

HIGHLIGHTS

April 1–September 30, 2018 Volume 80

A Message from the Inspector General

This Highlights edition presents a summary of selected activities, accomplishments, and concerns reported in the Office of Inspector General’s (OIG’s) *Semiannual Report to Congress* for the six-month period ending September 30, 2018. During this reporting period, the OIG issued audit and other reports with 36 recommendations; these reports questioned \$5.2 million in costs and identified more than \$700,000 in funds be put to better use. The OIG’s investigative work resulted in a total of 209 indictments, 129 convictions, and more than \$50.5 million in monetary accomplishments.

I look forward to continuing to work constructively with the Department and Congress on our shared goals of identifying improvements to U.S. Department of Labor (DOL) programs and operations, pursuing fraud against these programs, and protecting the interests and benefits of workers and retirees.

Scott S. Dahl, Inspector General

Selected Statistics

Investigative monetary accomplishments	\$50.5 million
Investigative cases closed/reports issued	102
Investigative cases opened	123
Investigative cases referred for prosecution	118
Investigative cases referred for administrative/civil action	45
Indictments	209
Convictions	129
Statutory debarments	6
Audit and other reports issued	8
Total questioned cost	\$5.2 million
Funds put to better use	\$0.7 million

Employment and Training Programs

The Senior Community Service Employment Program (SCSEP) is a community service and work-based job training program for older Americans.

- Our audit of Experience Works, Inc. (EW), an SCSEP grantee, determined that EW significantly misused SCSEP grant funds totaling \$4.2 million. We also determined that the Employment and Training Administration's (ETA's) oversight was inadequate, as by the time ETA initiated a comprehensive review, EW had already misused millions of dollars in grant funds.

ETA administers a number of foreign labor certification (FLC) programs that allow U.S. employers to employ foreign workers to address American worker shortages.

- In our review of delays in DOL's H-2B application process in FYs 2016 and 2017, we found that ETA could not demonstrate that it processed H-2B applications quickly enough to enable employers to obtain foreign workers by their dates of need.
- A Texas resident was sentenced to 6 months in prison and ordered to pay more than \$100,000 in restitution to a victim of visa fraud.

Worker and Retiree Benefit Programs

During this reporting period, we completed investigations and issued audits involving worker and retiree programs.

Office of Workers' Compensation Programs

- An attorney in Grand Prairie, Texas, was sentenced to 120 months in prison and ordered to pay more than \$26 million in restitution for his role in a scheme that he ran along with his family members to defraud the Office of Workers' Compensation Programs (OWCP).
- The CEO of a Texas company was sentenced to 233 months in prison and ordered to pay more than \$14.5 million in restitution for his role in defrauding OWCP.

Unemployment Insurance Programs

- Our audit examined states' use of the National Directory of New Hires (NDNH) and State Directories of New Hires to reduce improper payments resulting from claimants' returning to work but continuing to collect benefits and failing to report earnings. We found that states generally used new hire detection tools to reduce benefit overpayments, but ETA could do more to assist state efforts.
- A California company was sentenced for its role in a scheme involving bribes paid to a public official in Arizona in exchange for confidential employment data, and was ordered to pay a \$350,000 fine and to forfeit more than \$946,000.
- A Rio Grande City, Texas, man was sentenced to 39 months in prison for his role in a scheme to defraud the California Employment Development Department of Unemployment Insurance (UI) benefits.

Worker Safety, Health, & Workplace Rights

Occupational Safety and Health Administration

The mission of the Occupational Safety and Health Administration (OSHA) is to ensure that employers provide every working man and woman in America safe and healthy working conditions.

- In our audit to assess whether OSHA effectively implemented its revised fatality and severe injury reporting program, we found that OSHA lacked the information needed to target compliance assistance and to conduct enforcement efforts effectively.
- Two men from Atlanta, Georgia, were sentenced to prison for their roles in a scheme to collect payments for fake OSHA training certificates.

Wage and Hour Programs

The Wage and Hour Division is responsible for enforcing labor laws related to minimum wage and overtime pay, prevailing wages, child labor, family and medical leave, and migrant workers, among others.

- A Virginia company agreed to pay \$625,000 to the United States to settle a federal civil fraud lawsuit alleging that the company underpaid its workers and submitted false certified payroll reports.
- A south Louisiana business owner was sentenced to a 6-month location monitoring program with curfew and 1 year of probation for obstructing a DOL investigation and failing to properly pay his employees.

Labor Racketeering

The OIG conducts investigations into labor racketeering activities involving labor unions, employee benefit plans, and labor-management relations. During this reporting period, we completed labor racketeering investigations that yielded impressive results.

- A former labor relations chief at Fiat Chrysler Automobiles, LLC, was sentenced to serve 66 months in prison and ordered to pay more than \$825,000 in restitution for his role in a conspiracy to violate the Labor Management Relations Act and for filing a false tax return.
- A former South Carolina attorney was sentenced to 30 days in prison and ordered to pay more than \$1.7 million in restitution for her part in a health insurance fraud scheme.
- A Lexington, Kentucky, man was sentenced to 41 months in prison and ordered to pay \$275,000 in restitution for pension plan theft and money laundering.

Departmental Management

The OIG conducts audits related to the Department's management of its procurement activities, information technology systems, and financial systems. Examples of findings in this review period include the following:

- DOL did not effectively manage the acquisition, use, and disposal of mobile devices and related telecommunication services.
- DOL was not in compliance with the Improper Payments Elimination and Recovery Act for FY 2017.

Legislative Recommendations

The Inspector General Act requires the OIG to review existing or proposed legislation and regulations, and to make legislative recommendations in the *Semiannual Report*. The OIG continues to believe that the following legislative actions are necessary to increase efficiency and protect the Department's programs:

- Allow the OIG direct access to NDNH records to better detect overpayments to UI claimants who have returned to work but continue to collect UI benefits.
- Adopt the legislative proposals the Department has submitted that would improve UI program integrity and reduce improper payments. The proposals are consistent with previous OIG findings and recommendations relating to UI improper payments.
- Provide DOL with the authority to ensure the integrity of the FLC process, including the ability to verify the accuracy of information provided on labor condition applications.
- Amend pension protection laws by expanding the authority of the Employee Benefits Security Administration to require the correction of substandard benefit plan audits; repealing the Employee Retirement Income Security Act's (ERISA) limited-scope audit exemption, which prevents public accountants who audit pension plans from rendering an opinion on the plans' financial statements; requiring direct reporting of ERISA violations to DOL; and strengthening the criminal penalties in Title 18 of the U.S. Code.
- Consider reforms designed to improve the effectiveness and integrity of the Federal Employees' Compensation Act program by providing statutory access to Social Security wage records and the NDNH; establishing a 3-day waiting period at the beginning of the claim process; allowing the temporary suspension of questionable medical providers; and setting drug price limitations.
- Clarify the Mine Safety and Health Administration's authority to issue mine closure orders.

OIG Hotline

The OIG Hotline is open to the public and to federal employees 24 hours a day, 7 days a week to receive allegations of fraud, waste, and abuse concerning DOL programs and operations.

Phone: 202.693.6999 or 800.347.3756

Fax: 202.693.7020

Website: www.oig.dol.gov