Veterans Health Administration Investigations

West Los Angeles, California, VA Medical Center Employee Sentenced for Assault

A West Los Angeles, CA, VA Medical Center (VAMC) employee was sentenced to three years’ probation, and was ordered to pay restitution and serve 364 days in a residential/outpatient treatment program after pleading guilty to assaulting another VA employee with a deadly weapon. An Office of Inspector General (OIG) investigation revealed that, during an argument, the defendant used his VA-issued utility knife to stab another employee. The victim sustained an eight-inch laceration on his torso and another stab wound, resulting in 13 stitches. The defendant retired from VA.

Former Gainesville, Florida, VAMC Nurse Manager Indicted for Diversion of Controlled Substances

An OIG investigation resulted in charges that the defendant diverted oxycodone and hydromorphone and that she consumed these controlled substances up to four times per shift while working at the medical center. The defendant admitted to the diversions and subsequently resigned from VA.

Veteran Arrested for Drug Distribution at Bedford, Massachusetts, VAMC

A veteran was arrested after an OIG and Drug Enforcement Administration investigation resulted in charges that the veteran and a co-conspirator were distributing crack cocaine from their apartments, located at the medical center, to veterans in VA substance abuse treatment. Further investigation identified the veterans’ crack cocaine source of supply as two known Boston, Massachusetts, gang members with significant criminal records. The veteran initially fled after a search warrant was executed at his apartment, and four other defendants were arrested. The other defendants were also charged with drug distribution.

Veterans Benefits Administration Investigations

Veteran and Spouse Sentenced for VA Compensation Fraud

A veteran was sentenced to 36 months’ incarceration and three years’ probation, and his spouse was sentenced to three years’ probation. Both defendants were also ordered to pay restitution of $1,237,427 ($922,137 to VA and $315,290 to Department of Labor (DOL)). The veteran previously pled guilty to wire fraud and his spouse previously pled guilty to misprision of a felony, which requires the knowledge of and concealment of a felony. A VA OIG, United States Postal Service OIG, DOL OIG, and VA Police Service investigation revealed that the veteran, who was rated 100 percent disabled and received special monthly compensation for the loss of use of both feet and major...
depressive disorder, was able to ambulate and carry out daily tasks with a clear ability to use both of his feet. Additionally, the veteran was receiving federal workers’ compensation benefits from an injury he fraudulently claimed to have suffered through his previous employment with the Postal Service. The veteran’s spouse was charged in relation to her assistance in furthering the fraud by pushing her husband in his wheelchair to his VA appointments and benefiting financially from the proceeds.

**Veteran Sentenced for VA Compensation Fraud**

A veteran was sentenced to 21 months’ incarceration, three years’ supervised release, and was ordered to pay restitution of $201,521 after pleading guilty to wire fraud. An OIG investigation revealed that the defendant fraudulently claimed to VA that he was unable to walk and was confined to a wheelchair. The investigation revealed that the defendant did not use a wheelchair or any other assistive device except during VA appointments. Additionally, VA determined that the defendant also lied about having post-traumatic stress disorder (PTSD) and that he was overpaid an additional $200,000 in PTSD benefits that have been ordered to be reimbursed to VA. The investigation also prevented the veteran from using a recently awarded $67,000 adaptive housing grant.

**Veteran Indicted for VA Compensation Fraud**

A second veteran, who is the brother of a previously indicted veteran, was indicted as part of a second superseding indictment for healthcare fraud, wire fraud, and false statements. An OIG investigation resulted in charges that the veterans and various family members were part of a conspiracy to defraud VA. One of the brothers owned and operated various companies while claiming to be unemployed due to his service-connected disabilities. The investigation further revealed the same veteran allegedly was gainfully employed while in receipt of VA Individual Unemployability (IU) compensation benefits and was obtaining multiple government set-aside contracts, most with VA, while being 100 percent service-connected for PTSD. Also, several family members allegedly submitted fraudulent claims to VA on the initial defendant’s behalf and were all instrumental in his fraudulent receipt of VA benefits. Further, a second defendant allegedly made the same fraudulent claims as his brother and submitted the exact same documents as supporting evidence for claims of PTSD. In addition, his parents also submitted fraudulent claims on his behalf, just as they did for his brother, in order for him to fraudulently obtain VA compensation benefits. To date, the loss to VA is approximately $175,000.

**Veteran Indicted for Wire Fraud and False Statements**

An OIG investigation resulted in charges that the defendant owned and managed a sports bar and restaurant in Costa Rica while receiving VA IU benefits because of alleged service-connected migraine headaches and depression. The investigation also revealed that the defendant brought home large amounts of cash from his business to his home near Appleton, WI. The loss to VA is in excess of $150,000.
Nephew of Deceased VA Beneficiary Pleads Guilty to Theft of Government Funds

A VA OIG, Social Security Administration (SSA) OIG, and Office of Personnel Management (OPM) OIG investigation resulted in the defendant being charged with stealing his aunt’s VA, SSA, and OPM benefits that were direct deposited to a joint account after her death in September 1995. The loss to the Government is over $360,000, to include a loss to VA of approximately $209,000.

Niece of VA Beneficiary Signs Plea Agreement

The niece of a dependency and indemnity compensation beneficiary signed a plea agreement admitting to stealing VA benefits that were direct deposited after her aunt’s death in June 2007. As part of the agreement, the defendant will pay VA restitution of $112,275.

Other Investigations

Parking Services Owner Indicted on Multiple Charges

The owner of a parking services company was indicted for conspiracy to commit bribery and major fraud against the United States, wire fraud, interstate transportation of money obtained by fraud, willfully causing an act to be done that is an offense against the United States, and subject to criminal forfeiture. An OIG investigation resulted in charges that the defendant bribed a VA Contracting Officer (CO) in order to commit fraud against VA. The defendant entered into a sharing agreement with VA, which required the defendant to pay VA 60 percent of collected gross parking revenue. Instead, the defendant allegedly paid the CO approximately $286,000 in bribes between 2003 and 2017, which included “hush money,” in order to continue the conspiracy even after the CO retired from VA. In addition, the defendant allegedly underreported income and overreported improvements to VA. Between 2003 and 2016, the defendant is alleged to have defrauded VA of approximately $12.1 million, not including unreported cash revenue and money owed to VA for 2017. The execution of 20 search and seizure warrants resulted in the seizure of approximately $218,000 in cash, four brokerage accounts, seven bank accounts, six luxury vehicles, two safe-deposit boxes, and one racing boat. The government filed a formal notice of legal action against three condominiums owned by the defendant in Santa Monica, California, valued at approximately $7.5 million. The defendant remains in custody pending further judicial action.

Welding School Owner Pleads Guilty to Wire Fraud Conspiracy and Making and Subscribing a False Tax Return

An investigation by the OIG and Internal Revenue Service-Criminal Investigations revealed that the defendant provided false information to VA concerning the number of hours of instruction and the manner and quality of the instruction provided to enrolled veterans whose tuition was paid for by VA. Enrolled veterans rarely, if ever, received instruction from school employees. Many enrolled veterans visited the school only to sign-in to create the appearance that they were attending the required number of hours. In addition, the owner hired a recruiter who enrolled at least 20 veterans at the school.
These veterans were told they would not have to attend classes, but could still receive their monthly housing allowance from VA. To date, VA has paid over $1.4 million to the school in tuition and over $1.1 million to veteran enrollees in housing allowances and books and supply stipends.

**Business Owner Sentenced for Service-Disabled Veteran-Owned Small Business Fraud**

A business owner, who provided financing to several service-disabled veteran-owned small businesses and minority-owned businesses, was sentenced to 24 months’ incarceration and three years’ supervised release after pleading guilty to conspiracy. The defendant’s business was also sentenced to five years’ probation and was ordered to pay a $500,000 fine. In addition, a service-disabled veteran was sentenced to three years’ probation after pleading guilty to charges of having knowledge of a felony but failing to report the act to authorities. A VA OIG, Department of Agriculture OIG, Air Force Office of Special Investigations, Army Criminal Investigations Division, Defense Criminal Investigative Service, Small Business Administration (SBA) OIG, and U.S. Department of Energy OIG investigation revealed that over $350 million in set-aside construction contracts were fraudulently obtained after several subjects conspired in creating companies for the sole purpose of obtaining set-aside government contracts. The subjects provided false information to VA and the SBA by concealing the fact that the companies were not controlled by veterans, service-disabled veterans, minorities, or women.

**Jamaican National Indicted for Conspiracy to Commit Wire Fraud**

A Jamaican national was indicted for conspiracy to commit wire fraud in connection with an eBenefits redirection scheme. A VA OIG, Homeland Security Investigations, and Treasury OIG investigation revealed that suspects in Jamaica were allegedly engaged in the redirection of monthly benefit payments of VA and SSA beneficiaries. The debit cards containing the benefit payments were subsequently mailed to the defendant in the United States, who withdrew the funds, and after adjusting for his fee, transferred the remaining money back to Jamaica. The investigation also revealed that the defendant was involved in lottery scams, which targeted elderly and vulnerable victims. The defendant was previously arrested in July based on a criminal complaint, confessed to his role in the scheme, and agreed to cooperate. This New York-based investigation, which has resulted in four arrests to date, began as a proactive, nationwide effort to combat the growing problem of veterans’ benefits redirections. It is estimated that approximately $7 million in VA benefits have been redirected nationwide since 2015.

**Assaults and Threats Made Against VA Employees**

**Veteran Sentenced for Assault of Federal Officer**

A veteran was sentenced to 15 years’ incarceration and three years’ supervised release after being found guilty at trial of assault on a federal officer. An OIG investigation revealed that the defendant intentionally used his vehicle to strike a uniformed VA police officer while departing the Montgomery, Alabama, VA Regional Office. The VA police officer was medically retired because of the injuries sustained from this incident.
Veteran Arrested for Threatening to Assault and Murder a Federal Official

An OIG investigation revealed that between 2015 and 2017 the defendant allegedly made several threats to intimidate, assault, and murder VA employees and contractors at the Tampa, Florida, VAMC. Specifically, the defendant threatened to cut the heads off VA employees, threatened to “blow up” VA, and claimed he could get away with murder because of his VA disability rating.

Veteran Arrested and Indicted for Threatening to Assault, Kidnap, and Murder an Employee of the United States

An OIG investigation resulted in charges that the defendant made numerous threatening statements towards a VA doctor during 880 calls that he made over a weekend to Senator John McCain’s office; the Tucson, Arizona, VAMC; and the White House.

Veterans Involuntarily Committed for Treatment

A veteran was involuntarily committed for mental health treatment at the Fayetteville, North Carolina, VAMC after threatening to take his firearm and enter the medical center to shoot VA staff. The veteran told VA crisis line employees and VA doctors that they would see the shooting event on the news and know they talked to the shooter. The veteran is a convicted felon. With the assistance of Bureau of Alcohol, Tobacco, Firearms and Explosives agents, the veteran was interviewed at his residence. The veteran agreed to a consent search that resulted in the seizure of two rifles, two shotguns, and ammunition.

A second veteran was involuntarily committed for mental health treatment at the Fayetteville, North Carolina, VAMC due to threats made during a compensation and pension examination. The veteran told his doctor that he wanted to enter a VA building and begin shooting, was mentally unstable, and was homicidal not suicidal.

RECENTLY RELEASED REPORTS

Audit of VHA’s Timeliness and Accuracy of Choice Payments Processed Through the Fee Basis Claims System – The OIG evaluated Choice payments processed through VA’s Fee Basis Claims System from November 2014 through September 2016.

Review of Alleged Mismanagement of VA’s Real Time Location System Project – The OIG reviewed an allegation claiming VA management failed to comply with VA policy and guidance when it deployed Real Time Location System assets without appropriate project oversight.

Audit of VHA’s Alleged Beneficiary Travel Processing Irregularities at the VAMC in Phoenix, Arizona – Allegations were reviewed by the OIG that the Carl T. Harden VAMC did not consistently process beneficiary travel mileage claims.
Audit of VHA’s Management of Primary Care Panels – The OIG evaluated whether the VHA effectively maximized access to primary care providers by evaluating new enrollee processing into primary care panels as well as the panel sizes.

Review of Alleged Appeals Data Manipulation at the VA Regional Office, Roanoke, Virginia – The OIG reviewed an anonymous allegation that Veterans Service Center staff at the Roanoke VARO combined appeals to lower the pending inventory and achieve production goals by entering incorrect data into VA’s electronic system.

Comprehensive Healthcare Inspection Program Reviews

Comprehensive Healthcare Inspection Program (CHIP) reviews are one element of the OIG’s overall efforts to ensure that our nation’s veterans receive high-quality and timely VA health care services. The reviews are performed approximately every three years for each facility. OIG selects and evaluates specific areas of focus on a rotating basis each year. The following are OIG’s current areas of focus:

(1) Leadership and Organizational Risks
(2) Quality, Safety, and Value
(3) Medication Management
(4) Coordination of Care
(5) Environment of Care
(6) High-Risk Processes
(7) Long-Term Care
(8) Mental Health Residential Rehabilitation Treatment Program
(9) Posttraumatic Stress Disorder Care

VA Eastern Kansas Health Care System, Topeka, Kansas
John D. Dingell VA Medical Center, Detroit, Michigan
Bath VA Medical Center, Bath, New York

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