CRIMINAL INVESTIGATIONS

Veterans Health Administration Investigations

Non-VA Care Chiropractor Pled Guilty to Theft from a Healthcare Program

A non-VA care (community-based care) chiropractor pled guilty to one count of theft from a healthcare program. An investigation by the Office of Inspector General (OIG) resulted in charges that the defendant submitted over $220,000 in claims for alleged chiropractic treatments provided to a single veteran during a one-year period. On multiple occasions, the defendant never treated the veteran, made arrangements for the veteran to receive massages and copper tub treatments at a local spa, and in turn billed the VA for those spa treatments.

Former Little Rock, Arkansas, VA Medical Center Employee Sentenced for Drug Diversion

A former Little Rock VA Medical Center (VAMC) employee pled guilty to conspiracy to possess with intent to distribute oxycodone. The defendant was sentenced to 30 months’ incarceration, three years’ supervised release, and was ordered to pay restitution of $22,000. An investigation by the OIG revealed that the defendant and two other former VA employees were involved in drug diversion from the medical center.

Former Reno, Nevada, VA Medical Center Physician’s Assistant Charged with Drug Diversion

A former Reno VAMC Physician’s Assistant (PA) was charged with unlawful supply of a controlled substance and conspiracy. In addition, a non-veteran was charged with unlawful supply of a controlled substance, conspiracy, and obtaining a dangerous drug by fraud. An investigation by the OIG, Reno Police Department, and Nevada Department of Public Safety resulted in charges that the former PA used his position to write over 100 prescriptions of narcotics for personal use. The non-veteran then assisted with the submission and retrieval of the prescriptions from various commercial pharmacies in northern Nevada. Both individuals were arrested on the same day.

Veteran Arrested for Drug Distribution at West Haven, Connecticut, VA Medical Center

A VA OIG, Drug Enforcement Agency, VA Police Service, and local police investigation resulted in charges that the defendant sold heroin to veterans at the West Haven VAMC. The investigation was initiated based on a history of illicit drugs being used at the medical center, a recent drug overdose, and the concerns of staff.
Veteran Arrested for Drug Distribution at Northampton, Massachusetts, VA Medical Center

A veteran was indicted and subsequently arrested for heroin distribution. A VA OIG, Massachusetts State Police, local law enforcement, and VA Police Service investigation resulted in charges that the defendant, who resided in a homeless shelter at the Northampton VAMC, was selling heroin to veterans. The investigation was initiated to address a history of illicit drug use and drug overdoses at this VAMC.

New York, New York, VA Medical Center Employee Arrested for Drug Possession

A VAMC employee was arrested on four counts of possession of a controlled substance. A VA OIG, Housing Authority OIG, local police department, and VA Police Service investigation resulted in charges that during his tour of duty, the defendant would buy and use heroin at a nearby housing development on a daily basis and return to work. The defendant also admitted to purchasing heroin for at least one other coworker.

Nashville, Tennessee, VA Medical Center Nurse Charged with Assault

A VAMC Nurse was arrested after being charged with assault. An investigation by the OIG and VA Police Service resulted in charges that the defendant assaulted multiple female VAMC employees and had a pattern of inappropriate sexual contact and harassment towards female VA employees.

Former Memphis, Tennessee, VA Medical Center Nursing Assistant Indicted for a Civil Rights Violation

A former Memphis VAMC Nursing Assistant was arrested after being indicted for a civil rights violation, which charged him with deprivation of rights under color of the law. An investigation by the VA OIG, VA Police Service, and Department of Justice resulted in charges that the defendant assaulted a veteran patient in the psychiatric ward. The defendant was fired from his position as a result of the investigation.

Veteran Indicted for Child Pornography

A veteran was indicted and arrested on federal charges for receipt of the visual depiction of a minor engaging in sexually explicit conduct and possession of child pornography. A VA OIG, Homeland Security Investigations, and Texas Department of Public Safety investigation resulted in charges that the defendant used a VA network to access a Google account containing child pornography while residing at the Big Spring, Texas, VAMC. The defendant subsequently admitted to possessing and viewing child pornography. This investigation was initiated based on a tip from the National Center for Missing and Exploited Children.
Veterans Benefits Administration Investigations

**VA Beneficiary and Husband Indicted for Conspiracy and Theft of Government Property**

An OIG investigation resulted in charges that a VA beneficiary, with assistance from her husband, fraudulently led VA to believe she was so severely disabled that VA granted her special monthly compensation benefits for the loss of the use of both feet. The investigation revealed that the VA beneficiary had little to no limitations, and that she received no assistance from her husband. The loss to the VA is over $942,000. They were indicted for conspiracy and theft of government property.

**Veteran and Wife Sentenced for VA Compensation Fraud**

A joint VA OIG and SSA OIG investigation revealed that a veteran exaggerated his injuries caused by an improvised explosive device while serving in Operation Iraqi Freedom. After receiving surgery and treatment for his injury, the veteran improved but falsely claimed that his condition worsened and that he was unable to walk. The fraud resulted in the veteran receiving service-connected disability benefits for the loss of use of both feet and post-traumatic stress disorder (PTSD). As a result, the veteran received services and benefits to which he was not actually entitled, including housing adaptation, homemaker/home health care, and education benefits for his children. Additionally, his wife falsified SSA documents that resulted in the veteran obtaining additional government benefits. They were sentenced after pleading guilty to aiding and abetting in the theft of government funds. The veteran was sentenced to two years’ imprisonment and ordered to pay restitution of approximately $612,700 to VA and $233,300 to the Social Security Administration (SSA). The veteran’s spouse was sentenced to eight months’ imprisonment and ordered to pay restitution of approximately $233,300 to SSA.

**Veteran Sentenced for VA Compensation Fraud**

An OIG investigation revealed that in 2005, VA granted a veteran unemployability benefits after he fraudulently claimed to be too disabled to work. The defendant owned and operated his own business and lied to VA about his employment status. He was sentenced to five years’ probation and ordered to complete 500 hours of community service after pleading guilty to one count of theft of government funds. The defendant was also ordered to pay restitution to VA totaling over $486,000. That amount represents disability compensation benefits, education benefits paid to the veteran’s dependents, and the Civilian Health and Medical Program of the Department of Veterans Affairs medical benefits also paid on behalf of the veteran’s dependents.
Former Philadelphia, Pennsylvania, VA Regional Office Employee and his Father-in-Law Charged in Wire Fraud Scheme

A former Philadelphia VA Regional Office (VARO) employee was arrested after being indicted for wire fraud and aggravated identity theft. In addition, the veteran’s father-in-law was arrested after being charged with wire fraud and aiding and abetting. An OIG investigation resulted in charges that this former VA employee used his position to release fraudulent VA pension award money to multiple co-schemers in exchange for kickbacks. The loss to VA is over $421,000.

Daughter of Deceased VA Beneficiary Charged with Theft of Government Funds

The daughter of a deceased VA beneficiary was arrested after being charged with theft of government funds. An investigation by the OIG and Federal Bureau of Investigation (FBI) resulted in charges that between February 2012 and April 2016, the defendant stole VA funds totaling over $49,000 by forging and cashing U.S. Treasury checks that were issued to her deceased mother after her death in April 2005. The defendant’s brother was also allegedly involved in this fraudulent scheme and has not yet been charged. The loss to VA is approximately $195,000.

Veteran Indicted for VA Compensation Fraud

A veteran was indicted and arrested for the retention of stolen government property. An investigation by the OIG resulted in charges that the defendant submitted an altered DD-214 on which he changed the character of service to honorable and the reason for separation to medical. The defendant’s original DD-214 listed the character of service as bad conduct and the reason for separation as a court-martial. As a result of the altered DD-214, the defendant received approximately $165,000 in VA compensation benefits to which he was not entitled.

Veteran Sentenced for False Statements

A veteran was sentenced to five years’ probation with one year of monitored home detention, and ordered to pay an estimated $153,900 in restitution after pleading guilty to one count of making false statements in relation to a health care matter. An OIG investigation revealed that the defendant made false statements regarding his mental condition, which caused him to fraudulently receive special monthly compensation benefits from 1999 to 2013. Despite reporting to VA that he could not leave his house due to his mental state, the veteran was employed during the same period of time by the U.S. Army and Navy in various locations in the United States and abroad.

Daughter of Deceased VA Beneficiary Indicted for Theft of Government Funds

The daughter of a deceased veteran was arrested for theft of government funds after she was indicted for fraudulently collecting VA dependency and indemnity compensation benefits. A VA OIG and SSA OIG investigation resulted in charges that the defendant stole VA and SSA funds that were paid to her deceased mother after her
death in March 2010. The loss to VA is about $98,000 and the loss to SSA is over $30,400.

**Son-in-Law of Deceased Beneficiary Sentenced for Theft of Government Funds**

The son-in-law of a deceased VA beneficiary was sentenced to five years’ probation, 100 hours of community service, and ordered to pay restitution of over $79,000 to VA. An OIG investigation revealed that the defendant, who previously pled guilty to theft of government funds, forged the signature of the deceased VA beneficiary on approximately 67 VA benefit checks and then deposited the funds into his personal account.

**Veteran Sentenced for False Statements**

A veteran was sentenced to 60 months of probation after his conviction by a jury on one count of false statements. An investigation by the OIG revealed that the defendant lied about serving a combat tour in Iraq in 2007 in order to obtain PTSD benefits to which he was not entitled. This defendant never left the United States during his six-month enlistment with the United States Army. The loss to VA is over $68,000.

**Son of Deceased VA Beneficiary Indicted for Theft of Government Funds**

The son of a deceased VA and SSA beneficiary was indicted on two counts of theft of government funds. A joint VA OIG, SSA OIG, and New York State Police investigation resulted in charges that the defendant stole VA and social security funds that were direct deposited into his deceased father’s bank account. The loss to SSA is approximately $85,000 and the loss to VA is approximately $28,000. During the course of this investigation and two subsequent search warrants, the deceased beneficiary’s identification and clothing were found along with a book depicting how to disappear and never be found. The human remains of the deceased beneficiary were found in a wooden box in a storage unit. The investigation into the cause and manner of the beneficiary’s death is ongoing.

**Other Investigations**

**Former Advanced BioHealing Inc. Federal Sales and Marketing Director Sentenced for Conspiracy to Commit Healthcare Fraud**

The former federal sales and marketing director for Advanced BioHealing Inc. (ABH) was sentenced to three years’ probation and a $5,000 fine after pleading guilty to felony conspiracy to commit healthcare fraud. The defendant provided gifts to VA physicians that used the company’s product including all-expense paid fishing trips to Mexico and Wyoming, concert tickets, and travel. A VA OIG, FBI, Health and Human Services (HHS) OIG, and Defense Criminal Investigative Services investigation of an alleged illegal medical product marketing scheme revealed that several VA clinicians, working at various facilities across the country, accepted gratuities from the company while
employed at VA. The investigation determined that ABH sales representatives provided cash, trips, concert tickets, and expensive meals to clinicians in exchange for promoting the company’s product within VA. Relationships that began as approved speaking engagements changed over time into clinicians functioning as de facto sales representatives. ABH sales to VA during the time the gratuities were paid to VA clinicians were approximately $147 million.

Construction Company Pled Guilty to Conspiracy to Commit Wire Fraud

A Kansas City, Missouri, Service-Disabled Veteran-Owned Small Business (SDVOSB) Construction Company pled guilty to conspiracy to commit wire fraud as the result of a “rent-a-vet” scheme to fraudulently obtain more than $13.8 million in federal contracts, including $13.7 million in VA contracts, for work in nine states. Immediately following the guilty plea, the SDVOSB was placed on probation for one year and ordered to pay $400 in mandatory penalty assessment fees. Sentencing is pending for two defendants who previously pled guilty in connection with this investigation. A VA OIG-led investigation, with assistance from the Government Services Administration OIG, revealed the two defendants used one of the defendant’s Service-Disabled Veteran (SDV) status to create this “pass-through” company for the purpose of obtaining 20 set-aside SDVOSB and Veteran-Owned Small Business contracts. The work was then subcontracted to a non-SDVOSB, which was owned by another non-veteran defendant. The SDV owner maintained full-time work as a government employee and did not control the day-to-day management, operations, or make long-term decisions.

Former Nonprofit Organization Executive Indicted for Conspiracy to Embezzle

A former executive was arrested after being indicted for conspiracy to embezzle from a nonprofit organization and receipt of a bribe by an agent of an organization receiving federal funds. A VA OIG, Internal Revenue Service (IRS) Criminal Investigation, FBI, Housing and Urban Development OIG, Federal Deposit Insurance Corporation OIG, HHS OIG, Department of Labor (DOL) OIG, and Medicaid Fraud Control Unit of the Missouri Attorney General’s Office investigation resulted in charges that the defendant 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. The defendant 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, 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. The defendant also allegedly received approximately $153,000 from a lobbying firm in the form of kickback payments. From 2010 to 2016, the nonprofit had revenues of approximately $837 million, to include $1.7 million from VA.
Straw Owner of a Fraudulent Service-Disabled Veteran-Owned Small Business Pled Guilty to Conspiracy to Commit Wire Fraud

A veteran who served as a straw business owner for a SDVOSB pled guilty to conspiracy to commit wire fraud. An OIG investigation revealed that by actively engaging in a “rent-a-vet” scheme which involved the defendant, this Houston-based company unlawfully obtained 12 VA set-aside contracts valued at approximately $1.64 million. Federal charges are pending against the actual business owner.

Two Subjects Arrested for Office of Workers’ Compensation Program Fraud

Two subjects were arrested relating to their involvement with a pharmacy that provided prescription medication to Office of Workers’ Compensation Program (OWCP) patients. An arrest warrant was filed for a third subject who is now considered an international fugitive. An OIG, United States Postal Service OIG, DOL OIG, IRS, and Department of Homeland Security (DHS) OIG investigation resulted in charges that 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 roughly $23.3 million in claims for prescription medication obtained through illegal kickback payments, and were paid at least $11.6 million from DOL. The loss to VA is approximately $650,000.

Naturalized U.S. Citizen Sentenced for e-Benefits Redirection Scheme

The defendant was arrested in 2016 after Customs and Border Protection Officers, pursuant to a referral from VA OIG and DHS, conducted an examination of her personal belongings and discovered approximately $102,800 in undeclared US currency. A joint OIG and DHS investigation revealed that the seized funds were the proceeds of redirected monthly benefit payments of VA and SSA benefits recipients and Jamaican lottery scam victims. The defendant was sentenced to time served in addition to two years’ supervised release and six months’ home confinement after pleading guilty to bulk cash smuggling in connection with an e-Benefits redirection scheme. As a result of the initial plea agreement, the defendant also agreed to forfeiture of those funds. The defendant was further ordered to forfeit $3,000 and to pay a special assessment fee of $100. 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 over $7 million in VA benefits have been redirected nationwide since 2015.

Non-Veteran Pled Guilty to Aggravated Identity Theft and Conspiracy

A VA OIG, IRS, and Tampa Police Department investigation revealed that the defendant illegally obtained numerous Tampa, Florida, VAMC records and compromised the personal identifying information for at least 20 veterans by filing fraudulent tax returns and opening up lines of credit in the victims’ names. The defendant pled guilty to aggravated identity theft and conspiracy.
RECENTLY RELEASED REPORTS

Administrative Investigation of Conflict of Interest, Nepotism, and False Statements within the VA Office of General Counsel, Washington, DC – The OIG reviewed an allegation that Mr. Robert Fleck, Senior Executive Service (SES), Chief Counsel of the Procurement Law Group within the Office of General Counsel (OGC), actively and openly solicited, during a conference call with other SES employees, that the OGC hire his wife.

Audit of the Timeliness of VISN 7 Power Wheelchair and Scooter Repairs – The OIG conducted this audit at the request of Senator Johnny Isakson who was concerned that delays in the repair of VA-issued power wheelchairs and scooters at the Atlanta VA Health Care System (HCS) placed veterans at physical and financial risk.

Review of Research Service Equipment and Facility Management, Eastern Colorado Health Care System – In March 2016, Congressman Jeff Miller, former chairman of the U.S. House of Representatives Committee on Veterans’ Affairs, requested the OIG investigate a complainant’s allegations of widespread equipment mismanagement at the research laboratories of the Eastern Colorado Health Care System in Denver, Colorado.

Healthcare Inspection – Quality of Care and Patient Safety Concerns in the Community Living Center, James A. Haley VA Hospital, Tampa, Florida – The OIG conducted a healthcare inspection to assess allegations regarding patient safety and poor quality of care in the Haley Cove Community Living Center at the James A. Haley Veterans’ Hospital.

Audit of Interior Design and Furnishing Contract Mismanagement by Network Contracting Office 21 – The OIG evaluated the merits of an allegation received in September 2015 regarding the Network Contracting Office 21’s award of a $3.3 million contract to the Contract Office Group, Inc. to provide interior design services and furnishings to renovate a Sacramento VAMC campus building in Mather, California.

Critical Deficiencies at the Washington, DC, VAMC – This report is the result of an OIG inspection of the DC VAMC that found pervasive and persistent deficiencies within core medical center functions that healthcare providers need to effectively provide quality care.

Healthcare Inspection – Alleged Patient Aligned Care Team Wait Time and Funding Issues at the Monterey Community Based Outpatient Clinic, VA Palo Alto Health Care System, Palo Alto, California – The OIG conducted a healthcare inspection in response to an anonymous complaint alleging patients experienced extended wait times for primary care appointments and that funds intended to maintain or improve primary care services at the Monterey Community Based Outpatient Clinic were misused.

Healthcare Inspection – Mismanagement of Resuscitation and Other Concerns at the Buffalo VA Medical Center, New York – This inspection evaluated the circumstances of
a patient’s death involving alleged mismanagement of the patient’s resuscitation at the Buffalo VAMC and actions taken by the facility’s leaders subsequent to the death.

**Audit of Veteran Wait Time Data, Choice Access, and Consult Management in VISN 15** – The OIG assessed the reliability of wait time data and evaluated whether Veterans Integrated Service Network (VISN) 15 provided timely access to health care within its medical facilities and through Choice, and whether they appropriately managed consults.

**Audit of Vocational Rehabilitation and Employment Program Subsistence Allowance Payments** – This audit examined whether the Veterans Benefits Administration (VBA), in its management of the Vocational Rehabilitation and Employment Program, ensured that accurate and timely subsistence allowance payments were made to eligible veterans.

**Review of Alleged Irregularities with the Health Eligibility Center’s 365-Day Response Letters to Individuals with Pending Health Care Enrollment Records** – In response to allegations of irregularities during a Health Eligibility Center (HEC) outreach mailing campaign, the OIG examined whether VHA sent individuals with pending records the incorrect type of letter.

**VHA Review of Selected Construction Projects at Oklahoma City VA Health Care System** – The OIG reviewed potential mismanagement in the planning and oversight of two construction projects—a new Surgical Intensive Care Unit and an expanded Operating Room Suite—at the Oklahoma City VA HCS.

**Independent Review of VA’s FY 2017 Detailed Accounting Submission to the Office of National Drug Control Policy** – As required by the Office of National Drug Control Policy (ONDCP) Circular, Accounting of Drug Control Funding and Performance Summary, dated January 18, 2013, the OIG reviewed VA’s Fiscal Year (FY) 2017 detailed accounting submission to the ONDCP.

**Independent Review of VA’s FY 2017 Performance Summary Report to the Office of National Drug Control Policy** – The ONDCP Circular referenced above also requires the OIG to review VA’s FY 2017 Performance Summary Report to the ONDCP. The findings in this report fulfill that requirement.

**Audit of the Personnel Suitability Program** – The OIG evaluated controls over the adjudication of background investigations at VA medical facilities to determine whether actions were timely completed and reliably recorded.

**Review of Alleged Hazardous Construction Conditions at the Jack C. Montgomery VA Medical Center, Muskogee, Oklahoma** – An allegation was made regarding noncompliance with contract and Occupational Safety and Health Administration requirements at the Jack C. Montgomery VAMC during the installation of a full facility standby generator. This report includes the results of the OIG review of those allegations.
March 2018 Highlights

Review of Resident and Part-Time Physician Time and Attendance at Oklahoma City VA Health Care System – The OIG assessed the effectiveness of the Oklahoma City VA HCS’s oversight of its disbursement agreement and time and attendance for part-time physicians.

Review of Timeliness of the Appeals Process – This report reviews whether opportunities continue to exist for VBA staff to improve the timeliness of appeals processing.

Review of Alleged Unsecured Patient Database at the VA Long Beach Healthcare System – The OIG reviewed allegations that an unauthorized Microsoft Access database was in operation at the VA Long Beach HCS.

Healthcare Inspection – Inadequate Intensivist Coverage and Surgery Service Concerns, Gulf Coast Veterans Healthcare System, Biloxi, Mississippi – This OIG inspection evaluated allegations of inadequate staffing of intensivists (physicians who are specialists in the care of critically ill patients) and other surgery service concerns at the VA Gulf Coast HCS.

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) Credentialing and Privileging
(3) Quality, Safety, and Value (which includes Peer Review, Utilization Management, and Patient Safety)
(4) Environment of Care (which includes inspection of areas in the parent facility and a representative CBOC, Construction Safety, and Nutrition and Food Services)
(5) Medication Management: Controlled Substances Inspection Program
(6) Mental Health Care: PTSD Care
(7) Long-Term Care: Geriatric Evaluations
(8) Women’s Health: Mammography Results and Follow-up
(9) High-Risk Processes: Central Line-Associated Bloodstream Infections

VA Illiana Health Care System, Danville, Illinois
VA Nebraska-Western Iowa Health Care System, Omaha, Nebraska
Samuel S. Stratton VA Medical Center, Albany, New York
March 2018 Highlights

Fayetteville VA Medical Center, North Carolina
Providence VA Medical Center, Rhode Island
Tennessee Valley Healthcare System, Nashville, Tennessee
VA North Texas Health Care System, Dallas, Texas
Jonathan M. Wainwright Memorial VA Medical Center, Walla Walla, Washington
Martinsburg VA Medical Center, West Virginia
Clement J. Zablocki VA Medical Center, Milwaukee, Wisconsin

Administrative Investigation Advisory

Conflict of Interest, Veterans Health Administration, Washington, DC – The OIG reviewed an allegation that Mr. Aubrey Weekes (GS-15), Director, Environmental Programs Service, engaged in a conflict of interest when he received wages, salary and/or profits from an educational institution that operated for-profit.

Alleged Misuse of Travel Funds, Office of the Secretary, Center for Strategic Partnerships, Washington, DC – The OIG reviewed an allegation of travel irregularities by a VA senior executive. The OIG found no wrongdoing and determined the lapses in compliance were unintentional administrative errors.

MICHAEL J. MISSAL
Inspector General