA OIG and SSA OIG investigation revealed that the defendant conspired with the daughter of a deceased beneficiary to receive, forge, and negotiate VA and SSA benefit checks that were issued after the beneficiary's death in July 2002.

Daughter of Deceased VA Beneficiary Sentenced for Theft of VA Benefits

The daughter of a deceased VA beneficiary was sentenced to 10 months' confinement in a halfway house, 60 months' probation, 12 months' home detention, and ordered to

pay VA \$103,557 in restitution. An OIG investigation revealed that the defendant failed to report her mother's May 2005 death to VA and subsequently stole VA benefits that were direct deposited to the beneficiary's account. The loss to VA is \$103,557.

Veteran's Son Indicted for Misappropriation

The son of a VA beneficiary was indicted for theft from an elderly person and forgery. An OIG investigation revealed that the defendant, who was a VA-appointed fiduciary, misappropriated approximately \$30,800 in VA benefits from his father and used the stolen funds to pay for personal expenses. As a result of the misappropriation, the Veteran and his spouse accrued \$53,022 in debt to their assisted living facility. The defendant also forged and negotiated a \$95,763 life insurance check paid to the Veteran. The loss to the Veteran is approximately \$126,583.

Beauty School Owner Sentenced for Making False Statements

The owner of a beauty school in Richmond, VA, who was approved to teach cosmetology to students eligible to receive VA education benefits, was sentenced to 20 months' incarceration, 3 years' supervised release, and ordered to pay VA \$85,610 in restitution after pleading guilty to false statements. An OIG investigation determined that after a second defendant's cosmetology school in Chesapeake, VA, was destroyed by fire and she lost her teaching accreditation with the State of Virginia, the two defendants conspired to recruit and train students eligible to receive benefits in the Chesapeake area while submitting paperwork to VA fraudulently certifying that the students were enrolled and receiving training at the Richmond beauty school. The second defendant also pled guilty to false statements and is pending sentencing.

Fugitive VA Employee Arrested with Assistance of OIG

A Phoenix, AZ, VAMC employee was arrested by the local police with the assistance of OIG and VA Police Service. The employee was wanted for the rape of a 9-year-old girl.

Fugitive Veterans Arrested with Assistance of OIG

A Veteran was arrested by the local police with the assistance of OIG and the VA Police Service at the Phoenix, AZ, VAMC. The Veteran had been shot by local police and was wanted for unlawful flight from law enforcement and aggravated assault with a weapon against an officer. A second Veteran wanted for sexual battery, burglary with assault, and false imprisonment was arrested by the U.S. Marshals Service with the assistance of OIG agents.

Four Defendants Arrested on Multiple Fraud Charges

Four defendants were arrested after being indicted for conspiracy, mail fraud, check forgery, aggravated identity theft, and access device fraud. An OIG and U.S. Secret Service investigation revealed that the defendants were involved in a conspiracy to steal and negotiate U.S. Treasury checks from VA and IRS. One of the co-conspirators was a former VISN employee. After indictment, two defendants fled and were captured 2 months later by the U.S. Marshals Service. Both subjects were ordered held pending trial.

Former Dell Contractor Indicted for Theft of Government Property

A former Dell contractor assigned to the Jackson, MS, VAMC was indicted for theft of Government property. An OIG investigation revealed that the defendant stole desktop and laptop computers from the VAMC and sold them on Craigslist. Two stolen VA computers were recovered during the investigation.



Richard J. Griffin
Acting Inspector General