



Department of Veterans Affairs

Office of Inspector General

January 2018 Highlights

CRIMINAL INVESTIGATIONS

Veterans Health Administration Investigations

Two Former Little Rock, Arkansas, VA Medical Center Employees Sentenced After Pleading Guilty to Conspiracy to Possess with Intent to Distribute Oxycodone

The first defendant was sentenced to 30 months' incarceration, three years' supervised release, and was ordered to pay restitution of \$22,000. The second defendant was sentenced to 48 months' incarceration, three years' supervised release, and was ordered to pay restitution of \$77,722. An Office of Inspector General (OIG) investigation revealed that both defendants were involved in drug diversion from the medical center.

Former Orlando, Florida, VA Medical Center Registered Nurse Sentenced for Drug Diversion

A former Orlando, Florida, VA Medical Center (VAMC) registered nurse was sentenced to two years' probation. An OIG and VA Police Service investigation revealed that for approximately six months the defendant diverted 467 vials of Fentanyl. The defendant tested positive for Fentanyl and marijuana and subsequently resigned from VA. The Florida Department of Health is in the process of revoking the defendant's nursing license.

Former Denver, Colorado, VA Medical Center Nurse Pleads Guilty to Drug Diversion

A former Denver, Colorado, VAMC contract nurse pled guilty to tampering with a consumer product and obtaining a controlled substance by deceit or subterfuge. An investigation by OIG and the Food and Drug Administration Office of Criminal Investigations revealed that the defendant diverted approximately 20 syringes of Hydromorphone while at the VAMC and tampered with two vials of Fentanyl while working at a non-VA hospital.

Former Bradenton, Florida, Employee Sentenced for Drug Diversion

A former Bradenton, Florida, VA Community Based Outpatient Clinic employee was sentenced to four years' probation. An OIG and VA Police Service investigation revealed that for over six months the defendant changed the addresses of 19 veterans in the Computerized Patient Record System (CPRS) to her own address. The defendant then called the VA's Consolidated Mail Outpatient Pharmacy and ordered refills of the veterans' Tramadol prescriptions utilizing the veterans' Social Security numbers and prescription numbers. After receiving the shipments of Tramadol, the defendant changed the veterans' addresses in CPRS back to the correct addresses. The defendant diverted 28 shipments of Tramadol, totaling 4,020 individual pills.

Former Cincinnati, Ohio, VA Medical Center Acting Chief of Staff Found Guilty at Trial of Illegal Distribution of a Controlled Substance

An OIG investigation revealed that the defendant prescribed controlled substances to a former Veterans Integrated Service Network (VISN) director's wife, who is not a veteran. The former VA physician's Drug Enforcement Administration license was restricted to federal official duties only and was voluntarily surrendered by the defendant during the investigation.

Veterans Benefits Administration Investigations**Former VA Field Examiner Indicted for Wire Fraud, Theft of Public Money, and False Statements**

OIG investigators found that the defendant allegedly drafted a Last Will and Testament for an incompetent veteran and listed himself as the sole beneficiary of the veteran's financial assets, valued at approximately \$680,000. The defendant resigned from employment with VA in lieu of termination. In preparation for trial on the initial charges, it was discovered that the defendant was 100 percent service-connected due to claims he submitted to VA alleging he could not work as a result of mental health issues. The subsequent investigation revealed that during the time frame the defendant claimed he could not work, he was actually working full time. A VA Regional Office review revealed that the defendant should have never received a 100 percent rating. A \$142,000 overpayment resulted from the defendant's alleged false statements and misrepresentations.

Board Members Indicted for Fiduciary Fraud

Four members from the board of directors of a professional fiduciary company were arrested after being indicted for aggravated identity theft, fiduciary misappropriation, mail fraud, and money laundering. Criminal forfeiture was also ordered for two vehicles and five properties. A VA OIG, Federal Bureau of Investigation (FBI), Internal Revenue Service (IRS), Social Security Administration (SSA) OIG, and U.S. Marshals Service investigation resulted in charges that allege that the defendants embezzled more than \$4 million from their special needs clients to support lavish lifestyles for themselves and their families. The defendants allegedly submitted 34 fraudulent annual VA Fiduciary Statement of Accounts and also created and submitted approximately 700 fraudulent bank statements in support of the annual statements. The loss is \$2.7 million.

Former Veterans Benefits Administration Employee Pleads Guilty to Bribery and Wire Fraud

The OIG found that the defendant fraudulently used the identities of multiple veterans to prepare special monetary payments that resulted in direct deposits of VA benefits into multiple bank accounts held either by the defendant or his co-defendant. The loss to VA is \$66,996.

Veteran Sentenced for VA Compensation Fraud

A veteran was sentenced to nine months' home detention, five years' probation, and was ordered to pay \$583,485 in restitution to VA after pleading guilty to the theft of government funds. An OIG investigation revealed that the defendant falsified the extent of his vision-related disability for over 20 years and subsequently received a 100 percent service-connected rating for blindness in both eyes. In reality, the defendant had an extensive driving history, visual acuity of 20/40 during his last Florida vision test, and 20/25 and 20/40 visual acuity recorded from a private optometrist.

Veteran Arrested for Theft of Government Funds and False Statements

A VA OIG and SSA OIG investigation resulted in the defendant being indicted for allegedly submitting false statements to VA and SSA. For approximately five years, the veteran worked as a "conceal and carry" instructor while receiving VA Individual Unemployability (IU) benefits and SSA disability benefits without reporting the income. As a result of the false statements, the veteran continued to receive IU benefits as well as VA dependent education benefits. The loss to VA is approximately \$277,500 and the loss to SSA is \$37,000.

Veteran Pleads Guilty to Healthcare Fraud

An OIG and FBI investigation revealed that the veteran used an altered DD-214, which is a Certificate of Release or Discharge from Active Duty, to report that he had 23 years of military service that included serving in combat during the Gulf War and Operation Iraqi Freedom. The investigation revealed that the defendant never left the United States during his two brief enlistments in the United States Army Reserves. The defendant falsely claimed to various VA healthcare professionals that while serving in Iraq he was exposed to gunfire, witnessed soldiers die, and was injured by an improvised explosive device. The defendant was subsequently awarded an 80 percent service-connection for multiple conditions, including post-traumatic stress disorder (PTSD), and was paid at 100 percent due to IU. The defendant's spouse was also paid over \$40,000 in VA Caregiver Support Program payments. The loss to VA is approximately \$250,000.

Veteran Charged with Theft of Government Funds

An OIG investigation resulted in charges that allege the veteran, who was in receipt of VA benefits to include IU, reported to VA that he was unemployed and had no income. The defendant is alleged to be the owner, operator, and a senior realtor of a real estate business. After being honorably discharged from the U.S. Marine Corps with multiple reported physical ailments and being granted IU, the defendant continued to operate the business by selling and renting various properties in eastern North Carolina. The loss to VA is \$183,180.

Veteran and Spouse Charged with VA Compensation and Social Security Fraud

A veteran and his spouse, who is a VA employee, were indicted for conspiracy to defraud the government. The veteran was also indicted for theft of government funds. Both defendants are alleged to have made false claims to both SSA and VA that

subsequently resulted in the veteran obtaining Social Security disability benefits and VA compensation. The loss to the SSA is \$264,049 and the loss to VA is \$118,283.

Veteran Pleads Guilty to Filing False Claims

An OIG investigation revealed that in 1975 the defendant served three weeks of Army basic training before being discharged. In 2010, the defendant filed a claim for PTSD with IU, alleging that he was severely beaten by his drill instructors to the point of unconsciousness on 20 occasions and had no income or employment. The investigation further revealed that while the defendant owned and operated a home remodeling business, he also received federally funded state unemployment benefits, certifying that he was able and looking for work. The loss to VA is approximately \$100,000.

Daughter of Deceased VA Beneficiary Sentenced for Theft of Government Funds

The daughter of a deceased VA beneficiary was sentenced to six months' incarceration, 36 months' probation, and was ordered to pay \$186,717 in restitution after pleading guilty to theft of government funds. An OIG investigation revealed that the defendant stole VA benefits that were direct deposited after her mother's death in 2003.

Daughter of Deceased VA Beneficiary Indicted for Theft of VA Benefits

An OIG investigation resulted in charges that allege the defendant received, forged, and negotiated VA benefit checks that were issued after her mother's death in 2006. The loss to VA is \$135,284.

Niece of Deceased VA Beneficiary Pleads Guilty to Theft of Government Funds

The niece of a deceased VA beneficiary pled guilty to theft of government funds and agreed to pay VA restitution of \$112,275. An OIG investigation resulted in the defendant being charged with stealing VA benefits that were direct deposited after her aunt's death in 2007.

Son of Deceased VA Beneficiary Pleads Guilty to Theft of Government Funds

The son of a VA beneficiary pled guilty to theft of government funds. An OIG investigation revealed that the defendant stole VA benefits that were direct deposited after his mother's death in 2007. The loss to VA is \$108,791.

Other Investigations

West Los Angeles, California, VA Medical Center Contracting Officer Charged in Bribery Investigation

A West Los Angeles, California, VAMC contracting officer was charged with lying to OIG agents and filing a false tax return after admitting that he accepted approximately \$286,250 in cash bribes and "hush money" from a VA contractor. The investigation resulted in charges that the owner of a parking services company allegedly bribed the defendant in order to commit fraud against VA. The contractor entered into a sharing agreement with VA, which required the contractor to pay VA 60 percent of gross parking revenue. Between 2003 and 2016, the contractor allegedly defrauded VA of

approximately \$12.1 million, not including unreported cash revenue and funds owed VA for 2017. The contractor, who was arrested in November 2017, remains in custody pending trial.

Political Consulting Business Owner Pleads Guilty to Conspiracy to Commit Fraud against the United States

A VA OIG, IRS Criminal Investigations, FBI, Department of Housing and Urban Development OIG, Federal Deposit Insurance Corporation (FDIC) OIG, Department of Health and Human Services OIG, Department of Labor (DOL) OIG, and Medicaid Fraud Control Unit of the Missouri Attorney General's Office investigation revealed that the owner was part of a conspiracy to unjustly enrich himself and others through a nonprofit organization that contracted with VA to provide substance abuse counseling and housing services for veterans. As part of the conspiracy, the owner and others unlawfully used the nonprofit's funds for political contributions, excessive lobbying and political advocacy, and paid themselves through a system of kickbacks that disguised the nature and source of the payments. To increase the supply of funds from which they could embezzle and steal, the conspirators caused the nonprofit to seek out and obtain additional sources of revenue, including federal program funds, through "political outreach" that violated both law and public policy. As part of the conspiracy, the defendant allegedly negotiated \$264,000 in kickback payments to the executives of the nonprofit organization. From 2010 to 2016, the nonprofit had revenues of approximately \$837 million, to include \$1.7 million contributed by VA.

Non-Veteran Business Owner Charged with Wire Fraud and Money Laundering

A VA OIG, Defense Criminal Investigative Service, IRS, FBI, General Services Administration OIG, Small Business Administration OIG, Army Criminal Investigations Division, and Naval Criminal Investigative Service investigation resulted in charges that allege the defendant falsely represented his construction company to be a qualified Service Disabled Veteran Owned Small Business (SDVOSB). As a result, the business received \$16.5 million in SDVOSB set-aside contracts, to include \$1.9 million in VA contracts that the business was not entitled to receive. The defendant is alleged to have used his father-in-law's rating to obtain SDVOSB status and set-aside contracts for the company and then passed the contracts on to his own business.

Former St. Louis, Missouri, VA Medical Center Supervisor Sentenced for Theft

A former St. Louis, Missouri, VAMC supervisor was sentenced to 20 months' incarceration, 36 months' probation, and was ordered to pay VA restitution of \$180,000 after pleading guilty to conspiracy to steal government funds. A VA OIG and FDIC OIG investigation revealed that from February 2014 to April 2015, the defendant issued purchase card payments of \$451,853 to three vendors for unnecessary maintenance work at the medical center. During this time, the vendors kicked back approximately \$136,500 to the defendant.

Former VACO Employee Indicted for Attempted Trafficking in Access Devices, Aggravated Identity Theft, and Possession of Access Device-Making Equipment

An OIG investigation resulted in charges that allege the defendant was attempting to collect and sell the personally identifiable information of numerous veterans and VA employees. The investigation remains ongoing.

Subjects Charged with Prescription Medication Fraud

Three subjects were charged relating to their involvement with a pharmacy that provided prescription medication to patients participating in DOL's Office of Workers' Compensation Program (OWCP). A VA OIG, U.S. Postal Service OIG, DOL OIG, IRS, and Department of Homeland Security OIG investigation resulted in charges that allege the defendants were unlawfully billing multiple federal agencies for prescription medication, through the DOL OWCP, in return for kickbacks from the clinic's owner. Overall, the defendants were responsible for billing OWCP for \$8 million in claims for prescription medication obtained through illegal kickback payments, which resulted in payments of at least \$4 million from DOL. The loss to VA is approximately \$200,000.

Assaults and Threats Made against VA Employees**Veteran Sentenced for Making Threats to VA**

A veteran was sentenced to between five and 23 months' incarceration after pleading guilty to terroristic threats causing the evacuation of a building. An OIG and VA Police Service investigation revealed that the defendant placed a call to a county emergency dispatcher and stated that one of the main buildings at the Lebanon, Pennsylvania, VAMC was "going to blow-up in ten minutes." The veteran's threat caused an evacuation and suspension of patient care services in the main building for several hours while law enforcement officers canvassed the medical center for explosives. The defendant claimed that he made the call because he had become frustrated with the medical center.

Veteran Charged with Making Terroristic Threats

A veteran was charged with terroristic threats after allegedly threatening a VA Fiduciary Hub field examiner. An OIG, VA Police Service, and local police investigation resulted in charges that allege the defendant made the threat during a telephone conversation with a VA Veteran's Crisis Line responder.

Veteran Pleads Guilty to Threatening a Federal Official

The defendant threatened to kill a nurse at the San Jose, California, VA Community Outpatient Clinic. Under the terms of a plea agreement, the veteran will remain under federal supervision for one year, submit to daily breathalyzer tests, and attend 30 days' residential substance abuse treatment.

RECENTLY RELEASED REPORTS

[Audit of Medical Support Assistant Workforce Management at the Phoenix VA Health Care System](#) – In response to a request from Congresswoman Kyrsten Sinema, the OIG conducted an evaluation of the effectiveness of the system's management of its outpatient Medical Support Assistant workforce.

[Administrative Investigation – Improper Locality Pay, Office of the General Counsel, Pacific District South, Phoenix, Arizona](#) – The OIG investigated allegations that an employee in the Office of the General Counsel improperly received the higher locality pay for Los Angeles, California, while living and working in Phoenix, Arizona.

[Administrative Investigation – Improper Relocation Allowance and Market Pay, Veterans Health Administration, Washington, DC](#) – The OIG investigated an allegation that a senior Veterans Health Administration (VHA) employee misused VA travel funds for personal rather than official business. The OIG did not substantiate the original allegation; however, OIG uncovered improper relocation allowance and market pay received by the subject of the investigation.

[Healthcare Inspection – Alleged Women's Health Care Issues, Gulf Coast Veterans Health Care System, Biloxi, Mississippi](#) – An inspection was conducted by the OIG in response to allegations regarding gynecology and women's primary health care services at the facility.

[Healthcare Inspection – Patient Mental Health Care Issues at a VISN 16 Facility](#) – The OIG conducted a healthcare inspection to assess the merit of allegations from a complainant about mental health care provided to a patient at a VISN 16 facility prior to his suicide.

[Healthcare Inspection – Delays in Processing Release of Information Requests, Bay Pines VA Healthcare System, Bay Pines, Florida](#) – A healthcare inspection was conducted by the OIG in response to allegations regarding the Release of Information section at the C.W. Bill Young VAMC of the Bay Pines VA Healthcare System.

[Audit of VHA's Use of Appropriations to Develop a System Enhancement and Mobile Health Applications](#) – An audit was conducted by the OIG regarding VHA's use of appropriations to develop a system enhancement and mobile health applications.

[Combined Assessment Program Summary Report – Management of Disruptive and Violent Behavior in VHA Facilities](#) – The OIG completed an assessment of how VHA facilities manage disruptive and violent behavior.

[Healthcare Inspection – Primary Care Provider's Clinical Practice Deficiencies and Security Concerns, Fort Benning, Georgia, VA Clinic](#) – The OIG conducted a healthcare inspection regarding clinical practice concerns and lack of security at the VA Clinic located at the U.S. Army Garrison of Fort Benning, Georgia, which is part of the Central Alabama Veterans Health Care System.

[Review of Alleged Funding Security Issues of the Veterans Services Adaptable Network at VA Medical Center Orlando, Florida](#) – A review was conducted by the OIG in response to a Hotline complaint about development of the Veterans Services Adaptable Network at the Orlando VAMC.

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 healthcare services. The reviews are performed approximately every three years for each facility. The OIG selects and evaluates specific areas of focus on a rotating basis each year. The following are the 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) PTSD

[Grand Junction Veterans Health Care System, Grand Junction, Colorado](#)

[Minneapolis VA Health Care System, Minneapolis, Minnesota](#)

[New Mexico VA Health Care System, Albuquerque, New Mexico](#)

[VA Southern Oregon Rehabilitation Center and Clinics, White City, Oregon](#)

[South Texas Veterans Health Care System, San Antonio, Texas](#)

[Huntington VA Medical Center, Huntington, West Virginia](#)



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