

THE INSPECTOR GENERAL'S MESSAGE

This Semiannual Report, covering the period April 1 through September 30, 1996, summarizes the most significant accomplishments of the U.S. Department of Labor (DOL), Office of Inspector General (OIG). My office has continued to work extensively with the Department, the Congress, and other Federal Agencies to ensure the integrity and efficiency of DOL programs, to safeguard the taxpayers' investment in these programs, and to ensure that the American worker is served in the most efficient and cost-effective manner.

During this reporting period, our audits, investigations, and evaluations have focused on: the effectiveness and efficiency of employment and training programs; the Department's effectiveness in protecting American workers' jobs and pensions; fraud in the Department's health care and unemployment insurance programs; and criminal labor racketeering activity by traditional and non-traditional organized crime groups.

In the past 6 months, the OIG questioned \$ 6.7 million in costs charged to the Department and recommended that \$ 66.3 million be put to better use. In addition, the Department disallowed \$ 3.4 million in costs and agreed to put \$15.9 million to better use, in response to OIG audit recommendations. Additionally, OIG criminal investigations resulted in 133 indictments, 93 convictions and \$16 million in monetary results.

Also noteworthy has been our work in assisting agencies to prevent fraud, waste, and abuse in their programs and operations. An example of our work in this area is recent financial management training for grantees of the School-to-Work Program. The training was designed to ensure their compliance with cost principles and prevent improper charges to grants funded with already scarce Federal resources.

Just as we strive to assist the Department in fulfilling its mission in the most effective and cost-efficient manner, we are also committed to improving our own programs and operations. During this reporting period, we have continued to streamline field office and administrative operations and cross-train employees as necessary.

However, over the past few years, the OIG has consistently had to absorb significant across-the-board and targeted budget cuts. Up to this fiscal year, we were able to accommodate the cuts through streamlining initiatives and conservative fiscal policies, while maintaining an adequate level of operational effectiveness. Unfortunately, these cuts are now causing us to review our mandates and reassess our priorities by identifying areas where work will need to be reduced or eliminated.

In particular, these cuts are affecting our ability to conduct financial and compliance audits of grantees and contractors, which often result in the identification of millions of dollars in improper charges to the Government, as well as our ability to conduct the comprehensive financial audits mandated by the Chief Financial Officers Act. From an investigative perspective, we are reducing our pro-active initiatives aimed at not just detecting, but also preventing, fraud of DOL programs. Moreover, these cuts have reduced our ability to examine and combat organized crime's influence over unions and entire industries.

I would like to thank my colleagues in the OIG for their efforts to make Government work better. As in the past, my staff and I remain committed to working with Secretary Reich and the DOL management team to reduce fraud, waste, and abuse of Federal funds; to ensure that DOL programs are effective and cost efficient; and to eliminate the influence of organized crime in the American workplace.

Charles C. Masten
Inspector General

SIGNIFICANT CONCERNS

Selling of UI Wage Records

In September 1995, the State of Iowa entered into an agreement with a private entity which allows this entity to obtain electronic access to state unemployment insurance wage reporting records for the purpose of consumer credit verification. In June 1996, DOL's Unemployment Insurance Service issued a Program Letter which essentially permits the disclosure of wage records if state law permits such disclosure and if certain conditions related to employee consent, confidentiality, and fees are satisfied.

The OIG is concerned about this policy and the effect that it may have on UI program operations. This Program Letter creates a major exception to the longtime policy of confidentiality of UI wage records and establishes a precedent which would permit the sale of wage records to practically any private or commercial entity or individual for virtually any purpose. The OIG is concerned that:

Selling wage records may consume time and resources and disrupt the operations of the State agency;

- Selling wage records to private entities may undermine compliance by employers with the UI program. Employers are required by law to provide wage information to the State, not to private entities. The Iowa agreement discloses employer information based upon the consent of the employee;
- The continued confidentiality of these records will be compromised once they are released to private entities. In Iowa, the private entity obtaining the information will be a national clearinghouse for other lending and credit institutions; and
- There may be an illegal "augmentation of appropriations" if the fees paid by the private entity to the state exceed the costs of complying with the requests for information.

Further, the existing Iowa agreement does not even appear to satisfy the requirements of the Program Letter. For example, the employee "informed consent" form does not give the employee sufficient information to make a truly informed choice regarding these records. Also, the Program Letter states that disclosures must be permitted by state law,

and the OIG is not aware of any provision in Iowa's laws which permits this type of disclosure to an employee or his/her agent or designee (the private entity).

The UI system is a joint Federal-State program. Although state wage records may "belong" to a state in some ways, this system was established to facilitate the operation of the UI program, in conjunction with the imposition of the FUTA tax, and it is administered with Federal funds.

The OIG is not convinced that the policy found in the Program Letter, which was effected without public notice and comment, can be reconciled with the intent of Congress in establishing this system for public purposes and restricting the permissible uses of the wage information. The OIG intends to pursue this issue vigorously in the upcoming reporting period.

DOL's Foreign Labor Certification Programs

The OIG has a significant concern about the Department's current policies and procedures for the permanent labor certification (PLC) program and the temporary H-1B Labor Condition Application (LCA) program. Audit findings in a recently issued OIG report found that both programs fail to adequately protect American jobs or wages, as intended by Congress. The audit discovered that the Department's role amounts to little more than a paper shuffle for the PLC program and a "rubber stamping" for LCA program applications.

The PLC program was established by Congress to exclude aliens from being granted legal status for employment when there are qualified, willing U.S. workers available for jobs. However, our audit found that 74 percent of the applicants were already working for a U.S. employer at the time of their application for labor certification. Moreover, 99 percent of the aliens with approved certifications were already in the U.S. at the time that the applications were made. The OIG also found that the labor market test, which is designed to ensure that there are no qualified U.S. workers available to fill the positions for which the application has been filed, is perfunctory at best.

The LCA program was designed by Congress to provide American businesses with timely access to the "best and brightest" employees in the international labor market to meet urgent, but generally temporary, business needs while protecting U.S. workers' wage levels. Our audit found that 75 percent of the aliens worked for employers who failed to

*Liability for Misexpenditures
of Job Training Funds*

adequately document that the wages on the labor condition application were in fact the proper wages. In addition, out of those employees whose wages could be determined, 19 percent were being paid below the prevailing wages specifically required by the program.

Despite annual expenditures of approximately \$50 million on DOL's foreign labor certification programs, the OIG found that DOL's role in the PLC and LCA programs did little to add value to the process of protecting U.S. workers' jobs and wages. Since we concluded neither program meets its legislative intent, the OIG urges Congress to eliminate DOL's PLC and LCA programs as they currently exist and establish a new program that corrects the deficiencies identified.

Job Training Reform

During the 104th Congress, legislation was passed in both the House and Senate to reform the Nation's job training system. The conference agreement on the measure, known as the Workforce and Career Development Act, contained a "liability" provision which allows States to use subsequent year program funds to pay back costs incurred by a local workforce development (WFD) area that have been disallowed by the Secretary. Under this provision, the Governor may deduct an amount equal to the disallowed expenditure from the administrative funds of a subsequent program year allocation of the local WFD area. An exception is made in cases involving fraud or other criminal activity. However, even though the expenditures may be expressly not allowed, it is often difficult to prove that they were incurred with fraudulent intent.

Currently, the Secretary is given discretion to offset disallowed costs, or -- in the event of willful disregard of the requirements of the Act, failure to observe standards of administration, or gross negligence -- to require recipients to repay, with non-Federal funds, amounts disallowed, after they have had an opportunity for a hearing.

Financial Reporting

The OIG is concerned that, if enacted, this provision may very well leave the Federal dollars allocated to the States vulnerable to waste, abuse, and mismanagement, thereby negating intended fiscal accountability. Moreover, there will be little deterrence against misspending already-scarce program funds.

Moreover, if the liability provision is enacted, there will be a real question as to the value of conducting any financial audits of local providers (which would receive 75 percent of the total funds allocated to employment and training activities) because of the Governors' authority to pay back the disallowances with program funds.

The OIG is also concerned that, while the measure requires States to report performance measures and goals, there are no requirements for the States to submit financial reports to the Federal Government. The OIG is of the opinion that the financial information, together with the performance reports, will better enable the Department and the Congress to ascertain how the Federal dollars allocated to the states have been spent and to assess the programs' return on taxpayers' investment, as required by the Government Performance and Results Act of 1993.

**DOL Compliance With
the CFO Act**

While the Workforce and Career Development Act was not enacted, the OIG recommends that any future attempt to reform the job training system ensure adequate fiscal accountability and reporting.

The Chief Financial Officer (CFO) is intended to be the focal point of financial management in the Department. The CFO establishes policies, provides guidance for financial management operations, and provides technical assistance in certain situations.

As we have previously reported, the Department is still not in compliance with the CFO Act due to certain organizational aspects of the Department's financial management. The Department's current financial management organizational structure separates financial authority from management responsibilities. The financial management functions of the five major agencies remain decentralized and under the direct control of their respective Assistant Secretaries rather than the CFO. Therefore, the CFO does not have the requisite authority to enforce financial management policy.

The OIG is concerned because the current financial management structure could adversely impact Department-wide accounting and financial reporting in terms of quality, consistency, and timeliness of financial data.

As a result of our work in this area, Congress recognized the need for ensuring that the CFO has both the responsibility and authority to manage the Department's finances by including provisions in the DOL's Fiscal Year 1997 Appropriation to that end.

Accordingly, the OIG urges the Department to revise its financial management structure so as to comply with both the CFO Act and the departmental management provisions of the DOL appropriation statute.

Audits of Pension Plan Assets By Public Accountants Are Still Inadequate

During this reporting period, the OIG completed an audit which revisits the OIG's concerns regarding the safety of America's pension plan assets. In 1989, the OIG conducted a review of the Employee Retirement Income Security Act annual audit process. This 1989 review identified that: 1) audits of employee benefit plans did not adequately test transactions or plan assets; 2) independent public accountant (IPA) audits did not consistently meet Generally Accepted Auditing Standards (GAAS); 3) the Pension and Welfare Benefits Administration (PWBA) was not enforcing existing ERISA requirements that the IPAs meet professional standards; and 4) IPA audits were not disclosing information to plan participants or rendering opinions on information accompanying a plan's financial statements, as required by ERISA.

A major concern in the 1989 report was that a loophole in ERISA's reporting requirements allowed a major portion of plan assets to be exempt from review by an IPA. The loophole in ERISA allows certain audits of plan assets to be limited in their scope. The limited scope audit provision of ERISA is an important contributor to the danger of incomplete auditing of benefit plan assets. The limited scope audit provision exempts from review by an auditor all benefit plan funds that have been invested in institutions already regulated by Federal or State Governments, such as savings and loans, banks, or insurance companies. At the time ERISA was passed, it was assumed that all funds invested in those regulated industries were being adequately audited.

Thus, the situation exists in which the protection of pension and welfare plan assets hinges on provisions in the law which allows for incomplete reporting on the financial status of the plans. Therefore, according to the OIG's findings, the intent of Congress to ensure adequate enforcement, in large part through sound, meaningful reporting and disclosure, has not been achieved. In 1992, the General Accounting Office issued a report supporting the OIG's findings from 1989. The OIG's most recent OIG audit again points to the inadequacies of IPA audits submitted to the Department.

The OIG is concerned that the failure to adequately review plans opens the door for fraud and abuse. Weak or non-existent internal controls by the plans enable sponsors and employers to defraud the plans by understating their required contributions. Inadequate internal controls of excessive administrative costs can result in situations where large portions of a sponsor's contributions are siphoned off to "consultants." Inadequate review by IPAs of the selection of service providers can

result in potential conflicts of interest and kickback schemes that are all too common in the benefit-plan field. The failure of IPA reports to verify the existence of plan investments and ensure the accuracy of current valuations and the degree of risk can lead to plan failures.

Based on the conclusions from these numerous reports, the OIG continues to strongly recommend that ERISA be amended to repeal the limited scope audit provision. Such a change will be a major step that will involve public accountants in the kind of active role that ERISA originally intended them to take -- that of offering a first line of defense to plan participants by apprising them of potential problems with their benefit plans. In addition, the OIG recommends that ERISA be further amended to require IPAs to report serious ERISA compliance violations that they encounter during their reviews directly to the Secretary of Labor.

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SELECTED STATISTICS

Office of Audit

Reports issued on DOL activities	198
Total questioned costs	\$ 6.7 million
Dollars resolved	\$ 5.6 million
Allowed	\$ 2.2 million
Disallowed	\$ 3.4 million
Funds Recommended to be Put to Better Use	\$ 66.3 million
Disallowed costs recovered	\$ 1.6 million

Office of Investigations

Division of Program Fraud:

Cases opened	210
Cases closed	187
Cases referred for prosecution	81
Cases referred for administrative/civil action	95
Indictments	58
Convictions	60
Recoveries, cost efficiencies, restitutions, fines/penalties, and civil monetary actions	\$ 7.0 million

Division of Labor Racketeering:

Cases opened	50
Cases closed	59
Indictments	75
Convictions	33
Debarments	27
Fines, restitutions, forfeitures, and civil monetary actions	\$ 9.0 million

NOTE: The Office of Investigations conducts criminal investigations of individuals which can lead to prosecutions ("convictions") by criminal complaints, warrants, informations, indictments, or pre-trial diversion agreements. Successful prosecutions may carry sentences such as fines, restitutions, forfeitures, or other monetary penalties. The Office of Investigations' monetary results also include administrative and civil actions which are further detailed and defined can be found on page 61 of this report.

OFFICE OF AUDIT

OVERVIEW

The Office of Inspector General's mission is to 1) promote economy, efficiency and effectiveness in the administration of Department of Labor programs; and 2) prevent and detect fraud, waste, abuse, and mismanagement in those programs.

Through audits, the OIG assists DOL management in 1) reexamining programs and processes with a view toward improving the way work is done; and 2) increasing managerial flexibility and accountability, shifting from accountability for following rules to accountability for achieving results.

The OIG seeks to determine through the audit process whether reasonable value is obtained for the taxpayer dollars spent on current activities and functions and strives to identify and share successful and cost/beneficial ideas and methods with DOL agencies.

During this reporting period, 198 audits of program activities, grants and contracts were issued. Of these, 40 were performed by OIG auditors or CPA auditors under OIG contract. The remaining 158 were single audits performed by state and local government auditors hired by DOL grantees and subrecipients. A list of these audit reports is contained in the Audit Schedules section of this report.

JOB PROTECTION AND TRAINING, AND INCOME SECURITY FOR THE AMERICAN WORKER

The U.S. Department of Labor (DOL) serves American workers and the many activities of the Department affect virtually every family in our country. DOL's principal mission is to help working people and those seeking work. DOL's responsibilities include: protecting employees' wages, health and safety and employment; protecting the pension rights of working people and retirees; promoting equal employment opportunity; administering job training, unemployment insurance and workers' compensation programs; strengthening free collective bargaining; and collecting, analyzing and publishing labor and economic statistics.

During this reporting period, the Office of Audit focused on some of the key issues affecting American workers today: job protection, job training and income security.

JOB PROTECTION

The Employment and Training Administration (ETA) administers a number of statutes related to employment and training services for the unemployed and underemployed, employment security for workers, and other programs that are directed to the employment needs of U.S. workers. The Department administers certain labor-related immigration programs which are designed to increase the Nation's competitiveness while protecting American workers' jobs and wages. The OIG recently completed an audit of two of the Department's immigration programs, which are carried out primarily by ETA with assistance from the ETA-funded State Employment Security Agencies (SESA).

DOL' s Foreign Labor Certification Programs**The System Is Broken and Needs to Be Fixed**

The OIG audited the Department's role in the employment-based, permanent labor certification (PLC) and the temporary H-1B Labor Condition Application (LCA) immigration programs. Under these two programs, ETA has responsibility for certifying certain employers' PLC applications and LCAs before aliens can obtain visas to legally work in the U.S. Our audit objective was to determine whether ETA policies and procedures adequately protected U.S. workers' jobs in accordance with the Immigration Act, as amended.

In our opinion, while ETA is doing all it can within its authority, the PLC and LCA programs do not protect U.S. workers' jobs or wages and, therefore, neither program meets its legislative intent. DOL's role amounts to little more than a paper shuffle for the PLC program and a "rubber stamping" for LCA program applications. As a result, annual expenditures of approximately \$50 million for DOL's foreign labor certification programs do little to "add value" to the process of protecting American jobs and wages. Specifics on each program follow.

The PLC Program Does Not Meet Its Legislative Intent of Excluding Foreign Workers When Qualified, Willing U.S. Workers Are Available

The PLC program is employment-based and is intended to exclude aliens who seek admission to the U.S., or status as an immigrant, for employment purposes when qualified, willing U.S. workers are available for jobs. However, we found that the program does not currently protect U.S. workers' jobs. Instead, the PLC program allows aliens to immigrate, based on their attachment to a specific job, and then shop their services, in competition with equally or more qualified U.S. workers without regard to prevailing wages.

For the 24,150 aliens for whom PLC applications were certified, we determined:

- **99 percent were in the U.S. when the application was filed.**
- **74 percent were working for the U.S. employer at the time of application.**

Of these, 16 percent were not legally eligible to work for U.S. employers:

- 8 percent had pleasure visas.
- 1 percent had business visas.
- 4 percent were in the U.S. illegally.
- 3 percent had other visas.

- **11 percent never worked for the petitioning employer after adjustment to permanent resident status although the only reason for obtaining the green card was that the employers claimed that they had a job vacancy and that no qualified, willing U.S. workers were available.**

In addition, we determined that, of the aliens who actually worked for the petitioning employer after adjustment to permanent resident status, 17 percent had left that employer within 6 months after their status was adjusted and a third (includes the 17 percent) had left within 1 year.

As part of the labor certification process, the employer must conduct a test of the labor market to determine that there are no qualified, willing U.S. workers available for employment in a job for which an application has been made. Using two different audit approaches, we determined the PLC labor market test was perfunctory at best.

First, for the 12 states in our sample, we analyzed all SESA job orders related to alien certification applications, referrals, and placements for a 6-month period. **Of the 28,682 applicants referred on 10,631 job orders during the period, only 5 (0.02 percent) were hired.**

Second, we evaluated the results of the labor market test for the 600 cases included in our statistically-projectable random sample of permanent labor applications certified during the audit period. Our results were projected to the universe of 23,403 cases during the audit period that required a test of the labor market.

We found that:

- 23 percent (5,392) had no resumes in response to advertising and no SESA referrals.
- 77 percent (18,011) resulted in 136,367 applicants and only 104 hires, a **0.08 percent hire rate**. These 104 hires were incidental to the aliens being hired; i.e., the specific jobs advertised were still filled by the aliens.

The LCA Program Is Being Manipulated Beyond Its Intent of Providing Employers the Best and Brightest in the International Labor Market While Protecting the Wage Levels of U.S. Workers

The LCA program is intended to provide U.S. businesses with timely access to the “best and the brightest” in the international labor market to meet urgent, but generally temporary, business needs while protecting U.S. workers’ wage levels. We found that the program does not always meet this purpose. Instead, it serves as a probationary try-out employment program for illegal aliens, foreign students, and foreign visitors to determine if they will be sponsored for permanent status.

We determined that:

- 4 percent of the aliens in the LCA program were treated as independent contractors by their LCA employers,
- 6 percent were contracted out, by their LCA employers, to other employers,
- 75 percent worked for employers who did not adequately document that the wage specified on the LCA was the proper wage, and
- 19 percent were paid below the wage specified on the LCA, when we could determine the actual wage paid.

Some LCA employers use alien labor to reduce payroll costs either by paying less than the prevailing wage to their alien employees or treating these aliens as independent contractors, thereby avoiding

related payroll and administrative costs. Other LCA employers are “job shops” whose business is to provide H-1B alien contract labor to other employers.

**Examples of Abuses of
the PLC and the LCA
Programs**

The only protection the LCA program supposedly provides U.S. workers is that the employer is required to pay the alien the prevailing wage for the specialty occupation. Yet, with the increasing use of LCA workers and employers’ failure to either document or pay the prevailing wage, the prevailing wage may be eroded over time.

During the audit fieldwork, the OIG visited the employers’ work sites, interviewed the employers, and examined alien certification documents. We identified instances where the PLC and LCA processes were abused. For example:

- An employer petitioned for an alien’s labor certification to work as a general manager for his tailoring supply operation. In the meantime, the alien was hired illegally and put in charge of reviewing the applications received in response to the employer’s job advertisement and of conducting interviews. Not surprisingly, the 11 individuals who applied for the job were found to be unqualified.
- An employer filed an application for a machine operator in a shop and certified that the alien resided in Peru, despite the fact that the employee had been working for the employer for several years. An attorney hired by the alien handled all the details including advertising the job and reviewing 101 resumes. However, without so much as an interview with the employer, all applicants were rejected as unqualified. The alien’s pay ranged from \$9.50 to \$11.50 per hour, as opposed to the advertised wage of \$14.50 per hour.
- An alien working as a volunteer deacon requested that the church sponsor him for permanent resident status. At the time of the application, the alien was already working illegally for another employer under an F-1 student visa. The alien’s attorney processed all the paperwork and the alien paid all the fees. Upon adjusting to permanent resident status, the alien continued his paid employment with the other employer and continued as a volunteer deacon. Clearly, the church never intended to employ him.

- A doctor petitioned for a foreign labor certification for an alien with the same last name as the doctor's partner, presumably to avoid having the same last name for both the petitioner and alien. Six U.S. applicants applied for this job but all were rejected. The alien became a permanent U.S. resident but never worked for the petitioner because the job did not exist.
- An alien worked for his brother as a project engineer while in the H-1 temporary nonimmigrant status program. He was never on the official payroll but instead was paid as an independent contractor. The brother then petitioned for a labor certification that began the process of obtaining permanent resident status for his brother. Upon becoming a legal permanent resident of the U.S., the alien quit working for his brother and started his own business. The position the alien held was never refilled.
- An alien has repeatedly applied for, and obtained, H-1/H-1B visas over the last several years to work in the United States. However, the OIG found no evidence that the partners listed in the original petition as the employers, nor any of the individuals who signed subsequent requests for certifications, ever existed. Moreover, the petitioning employer was not registered with the pertinent unemployment insurance agencies. Furthermore, the state's incorporation records show the alien incorporated the business as sole owner. The alien continues to work in the U.S. with an H-1B visa.
- A cosmetics store owner, who was not a citizen or a permanent resident alien himself, sponsored an alien who had been working for him for 2 years. The request was based on the alien's knowledge of the particular line of French cosmetics. After being granted an authorization for permanent employment, the alien petitioned for permanent resident status for herself, her two sons, and her husband, who turned out to be the owner of the store that sponsored her.

Legislative Reforms Needed

In our opinion, the PLC and the LCA programs are easily manipulated and do not protect American workers' jobs and wages as intended. Therefore, we recommended that the Assistant Secretary for Employment and Training work with the Secretary and the Congress to:

- eliminate DOL's PLC and LCA programs as they currently exist;
- if it is decided that the program should be continued, establish a new program that corrects the deficiencies identified; and
- ensure DOL's costs are fully recovered by charging user fees to the employers who benefit from the programs, if DOL has a role in the redesigned program.

In responding to the draft audit report, ETA stated its long-standing concerns with the program and agreed that these foreign labor programs do not protect U.S. workers' jobs or wages. ETA indicated that: (1) DOL and the Administration have outlined several legislative reforms to address serious deficiencies in both programs and (2) if Congress fails to enact immigration reform to change the current system, ETA intends to make as many administrative and regulatory improvements as can be implemented under current law to strengthen the programs. (Report No. 06-96-002-03-321; issued May 22, 1996)

JOB TRAINING

The Job Training Partnership Act (JTPA) is the largest training program administered by DOL. The purpose of JTPA is to prepare youths and adults facing serious barriers to employment for participation in the labor force, by providing them with training and other services that will result in increased employment and earnings.

THE JOB TRAINING PARTNERSHIP ACT (JTPA)

JTPA Title IV authorizes employment and training programs for the Job Corps, Veterans' Employment, Native Americans, Seasonal Farmworkers, and other activities and programs collectively known as "National Programs."

Job Corps Program

The Jobs Corps program is authorized under Title IV of the JTPA and is funded at almost \$1 billion per year. The Job Corps is a residential education and training program to assist disadvantaged youth to become more employable and productive citizens. Since

**Adopting Best Practices
of High Performing
Centers Can Improve
Job Corps' Overall
Performance**

1964, Job Corps has served more than 1.77 million young men and women. There are currently 111 Job Corps centers located throughout the country.

In a cooperative effort with the Office of Job Corps, the OIG conducted a survey to identify best practices currently used at high performing centers. Job Corps' Best Practices are defined as those practices, processes and systems that have a positive effect on operating efficiency or performance. We also surveyed outreach, admissions and placement contractors to identify their impact on successful center performance. The survey also addressed the oversight and support activities of corporate management, regional offices, Job Corps administrators of the U.S. Departments of Agriculture and Interior, and the Job Corps' national office.

At every level, from the national office of Job Corps to the centers themselves, the OIG found "common threads," or "best practices" that helped improve the students' opportunities for success. Having these key best practices in place at the center level was the common thread that most often ensured effective accomplishment of the Job Corps mission. It is important to note that no single practice alone will ensure success.

Suggested Improvements

Across the board, we found that high performing centers had sound management practices that included:

1. Establishing an outcome-oriented program that emphasized attainable goals.
2. Conveying a management philosophy that accomplishment of those goals was a high priority.
3. Executing an excellent basic program of academic education, vocational and social skills training.
4. Encouraging an atmosphere of teamwork between students, staff, and the local community.
5. Establishing accountability over performance through:
 - a tracking, monitoring and reporting system,
 - identifying problems; and
 - taking prompt corrective action.

6. Instilling in staff a dedication to meeting students' needs.
7. Providing training to equip staff with the skills they need to accomplish the desired program results.
8. Maintaining effective communication between all the organizations dedicated to the Job Corps mission.

As part of our survey, we asked individuals involved in the program--from Regional Office staff and Center Directors to the students themselves--to provide suggestions on how Job Corps could be improved. Their suggestions and OIG observations included the following:

1. Reallocate travel and administrative resources at the regional offices so that project managers can increase their monitoring efforts and regional directors can fill vacant positions. Regional staffing levels are decreasing, while the number of Job Corps centers is increasing. It is evident that as the number of centers grows and student enrollment increases, it will become even more difficult for regional office staff to effectively oversee center operations.
2. Review the present allocation of resources to the screening and placement functions. Many feel these functions do not receive adequate resources.
3. Establish a unique focus and different performance standards for younger Job Corps students (ages 16 & 17). The overall consensus was that younger students have different needs and are harder to serve than older students.
4. Revise the regional director performance standards to include all areas for which the centers are evaluated. Existing standards exclude several key areas of center performance.

Job Corps noted that the report contained an accurate reflection of Job Corps policies and that the Office of Job Corps is continuously embarking on program enhancements which will result in improved service delivery to the youth served. (Report No. 12-96-013-03-370; issued June 7, 1996)

**\$520,938 in Costs By
Public Relations Firm
Questioned**

EVKO Productions, Inc., a for-profit public relations firm, was awarded a contract under section 8(a) of the Small Business Act for the purpose of implementing a 5-year marketing and communications campaign to publicize to needy youth, especially females, the opportunities offered by the Job Corps Program. The primary purpose of the contract was to generate an advertising strategy and creative approaches for radio, television, and print products. The OIG audited the costs claimed by EVKO for the entire period of the contract, February 6, 1990 through November 30, 1992. As a result of our audit findings, the OIG questioned \$520,938, or 54 percent, of the \$965,316 of contract expenditures claimed by EVKO. The preponderance of questioned costs resulted from (a) unsupported indirect costs; (b) unsupported direct costs; and (c) unallowable consultant costs.

EVKO did not provide comments on the draft report or supporting documentation for the questioned costs. (Report No. 18-96-006-07-735; issued April 12, 1996)

Native American Programs

JTPA Title IV-A grants are designed to improve the economic well-being of Native Americans (Indians, Eskimos, Aleuts, and Native Hawaiians) by providing job training and employment-related services to eligible individuals. In fiscal year 1996, the JTPA Native American Program was funded at \$52.5 million.

**Grantee Makes Excessive
Cash Drawdowns;
ETA Does Not Renew
Grant**

The Department granted the Native American Educational Services College (NAES), a nonprofit organization incorporated in the State of Illinois, a total of \$1,992,609 for the purpose of operating a Title IV-A program for the period July 1, 1993 to June 30, 1996. The OIG performed a limited scope financial audit of program operations for the period July 1, 1994 through December 31, 1995, and questioned \$97,074 of over \$1 million claimed by NAES for reimbursement. More importantly, the audit found that NAES made premature and excessive cash drawdowns through the Federal letter-of-credit Payment Management System (PMS).

The auditors determined that during the first 6 months of program year 1995, NAES drew down 98.8 percent of its available grant funds. The average excess cash drawdown for the 6-month period was almost \$160,000 a month. NAES used the excess JTPA funds to pay institutional debts unrelated to the JTPA program, a situation which did not occur in the preceding program year.

The OIG questioned imputed interest of \$5,611 on excess cash draw-downs through December 31, 1995, and recommended the Grant Officer calculate and disallow the imputed interest for the remaining 6 months of the grant.

The majority of questioned costs were for improperly charged instructor salaries and unreasonable tuition charges for JTPA students.

Our fieldwork ended on May 10, 1996, and we notified the grant officer of our findings. As a result, in June 1996, the Grant Officer issued a Final Determination affirming his decision that NAES should not be a JTPA Title IV-A grantee for program year 1996, and provided notification of 21 days to request an administrative hearing. NAES has requested a hearing before an Administrative Law Judge on the determination of the Grant Officer. (Report No: 18-96-021-03-355; issued August 28, 1996)

**\$161,195 of Claimed
Costs Questioned at
CIMC**

The California Indian Manpower Consortium, Inc. (CIMC) is a non-profit corporation which serves the Native American community throughout California. A significant portion of the assistance offered by CIMC is employment and training services provided through JTPA grants awarded by the Department of Labor. The OIG audited two grants, one (Title II-B) for the period October 1993 through September 1994, the other (Title IV-A) for July 1994 through June 1995. We also audited CIMC's final indirect cost rate for the year ended June 30, 1994 (fiscal year 1994). Finally, we conducted a performance review of CIMC's Title II-B performance for program year 1993 and Title IV-A performance for program year 1994. Of about \$3.4 million of JTPA funds expended by CIMC during the audit periods, the OIG questioned \$161,195.

The majority of questioned costs resulted from the fact that CIMC charged the entire cost of a tribal census project to its JTPA Title IV-A grant. The OIG (a) determined the results of the census were beneficial to all CIMC programs; (b) concluded the costs of the census were improperly charged to the JTPA grant, and should have been allocated to all CIMC programs in proportion to the benefits received from the census; (c) reallocated the census project costs to all CIMC programs based on the ratio of program salaries and benefits to CIMC salaries and benefits, and; (d) based on the reallocation, questioned \$101,720 improperly charged to the JTPA Title IV-A grant.

We reviewed the indirect cost pool and found costs included in the pool were either unallowable, unallocable, or required reclassification. These items affected the indirect cost rate, and subsequently, the indirect costs claimed. Applying the audit-recommended rate resulted in \$30,118 of questioned indirect costs.

Other questioned costs resulted from wages paid to Community Service Employment participants which exceeded the authorized limit (\$13,236), unsupported or excessive travel costs (\$9,012), and for other varied reasons. While acknowledging the audit findings were generally accurate, CIMC took exception with all questioned costs. The program performance audit did not result in either findings or questioned costs. (Report No: 18-96-022-03-355; issued September 5, 1996)

Migrant and Seasonal Farmworker Program

JTPA Title IV also authorizes the Migrant and Seasonal Farmworker Program which is designed to address the special employment and training needs of migrant and seasonal farmworkers. This program was funded at \$69 million in 1996.

Puerto Rico: ETA Initiates Corrective Action Plan In Response to OIG Audit

As reported in our previous Semiannual Report, in February 1996, the OIG issued an audit report on the Commonwealth of Puerto Rico's JTPA Title IV Migrant and Seasonal Farmworker Program (MSFP) covering the period July 1991 to March 1995. While the OIG questioned \$1.7 million out of total program expenditures of \$13.5 million, equally important was the conclusion that program performance was extremely poor. As examples, an investment of \$5 million in classroom training resulted in only 17 placements in training-related employment which lasted over 90 days, and an investment of \$1.4 million in on-the-job training in agricultural employment resulted in "training" that was of minimal or no value to participants. Moreover, the OIG determined the Commonwealth's welfare program and another Federal job training program designed to assist economically disadvantaged individuals had the unintended effect of making it more difficult for the MSFP to achieve its overall objectives.

During this semiannual reporting period, in response to the OIG findings, ETA sent a corrective action team to work with the Puerto Rico Department of Labor and Human Resources to restructure the Title IV program. This effort resulted in a detailed corrective action plan which

addressed systemic weaknesses in the program delivery system. The plan contained specific goals and milestones, examples of which are (1) the development of permanent linkages with the Commonwealth Departments of Social Services and Education in order to reduce the costs of classroom training and remove the barriers to job placements, and (2) the development and inclusion of qualitative standards in OJT and classroom training contracts. The plan requires the Commonwealth to report monthly to ETA on the progress achieved in implementing the goals and milestones. ETA reports that goals and milestones are generally on target.

ETA also issued an Initial Determination on July 8, 1996, upholding all audit findings and disallowing the entire \$1.7 million questioned by the OIG. The ETA Grant Officer also informed the Commonwealth that its MSFP was being conditionally funded beginning with program year 1996 on the condition that it adhere to the terms of the corrective action plan. The corrective action team plans a January 1997 final review to evaluate the status and impact of the corrective action and to provide a recommendation to ETA's Assistant Secretary on whether to continue conditional or unconditional funding with the Commonwealth, or initiate a competitive process for the grant.

DEFENSE CONVERSION ADJUSTMENT PROGRAM

The Defense Conversion Adjustment Program (DCA), authorized under JTPA Title III, provides grants for retraining, adjustment assistance, and employment service to eligible employees adversely affected by reduced military spending and closing of military facilities. The OIG conducted audits of three DCA grantees: the Hughes Aircraft Company (Hughes); the Commonwealth of Pennsylvania; and the South Carolina Employment Security Commission. Following is a summary of the audit findings and recommendations.

Almost \$2 Million Questioned on Two Hughes Aircraft Company Grants

The Hughes Aircraft Company received two DCA grants totaling \$16 million, to provide basic readjustment and retraining services to approximately 5,000 dislocated workers. The OIG performed a financial and compliance audit of Hughes' grants, including the costs claimed by DefCon II, the subcontractor which carried out the program activities.

Of the \$14.2 million which had been claimed for reimbursement at the time of the audit, the OIG questioned \$1,941,821 or about 14 percent. The most significant findings are as follows.

- Hughes failed to meet the required minimum percentage of grant expenditures for retraining activities. As a result, expenditures for services (readjustment and support) exceeded the authorized budget for these activities by over \$1 million. The OIG questioned the substantial over expenditure of budgeted funds for services as not meeting the intent of the DCA grants. Hughes stated that it submitted grant modifications in December 1995 (subsequent to the overexpenditure) and they “received verbal approval from ETA.” ETA indicated that on August 20, 1996, the grant official approved modifications for both grants.

The OIG recommended that the grant budgets not be modified retroactively to provide for the overexpenditure of budgeted amounts for services. In our opinion, it would be improper to excuse Hughes from having to reimburse the Government for grant funds spent outside of the approved budgets on activities other than retraining, the primary purpose of the grant.

- Hughes’ subcontractor claimed \$236,707 of excessive and untimely pension plan contribution costs in violation of IRS regulations, and subsequently attempted to “cure” the excess profit sharing contributions by retroactively adopting a new 10 percent money purchase pension plan Hughes disagreed with this finding.

- Prior to subcontracting with DefCon, and without receiving prior approval from the Grant Officer, Hughes utilized the services of an independent contractor to provide outplacement services at one of the Career Resource Centers. Individuals receiving out placement services during this period were not enrolled in the DCAP program. The OIG questioned \$171,771 of reimbursements made to the contractor and \$28,382 of indirect labor costs and related benefits for Hughes field office support. Hughes stated they took this action because they felt services needed to be provided to laid-off workers prior to the time DefCon could be fully operational.

- Hughes and DefCon circumvented the maximum percentage (of grant expenditures) allowed for administration by charging a percentage of the salaries and fringe benefits of DefCon’s three highest paid administrative staff as “fees,” which allowed

DefCon to allocate the majority of these costs to non-administration cost categories. Accordingly, the OIG questioned \$118,044 of subcontractor administrative salaries and fringe benefits improperly classified as “fees.” DefCon disagreed with this finding.

We recommended that the ETA Grant Officer disallow questioned costs of \$1,941,821. Of the total questioned costs, Hughes took exception to \$ 617,286, but did not challenge \$57,952. Hughes acknowledged that \$1,266,583 of questioned costs would remain; however, they believed that the amount would be resolved after providing additional documentation. (Report No. 18-96-016-03-340; issued July 1, 1996)

Excess Funds from the Philadelphia Naval Base and Shipyard Should be Reallocated to Other Dislocated Worker Programs

One of the largest naval facilities in the country affected by defense downsizing was the Philadelphia Naval Base and Shipyard (PNBSY). Since 1991, approximately 6,700 PNBSY employees have lost their jobs. To assist the displaced workers, the Commonwealth of Pennsylvania was awarded \$28.15 million in DCA Program and National Reserve Account funds to provide readjustment and retraining services. However, the OIG found that participation levels in readjustment and retraining services were below expectations. As of February 1996, only 55 percent of the planned number of displaced workers had taken advantage of reemployment services, of which fewer than half enrolled in formal retraining programs. This resulted in \$15.9 million of projected excess funds.

We recommended that ETA reallocate the projected \$15.9 million in excess funds for use with other dislocated worker programs. ETA indicated that it has completed action on the reprogramming of \$5.1 million and is reviewing reprogramming requests from the Commonwealth. (Report No. 03-96-009-03-340; issued August 29, 1996)

Participants Well Served but Opportunity for Cost Savings Missed on the DCA Grants in South Carolina

In program year 1992, the South Carolina Employment Security Commission received two DCA grants totaling \$3.8 million. The grants provided employment services for workers who lost jobs as a result of the closing of the Myrtle Beach Air Force Base (Myrtle Beach) and mass layoffs at the Charleston Naval Shipyard (Charleston). The OIG audited grant activities that occurred during the period October 1991 through September 1995.

The audit found that participants were well served. Overall, 63 percent of the Charleston and 72 percent of the Myrtle Beach participants were

placed in jobs following their layoff. Almost 75 percent of all participants were employed 13 weeks following termination and were earning 77 percent or better of the wages they earned prior to being laid off.

While participants were well served, we believe opportunities for cost savings were missed. Although the program objectives, delivery systems, and outcomes were similar to those of another Title III dislocated worker assistance program, budgeted costs for the DCA grants were significantly higher. We believe that funding for the DCA grants could have been reduced if the historical costs of the Title III program had been considered by the state and ETA.

The grantee was required to notify ETA of potential underexpenditures when actual enrollments did not meet planned enrollments. Though enrollments in the Charleston grant had sharply declined by the end of December 1992, the Commission did not notify ETA of underexpenditures until June 1994. Underexpenditures in the Myrtle Beach grant were over \$360,000, almost 40 percent of the grant. While enrollments declined in mid-1993, discussions regarding the underexpenditures did not occur until April 1994. ETA could have detected the potential for underexpenditures earlier by monitoring the quarterly Dislocated Workers Special Projects Report, which contains both financial and participant enrollment data.

Earlier detection of the underenrollments by ETA could have resulted in excess funds being identified and actions taken to reprogram the funds. Excess funds existed in both grants. However, the Commission obtained ETA's approval to use the remaining funds on other defense projects. Because the costs of the other projects were charged to, and accounted for, against the Myrtle Beach and Charleston grants, the expenditure reports were distorted. Administrative costs were 21 percent of total expenditures for the Myrtle Beach grant. The limit was 15 percent. The difference and all excess funds should be refunded by the Commission for redistribution to other defense closure sites.

We recommended ETA conduct more in-depth analysis of the cost components of grant proposals before awarding grants and more closely monitor grant activities after the award. ETA has indicated that it is implementing a more structured and timely quarterly reporting requirement procedure to support the kind of analysis recommended by the OIG. (Report No. 04-96-029-03-340; issued September 27, 1996)

**SCHOOL-TO-
WORK
OPPORTUNITIES
ACT OF 1994**

The School-To-Work Opportunities Act of 1994 establishes School-to-Work (STW) Opportunities systems in every state in the nation. These systems are designed to assist youth in acquiring the knowledge, skills, abilities and labor market information they need to make a smooth and effective transition from school to career-oriented work, or to further education or training.

The STW program is jointly administered and funded by the Federal Departments of Education (DOEd) and Labor (DOL), which provide “seed money” (State Development Grants) to all states and operational funding (State Implementation Grants) to many states. Certain communities which are ready to implement their STW programs, but which are located in a state that did not receive a grant, receive direct Federal funding (Local Partnership Grant) to run their STW programs. While the Federal Government provides the impetus and initial operating costs of the state and local-level STW programs, the intent of the Act is that, eventually, non-Federal resources will incrementally replace Federal funding and, in about 7 years, the programs will continue to operate without Federal financial support. The Act has a “sunset” provision for October 1, 2001. In fiscal year 1996, the STW program was funded at \$170 million.

During this period, the OIG audited four of the various STW grants awarded to state and Local Governments.

**\$772, 045 of Claimed
Costs Questioned at
CATF**

The Capital Area Training Foundation (CATF) was created in April 1994 by the Greater Austin Chamber of Commerce to develop and implement a permanent STW system for the City of Austin and a 10-county planning region which approximates the Austin labor market area. For the period September 30, 1994 to September 30, 1995, CATF was granted \$816,900 from DOL to implement an area-wide STW system and, for the period January 15, 1995 to January 14, 1996, CATF was granted \$237,527 from DOEd to specifically assist youths in an Austin “high poverty” community. The OIG audited the costs claimed for reimbursement by CATF from the inception of the grants through September 30, 1995, and questioned \$632,460 claimed under the DOL grant and \$139,585 claimed under the DOEd grant.

The preponderance of questioned costs resulted because CATF failed to maintain adequate documentation for most of the (a) salaries and fringe benefits (\$337,767 DOL and \$73,448 DOEd), and (b) contractual and other direct costs (\$236,242 DOL and \$53,890 DOEd), for

which it claimed reimbursement. The OIG also found that certain travel costs were unsupported, program income was improperly paid to a CATF employee, and subawards did not meet Federal grant management regulations. While some grant costs were expressly unallowable under the applicable cost principles or terms of the grant awards, most costs were questioned because of inadequate, incomplete, or missing source documentation. Accordingly, the OIG concluded the financial reports issued on CATF submitted to DOL and DOE did not present fairly, in all material respects, the direct costs allowable and allocable to grants. The CATF agreed, for a sizable portion of the grants costs, documentation was not sufficient to make a determination that the costs were allowable.

It was noted that CATF was a relatively new organization with no previous experience with Federal grants and contracts. The CATF staff had very limited knowledge of pertinent Federal regulations and were not aware of the grant requirements for maintaining appropriate records. Moreover, prior to implementation of the grants, CATF was unable to obtain copies of the various Federal regulations noted in the awards and, at the time of the audit, did not have the necessary organization, experience, technical skills, and internal control procedures to properly administer Federal grant funds. This notwithstanding, in October 1995, the DOL Local Partnership grant was extended to September 30, 1996, with total grant funding increased to \$1,429,575.

***Alert Memorandum Sent to
ETA Assistant Secretary***

By means of a March 1996 Alert Memorandum, the OIG informed the Assistant Secretary for ETA of the Tentative Findings, which included an assessment of the CATF's capability to administer the STW grants. As a result, the Assistant Secretary for ETA sent a technical assistance team to CATF to instruct and assist them in the proper administration of Federal grants. In addition, ETA stated that it has incorporated the OIG audit findings into a series of 1-day training sessions for STW grantees. (Report No. 18-96-015-03-385; issued July 12, 1996)

**Referrals for
Substandard Work to
the Texas State Board of
Accountancy and the
AICPA**

In carrying out its audit responsibilities, the OIG is required (29 CFR 96.403) to build upon and not duplicate "organization-wide audits," or single audits. Accordingly, prior to the commencement of fieldwork at CATF, the OIG requested a copy of CATF's most recent single audit report. Based upon a review of the "clean" report, the OIG requested to review the auditor's working papers, which were received too late to be of value during the fieldwork stage of the audit. Based on this review, the OIG performed a Quality Control Review (QCR) of the audit

and related working papers and reported, in our opinion, that the audit did not meet generally accepted auditing standards, the *Government Auditing Standards*, and OMB circular A-133 guidelines.

The standards which, in our opinion, the auditor failed to meet were: (1) auditor qualifications, (2) due professional care, (3) planning and supervision, (4) working paper preparation, (5) internal control review, and (6) compliance with laws and regulations. The auditor concurred with the OIG's QCR findings.

Accordingly, this matter was referred to the Texas State Board of Accountancy and the AICPA. (Report No. 18-96-015-03-385; issued July 12, 1996)

**\$274,059 of Claimed
Costs Questioned at the
Texas Council on
Workforce and Economic
Competitiveness**

The Texas Council on Workforce and Economic Competitiveness (TCWEC) was created in 1993 by the state legislature for the purpose of coordinating the state's workforce development programs. Because one of TCWEC's foremost responsibilities was to guide policy in producing a viable state-wide School-to-Work system, TCWEC was selected as the recipient and administrator of the DOL-funded \$1,960,000 School-to-Work (STW) State Development Grant awarded by DOL. For the period March 8, 1994 through September 30, 1995, TCWEC reported incurred costs of \$1,284,909 (\$24,545 of DOEd funds), of which the OIG questioned \$274,059.

The preponderance of questioned costs resulted because TCWEC had reimbursed one of its subcontractors for the full amount of costs claimed even though the firm had failed to maintain adequate documentation of costs and minimally acceptable accounting records as mandated by Federal cost principles and grant management requirements. Consequently, the OIG was unable to determine whether any of the reimbursed costs were allowable, reasonable, or allocable to the STW program and questioned the entire \$232,759 in grant funds paid to the subcontractor (includes \$24,545 of DOEd funds). The State of Texas disagreed with this finding, claiming that the contract was a fixed price contract and the criteria cited by the OIG did not apply. The OIG concluded that cost reimbursable criteria and principles applied to the contract.

The OIG also questioned \$39,631 of professional services and consulting costs claimed by subgrantees, primarily because there was no basis for determining the reasonableness of the expenditure and, in some

instances, there was inadequate documentation or there was no written agreement (contract) to support the costs. Texas disagreed with this finding. The OIG also questioned \$1,669 of other grant expenditures.

In addition, the OIG concluded that a material weakness existed in TCWEC's internal control structure over Federal grant awards because TCWEC had not implemented policies and procedures to: (1) ensure subgrantees were made aware of the various requirements imposed upon them by Federal statute and regulation, and (2) provide monitoring of subgrantee activities sufficient to ensure their compliance with applicable Federal requirements. (Report No. 18-96-025-03-385; issued September 30, 1996)

**SENIOR
COMMUNITY
SERVICE
EMPLOYMENT
PROGRAM**

The Senior Community Service Employment Program (SCSEP) is authorized under Title V of the Older Americans Act of 1965. The primary purpose of the program is to promote useful and meaningful roles for disadvantaged individuals, over the age of 55, by providing subsidized, part-time community service employment as a means to eventually obtain unsubsidized private employment. The SCSEP was funded at \$373 million in fiscal year 1996.

**DOL Should Evaluate
Continuing the Forest
Service as a SCSEP
National Sponsor**

Since 1971, the U.S. Forest Service (USFS) has been both a national sponsor and host agency for operations of programs under the SCSEP. Within certain areas, USFS recruits and enrolls disadvantaged elderly individuals (enrollees) to perform part-time services for up to 1,300 hours per year at a wage rate established by DOL regulations. USFS is unique among the 10 SCSEP national sponsors. In other sponsor programs, enrollees are assigned to local community service organizations such as schools, nursing homes, and hospitals, which are called "host agencies," or agencies which actually employ the enrollees. The USFS enrollees, however, may work in USFS offices or in various capacities in the national forest system, making the USFS both a national sponsor and host agency for SCSEP program operations. The OIG audited approximately \$75 million of program costs claimed for reimbursement by USFS for the 3-year period of July 1, 1992 to June 30, 1995.

While the audit resulted in no questioned costs, it did result in findings which are pertinent to an improvement in the quality of program operations. The USFS did not meet its goal of placing 20 percent of its enrollees into unsubsidized employment, and some "placements" were

questionable because the enrollees were knowingly placed by USFS for very short periods in temporary jobs. USFS disagreed with this finding because, in its view, such placements were permissible under the DOL criteria applicable during the audit period. USFS stated it would follow revised DOL placement policy and guidelines, effective July 1, 1995, which prohibit classifying and reporting short-term, temporary assignments of enrollees as "placements."

The OIG also found that (1) USFS' dual role as a national sponsor and host agency inhibited the agency from meeting the program objective of placing enrollees into long-term unsubsidized private employment; and (2) the cost per enrollee for PY 1994 was substantially higher than for other national sponsors, primarily because USFS did not meet the non-Federal in-kind contribution requirement of at least 10 percent. The USFS disagreed with this finding.

The OIG also determined that: (1) USFS continued to pay cash incentives to enrollees even though DOL raised objections to such payments, (2) USFS misclassified certain costs when reporting to DOL, (3) certain travel costs were not properly allocated to benefiting programs, (4) USFS' charges to DOL were determined, in large part, by budgeted amount and not actual costs, and (5) internal controls needed to be improved to ensure timely and accurate billings to DOL. The USFS agreed with these findings.

Based on the findings that USFS has continually failed to attain the DOL goal of placement of 20 percent of enrollees into private unsubsidized employment, combined with the fact that USFS faces certain disadvantages as a Federal host agency in meeting program objectives, the OIG has recommended to DOL that it evaluate the merits of continuing USFS as a national sponsor. (Report No. 18-96-011-07-735; issued May 14, 1996)

INCOME SECURITY

The Pension and Welfare Benefits Administration (PWBA) carries out the Department's responsibilities under Title I of the Employee Retirement Income Security Act of 1974 (ERISA), which regulates aspects of covered private sector pension and welfare benefit plans, and certain provisions of the Federal Employees' Retirement System Act of 1986. PWBA's responsibilities include enforcing fiduciary and reporting/disclosure requirements, providing regulatory and interpretative guidance, developing policy and performing research related to pension and wel-

**Full Scope Audits of
Employee Benefit Plans
Still Needed**

fare benefit plans, and administering a public disclosure program. PWBA's oversight of employee benefit plans impacts the protection of over \$3 trillion in assets for about 200 million participants.

Since 1984, the OIG has reported its concerns that hundreds of billions of dollars in employee pension funds are not being adequately audited to ensure that they are safeguarded and will be available in the future to pay promised benefits. The limited scope audit provision exempts from review by an auditor all plan funds that are held by institutions such as savings and loans, banks or insurance companies already regulated by Federal or State Governments. At the time ERISA was passed almost two decades ago, it was assumed that all of the funds invested in those regulated industries were being adequately reviewed. Unfortunately, as we have found from the Savings and Loan crisis, this is far from true.

The OIG completed a follow-up audit to determine whether the recommendations in our 1989 audit report titled "Changes Are Needed in the ERISA Audit Process to Increase Protection for Employee Benefit Plan Participants" have been made.

We concluded that, with the exception of legislative changes, PWBA had implemented our previous recommendations. In fact, PWBA's Office of the Chief Accountant (OCA) had performed a similar follow-up review during 1995. The OCA report sustained our 1989 audit results and refined or extended our recommendations. We endorsed OCA's recommendations. We believe that the need for full scope audits of employee benefit plans is as important today as it was 7 years ago. The need for IPAs and plan administrators to report serious ERISA violations directly to DOL also continues.

Therefore, we recommended that the Assistant Secretary for Pension and Welfare Benefits:

- aggressively pursue the enactment of ERISA legislative changes to require full scope audits of employee benefit plans and to require the direct reporting of ERISA violations to the Secretary; and
- adopt the recommendations of the Office of the Chief Accountant regarding audits of employee benefit plans.

Overall, PWBA concurred with OIG's conclusion, and agreed to continue pursuing legislative changes to ERISA which would require full scope audits for all plans and direct reporting for serious ERISA violations. (Report No. 09-96-005-12-121; issued September 30, 1996)

FINANCIAL AND PERFORMANCE REPORTING UNDER THE CFO ACT

The Chief Financial Officers (CFO) Act requires the Department prepare and submit to OMB annual financial statements that present DOL's overall financial position, results of operations, cash flows, budget and actual expenses. The CFO Act also requires that the Department provide an accurate and complete portrayal of the extent to which its legislative mandate is being achieved. This portrayal of the Department's performance is presented in the Overview and Supplemental section of the Department's Annual Financial Statements. The OIG is responsible for auditing annually the financial statements and performance measures presented by the Department.

FY 1995 CONSOLIDATED FINANCIAL STATEMENTS

The Department's financial statements for FY 1995 reflect \$35 billion in expenses, of which approximately 85 percent are "pass through" funds, or funds actually expended by state or local governments. Of the total, \$22.2 billion was expended by the states for unemployment insurance benefit payments, and another \$7.4 billion by state and local governments that operate state unemployment insurance, employment service, and JTPA programs. The balance of the expenses were for benefit payments and services provided directly by the Department.

Financial Statement Opinion

The OIG's report on the FY 1995 financial statements contained a scope restriction related to the lack of audit assurance for tax revenues and related receivables for the Unemployment Trust Fund and Black Lung Disability Trust Fund. As a result, our opinion on the financial statements was qualified. However, this scope restriction is not a reflection on DOL. Management has worked diligently with both GAO and Treasury to ensure that the Department's funds are audited.

Report on Internal Control Structure

We reported a number of conditions involving DOL's internal control structure and its operation that warrant action. Four of these were deemed to be material weaknesses. These four are summarized below.

- 1) *Wage and Hour's Civil Monetary Penalty (CMP) and Back Wage Systems.* Improvements are necessary to maximize the collection of CMPs and back wage agreed-to-pay amounts, and to ensure that back wage collections (currently \$49 million

on deposit with Treasury) are distributed to the affected employees. ESA agreed with OIG recommendations. Corrective action will be completed in FY 1997.

2) *ETA Debt Management*. ETA debt management activities (for \$82 million) maintained on a subsidiary system need to be integrated with the general ledger.

ETA is reviewing its debt management system to develop a plan to address weaknesses noted by the OIG.

3) *Allowance for Uncollectible Accounts*. The Department needs to have formal procedures in place to analyze and reestimate the \$111 million allowance (which excludes allowance for UI benefit overpayments and delinquent state unemployment taxes which states collect) for uncollectible accounts when circumstances require, or on an annual basis.

The OCFO has issued procedures for calculating an allowance for uncollectible accounts.

4) *Black Lung Disability Trust Fund (BLDTF) Actuarial Liability*. The Black Lung actuarial model needs to be reviewed to determine if changes are necessary.

ESA stated that it routinely reviews the Black Lung actuarial model and does not believe changes recommended by the OIG would result in a material difference in the liability.

The OIG also performed CFO and OMB required audit procedures to the performance measures reported in the Department's Consolidated Fiscal Year 1995 Financial Statements. We identified the need to improve reporting of performance measures in the following three areas:

- 1) Wage and Hour needs improvements in the presentation of measures,
- 2) Wage and Hour needs improvements in the collection of data, and
- 3) OSHA needs improvements in controls over data supporting information.

We also identified other conditions and updated the status of conditions noted in prior year reports on the internal control structure. Several key conditions and the status of resolution or corrective action follow.

SESA Real Property

In prior years, we reported that ETA did not maintain sufficient accountability over real property (historical cost value of \$296 million, market value over \$1 billion as per OIG 1988 inventory) purchased with SESA grant funds, in which the Department maintains a reversionary interest. ETA established corrective procedures and hired an outside contractor to maintain a property system for SESA real property. However, our FY 1995 audit disclosed that ETA again could not provide current records of SESA real property. ETA has initiated corrective action by establishing a position that would be responsible for ensuring regional office compliance with updating real property inventories and obtaining state certification of SESA real property.

Job Corps Real and Personal Property

In past years, we have reported numerous issues related to ETA's accounting of the Job Corps Program's real and personal property, which has a historical cost of \$833 million. The systems used by ETA are insufficient, consisting of manual spreadsheets, which are updated and recorded in the general ledger at year end only; not integrated with the Department's general ledger; and not reconcilable to the ETA 2110 cost reports (the official record of expenditure) submitted by Job Corps contractors.

ETA believes that its current systems are adequate to meet OMB requirements and management's needs. Further, ETA does not believe the benefits of implementing the OIG's recommendations would justify implementation costs.

Black Lung Disability Trust Fund Advances From Treasury

The rates of interest charged on \$4.7 billion of advances to the Trust Fund are not in compliance with the *Black Lung Benefits Revenue Act of 1977*. The Act requires interest rates based on the average rate borne by obligations of the United States. For advances after 1981, the average rate should be based only on obligations whose remaining period to maturity is comparable to the anticipated maturity for the Black Lung advances.

We noted interest rates used both before and after the 1981 amendments were based on the rate charged for 15-year obligations. Such a rate would not necessarily equal the actual average rate of obligations outstanding. Further, the interest rate for post-1981 advances should

have been limited to those obligations with comparable maturity periods. Although Treasury is assigned with the responsibility of determining the rate of interest, Treasury personnel indicated they relied on information from the Department in assigning interest rates based on a 15-year maturity period.

Management agreed to consult with U.S. Treasury Officials to ensure current policies conform with applicable statutes. With regard to OIG's recommendation that prior year interest rates be recomputed, ESA states neither Black Lung legislation nor the memorandum of understanding with the U.S. Treasury provides for recomputation of original interest rates once they are assigned. (Report No. 12-96-007-13-001; issued May 1, 1996)

AUDIT RESOLUTION

OMB Circular A-50, the IG Act Amendments of 1988 and the recent Federal Acquisition Streamlining Act require that management decisions be rendered within 6 months of OIG's issuance of audit reports. During this reporting period, ETA issued Final Determinations disallowing costs that had been questioned by the auditors in several audit reports issued in prior reporting periods. Examples of two of these disallowances follow.

KRA Corp: \$284,654 in Indirect Costs are Disallowed

To determine compliance with the cost principles set forth in the Federal Acquisition Regulation Part 31.2 entitled Contracts for Commercial Organizations, the OIG (1) audited the indirect costs and rates proposed by KRA Corporation (KRA) for fiscal years 1993 and 1994, and (2) reviewed the propriety of the direct costs included in the bases of allocation used to distribute indirect costs. Primarily as a result of (1) unreasonable bid and proposal costs, (2) unreasonable profit sharing contributions to a 401(k) tax deferred savings and retirement plan, and (3) questionable charges for performance incentive compensation, the OIG questioned \$407,402 as improper charges to KRA's indirect cost pools. KRA did not agree with the OIG findings.

The Director of Cost Determination (the departmental official responsible for approving contractor's indirect cost rates) has issued a Final Decision allowing \$122,748 and disallowing \$284,654 of the questioned costs. The majority of the allowed costs were for contributions to the 401(k) plan, and were based on negotiations with KRA which resulted in a mutually acceptable understanding as to the proper management of such a plan. (Report No. 18-95-021-07-735; issued August 17, 1995)

Nebraska Indian Inter-Tribal Development Corporation

For the period July 1, 1992 through September 30, 1994, the OIG performed a financial and performance audit of the Nebraska Indian Inter-Tribal Development Corporation's (NIITDC) JTPA program operations. Primarily because of excessive cash drawdowns which were used to pay expenses unrelated to the JTPA programs, and imputed interest on the excessive drawdowns, the OIG questioned costs of \$279,568. ETA disallowed all of the questioned costs and determined that the six reported administrative findings remain uncorrected. Because NIITDC undercharged its JTPA grants for indirect costs, \$255,145 of the disallowed costs are subject to debt collection. (Report No. 18-95-022-03-355; issued September 12, 1995)

OFFICE OF INVESTIGATIONS

OVERVIEW

For this six-month reporting period, the Office of Investigation's (OI's) total investigative work hours were distributed approximately as follows: Employment Standards Administration program investigations - 22 percent, ERISA employee benefit plan investigations - 21 percent, investigations of internal union affairs - 15 percent, investigations involving labor-management relations - 9 percent, Employment and Training Administration program investigations - 8 percent, unemployment insurance investigations - 5 percent, DOL employee integrity investigations - 4 percent, and all other categories of investigations - 16 percent. Accomplishments obtained from investigations during this period include 133 indictments, 93 convictions, and \$16 million in monetary results.

While the number of indictments, convictions, and the monetary results achieved traditionally serve as a measurement of investigative success, OI continues to utilize "Impact Statements" to describe and evaluate the overall effect or impact that a particular investigation, or series of investigations, has had on a DOL program or related area.

The Office of Investigations consists of two components: the Division of Labor Racketeering and the Division of Program Fraud. The following section provides descriptions of investigative initiatives and case results for some of the more significant investigations by OI Special Agents.

DIVISION OF LABOR RACKETEERING

The Division of Labor Racketeering (LR) conducts criminal investigations to eliminate the influence of organized crime, labor racketeering, and corruption in employee benefit plans, labor-management relations, and unions.

IMMIGRATION

In our last report, the LR identified, as an investigative priority, the emerging non-traditional organized crime groups that adversely affect the workplace and America's workers. Specifically, our initiative is to address those employers, in industries traditionally organized by unions, who profit by employing illegal aliens. It is our contention that the utilization of an illegal labor force grants an unfair advantage to those

employers who do so, and ultimately undermines the delicate balance between labor and management. The LR's initiative also targets those labor leasers and brokers who, in concert with organized illegal alien smuggling organizations, facilitate the placement of smuggled aliens into the American workplace.

During this reporting period, the LR and the Immigration and Naturalization Service (INS) have completed negotiations for a Memorandum of Understanding which will enable both agencies to cooperatively conduct investigations of mutual interest. Specifically, the Memorandum of Understanding provides for the coordination of enforcement activities, including the development of joint strategies and investigations. It also calls for the sharing of intelligence and investigative information on items of mutual interest.

In addition, during this period, LR has been working with the Deputy Attorney General's Task Force on Sweatshop Enforcement. Instances have been found where sweatshops employ illegal aliens under conditions of involuntary servitude. The task force is developing strategies to increase enforcement efforts against sweatshops by combining the expertise and experience of agencies at DOL, Justice, and Treasury. Seven major U.S. cities have been selected as targeted deterrence zones. Task forces consisting of prosecutorial and investigative resources have been identified for these cities. A training program and prosecutorial guide is being developed to assist the task force in coordinating their efforts.

LABOR- MANAGEMENT RELATIONS

Since its establishment in 1978, the OIG directed its attention to supporting the Department of Justice Organized Crime Strike Force's efforts to target traditional organized crime figures engaged in classic labor racketeering violations, such as embezzlement, bribery, and extortion. These traditional priorities were highlighted in the 1986 President's Commission on Organized Crime (PCOC) report which detailed the way that racketeers employed new and more sophisticated methods to exploit union members and infiltrate the marketplace, and made various recommendations which the OIG has consistently strived to implement.

In addition, the PCOC identified four international unions which were under the control of traditional *La Cosa Nostra* (LCN) organized crime entities. These unions were the International Brotherhood of Teamsters (IBT), the Laborers' International Union of North America

(LIUNA), the International Longshoreman's Association (ILA), and the Hotel Employees and Restaurant Employees International Union (HEREIU). Over the past ten years, 35% of the Division of Labor Racketeering's cases have involved allegations of corruption in these four unions, and significant progress has been made in addressing this corruption. This effort alone has resulted in over 500 criminal indictments and Civil RICO actions for racketeering-type offenses.

During this reporting period, the Inspector General testified before the House Committee on Government Reform and Oversight concerning the efforts of the Federal Government in combatting organized crime's influence over the nation's labor unions. While the Government has made considerable progress in this area, the Inspector General testified that there is more work to be done. The Inspector General also noted several trends in the labor racketeering arena, including the emergence of non-traditional organized crime groups and a shift from traditional labor racketeering violations to more complex illegal manipulations of employee benefit plan funds.

Civil RICO Actions

LR is continuing its emphasis on the utilization of the equitable powers of the courts under the Racketeer Influenced and Corrupt Organizations (RICO) statute to address labor racketeering problems. The Act allows the Government to seek court-appointed trusteeship of the union with appointed monitors who are responsible for removing organized criminal influence from the union. Past and present LR cases and convictions have been used by the Department of Justice as "predicate acts" which establish a pattern of racketeering within the union. After a monitor is appointed, LR works closely with them to investigate and remove organized crime's influence in the union.

This strategy has shown some impressive results, particularly in the unions identified by the PCOC. Recently, in January 1996, the LIUNA agreed to hold its first direct election of international officers by the union's membership. We believe that this will go a long way to restoring democracy for the union and give the union's membership a voice in the way that the union conducts its business. LR has also worked closely with the HEREIU monitor to remove from office several union officials having identified ties to organized crime. LR continues to cooperate with the monitor for the IBT, as well as the IBT's own ethical practices

committee, to address corruption within the union. The following cases represent some recent progress in this area:

**Hotel Employees and
Restaurant Employees
Local Union 54 Freed
from Organized Crime's
Control**

In December 1990, a Civil RICO complaint was filed against Local 54 (in Atlantic City, New Jersey) of the Hotel Employees and Restaurant Employees (HERE) Union alleging a 20-year pattern of racketeering by the Scarfo *La Cosa Nostra* crime family. Included in the complaint were allegations that the Scarfo LCN took control of Local 54 by force, and maintained their control by threatening to kill members of the union who attempted to run against them in the general elections. Prior to the Civil RICO filing, there were no contested elections in the union for more than 10 years. During this period, less than 5% of the 15,000 members voted in any election.

In April 1991, the U.S. District Court appointed a Monitor of Local 54, and eight officers and employees of the union were forced from office. In August 1993, the Monitor held open elections for office in the union. Investigations revealed that eight of the candidates were associates of the organized crime figures that were removed from the union when the Civil RICO was first filed with the Court. In addition, several investigations identified individuals with organized crime associations who were subsequently barred from holding office because of these associations. During this election, 3400 members, or 22%, voted.

The next elections were held recently in August 1996. Over ninety persons were nominated for office and not one of them had any known associations with organized crime. As a result, an entire new group of candidates was elected and will take office on October 13, 1996. During this election, 5098, or 33% of the union membership, voted.

Impact: *As a result of the court-appointed monitorship in Local 54 and the support of the LR, an entire new group of officers -- with no organized crime associations -- has been elected to run the union. These positive results illustrate that the strategy of filing a Civil RICO complaint and appointing a monitor of Local 54 has succeeded in its primary objective: the removal of organized crime from the union and the return of democratic leadership to the union. Without the monitorship, none of the new officers could have been nominated, let alone elected.*

**LIUNA Officials
Permanently Banned
From Mason Tenders
District Council for LCN
Ties**

Salvatore Lanza, LIUNA Local Union 30, Mason Tenders District Council of Greater New York (MTDC) Business Manager, Fund Trustee, and former Recording Secretary was found guilty of 5 broad categories of prohibited conduct, by the court-appointed Monitor under the union's Civil RICO Trusteeship consent agreement. Pursuant to paragraph 4 (e) of the Consent Decree, Lanza was expelled from the MTDC and Local 30, and was banned permanently from membership in, association with, or employment by the MTDC and any affiliated union trust funds.

An LR investigation disclosed that Lanza, a reputed Soldier of the Genovese organized crime family, allegedly obtained his District Council position as a result of this organized crime affiliation and that he advanced the interests of the Genovese Family within the District Council by securing employment for a Genovese Family associate with the District Council Trust Funds. The investigation also concluded that Lanza, as Business Manager, committed Taft-Hartley racketeering violations by accepting improper payments from two contractors within Local 30's jurisdiction. In addition, Lanza refused to comply with document requests and testified falsely during his deposition about these matters. (*U.S. v. Lanza* S.D. of New York)

Peter Vario, identified as a Luchese soldier and the former fund administrator of LIUNA Local 66 was also permanently barred from membership or employment by any unions or trust funds affiliated with the MTDC because of his ties to organized crime. In addition, the court-appointed monitor imposed a fine on Vario of \$35,796.

Another LIUNA official, Michael Labarbara, Jr., a reputed member of the Luchese organized crime family and the former manager of LIUNA Local 66, was also permanently barred from membership or employment by any unions or trust funds affiliated with the MTDC. In addition, Labarbara was fined \$39,008 by the court-appointed monitor for the union. Labarbara's sentencing for his conviction on Federal racketeering charges can be found on page 36 of this report.

**Columbo Organized
Crime Boss Indicted**

Andrew Russo, Acting Boss of the Columbo LCN Family, and Dennis Hickey, an associate of the Columbo Crime Family and operator of Hickey's Carting, Inc. (a Long Island, NY garbage carting company) were indicted on charges of racketeering, money laundering, and fraud. The indictment alleges that Russo, Hickey, four other individual defendants, and four corporations, operated garbage collection businesses

through a pattern of racketeering which allowed organized crime to control the Long Island garbage carting industry and the IBT Local 813, which is the union representing a significant portion of employees in the industry.

According to the indictment, in 1987, Hickey and his company were convicted on charges of bribery concerning the granting of permits to dump garbage in the Town of Islip, New York. Following Hickey's bribery conviction, the Town of Islip revoked the Islip carting permits, and barred Hickey and Hickey's Carting from collecting garbage in the town. The current indictment alleges that, notwithstanding his prior conviction and debarment, Hickey and his company fraudulently retained their Islip garbage routes, by using a front-company known as Grand Carting, Inc. In addition, the indictment charges that Hickey used an additional front company, called Competition Carting, Inc., to deprive Hickey's Carting union employees of their union wages and benefits by paying them through the non-union Competition Carting company. This investigation is being conducted by the FBI, IRS, and the Division of Labor Racketeering. *U. S. v. Russo* (E.D. of New York)

**Three Teamsters
Officials Removed from
Union Positions**

In March 1995, the Government reached an agreement, or consent decree, with the International Brotherhood of Teamsters (IBT) concerning an earlier Civil RICO lawsuit filed against IBT Local 282 in New York. Local 282 represents about 3,000 workers, mainly in the construction industry. This agreement divided the responsibilities of rooting out corruption between the International and the Government. The IBT President appointed a trustee to run Local 282, and provide an educational program for Local 282 members on issues such as union democracy and collective bargaining. The Court appointed a Corruption Officer with the responsibility of conducting investigations and taking actions to eliminate organized crime's influence and corruption. LR has been working closely with the monitor in identifying individuals who are associates of organized crime families.

During this reporting period, three Local 282 stewards were removed for committing acts of corruption and their association with Gambino LCN family members. Robert Henfling, an on-site steward, and shop stewards Dominick Albanese and Herman Schwall, were removed from their positions by the Local's Corruption Officer for corrupt activity in violation of the consent decree. *U.S. v. Local 282 of the International Brotherhood of Teamsters, et al.* (E.D. of New York).

The following case examples illustrate some of the significant efforts of the Division of Labor Racketeering in removing corruption from the nation's labor unions outside of the RICO process during this reporting period.

**Union Official and
Business Man Found
Guilty of Embezzlement**

Harry Seidman, the former Comptroller of the International Organization of Masters, Mates, & Pilots (MMP) was found guilty of embezzling over \$900,000 in funds from the union. Seidman was convicted for conspiring with a long-time friend, Ronald Schoop, who performed printing jobs for the union. The conspiracy involved inflating bills and charging for printing services not rendered. Because Seidman was the Comptroller and thus controlled the union's finances, he wrote checks from the union's accounts to cover printing bills from Schoop. Some of Schoop's printing bills were legitimate, and others were not. Schoop would cash the union's checks for the false bills, and kick back most of the amount to Seidman. This scheme lasted for over 15 years, resulting in the loss of over \$900,000 from the union's funds.

Seidman, who had been the union's Comptroller for over 30 years, was forced to resign from his position after the MMP found him to have been negligent in handling invoices submitted by Schoop. The sentencing for Seidman is scheduled to occur in December.

Additionally, even though Schoop was the prosecution's star witness during the trial, he was also convicted of conspiring to embezzle from the union and sentenced to serve 8 months in prison. The sentencing Judge cited the magnitude and the scope of the embezzlement as reasons for sentencing Schoop in spite of his cooperation with the Government. (*U.S. v. Seidman* District of Maryland).

**Luchese OC Family
Member Sentenced**

The former head of the General Building Laborers Local 66, in New York, Michael Labarbara, was sentenced to nine years in prison and five years probation. He was ordered to pay \$8.3 million in restitution and \$550 in other charges after being convicted of conspiring to steal union welfare funds from General Building Labors Local 66 of New York.

Labarbara, a reputed member of the Luchese organized crime family, was the Local 66 business agent and the union's training fund administrator. Labarbara devised a scheme for the union training fund to pay \$5 million for a new training facility located on Long Island that actually would only cost \$2.5 million to build. He profited from the inflated cost

of the new training center through kickbacks from the contractors who performed the construction and landscaping work at the job site. *U.S. v. Labarbara* (E.D. New York)

Impact: *Labarbara used his position as a union official to enrich himself, members of his family, and business associates at the expense of the union benefit fund and the union membership. Local 66 members are currently being taxed \$1.00 per hour by the union to recover the money stolen by Labarbara in an effort to keep the benefit fund solvent.*

Kansas City Fire Fighters Case Cracked During LR Probe

In 1988, six Kansas City fire fighters were killed following explosions at a Kansas City construction excavation site. The Bureau of Alcohol Tobacco and Firearms (ATF) determined that the explosions resulted from arson fires at two storage trailers on the construction site which contained 45,000 pounds of ammonium nitrate, a highly explosive chemical. During this same period of time, there had been numerous acts of vandalism and arson at non-union construction sites which were undergoing union organizing attempts. In addition, two Kansas City labor unions, Teamsters Local 541 and Operating Engineers Local 101, had a documented history of violence relating to organizing attempts. The LR joined the ATF and the Kansas City Police Department in a probe to determine if these acts of arson and vandalism were actually extortion attempts by union representatives against non-union employers. While no direct linkage to union organizing activity was found, the investigation did identify five individuals believed to be responsible for the fire which had killed the fire fighters. George Frank Sheppard, Earl D. Sheppard, Darlene M. Edwards, Bryan E. Sheppard and Richard W. Brown were indicted by a Missouri Federal Grand Jury for malicious destruction of property resulting in death to a public safety officer.

The defendants are alleged to have conspired to steal items from a highway construction site. At the site, two construction trailers contained approximately 45,000 pounds of ammonium nitrate, a mixture of fertilizer and diesel fuel used in construction projects for blasting through rock. The defendants set fire to one of the trailers in an effort to destroy evidence of their theft. The defendants also set fire to a security guard's unoccupied pick-up truck located across the highway from the construction site. As a result of the fire, one of the trailers with the ammonium nitrate exploded resulting in the instantaneous deaths of the six Kansas City, Missouri firefighters.

A conviction on this charge carries a maximum punishment of death and a \$250,000 fine. This investigation was conducted jointly with the Bureau of Alcohol, Tobacco and Firearms and the Kansas City, Missouri Police Department. This case was also featured on the *Unsolved Mysteries* television show. *U.S. v. Sheppard* (W. D. Missouri).

**National Maritime
Union Officials Indicted
for Bribery and
Kickbacks**

Louis Parise, Sr., President of the National Maritime Union (NMU), his son, Louis Parise, Jr., and NMU pension and welfare plan administrator, Edward Montague, were indicted on charges of committing crimes relating to the operation of the NMU and its pension and welfare plan. Parise, Sr. and Parise, Jr., were charged with racketeering and criminal forfeiture. Parise, Sr. was also charged with 68 counts of theft of union funds, conspiracy, and mail fraud. In addition, Parise, Jr. was charged with interstate travel in aid of racketeering. Both men were charged with criminal forfeiture of at least \$735,023, along with the position, rights, property and benefits that Parise, Sr. obtained from the NMU since 1988. Montague was charged with conspiring with Louis Parise, Sr., to provide Parise, Jr. with a chauffeur who was paid from plan funds. This expense, which totaled approximately \$90,000, between 1992 to 1995, was unauthorized and concealed from the plan trustees.

The charges against Parise Sr. and Parise, Jr. stem from the receipt and distribution of more than \$100,000 in kickbacks from Philadelphia attorney Bernard Sacks to Parise, Sr. and other NMU port agents in exchange for the NMU's referral of injured members to attorney Sacks. The grand jury charged that Parise, Sr. and Sacks agreed to the bribe scheme and that Parise, Jr. then began working for the Sacks law firm and distributing bribes from Sacks to Parise, Sr. and other NMU officials throughout the United States between 1988 and 1993. At one point, the grand jury charged, Parise, Jr. arranged for Sacks to increase Parise, Jr.'s salary as an "investigator" for the law firm to \$130,000 per year so that Parise Jr. had sufficient cash available for bribes to NMU officials. *U.S. v. Parise, Sr.* (E.D. Pennsylvania)

**Former Teamsters'
Union Lawyer Indicted
for Arson**

Sanford Pollack, a former attorney of the International Brotherhood of Teamsters' Local 875 benefit funds, was indicted for burning down his Florida home for the insurance proceeds. Pollack is presently incarcerated in Federal prison on labor racketeering charges relating to an embezzlement from the International Union of Allied Novelty and Production Workers.

Pollack's West Palm Beach, Florida home was completely destroyed by fire in March, 1992. The cause of the fire was subsequently determined to be arson, and Pollack has now been charged with arson and conspiracy to commit the arson. The home had been listed for sale prior to the fire for over \$500,000. The property was owned by Pollack and JEL Leasing Company, a New York corporation of which Pollack is the principle owner. The arson charge carries a maximum penalty of 20 years of imprisonment.

This case was investigated jointly with the Bureau of Alcohol, Tobacco and Firearms (ATF) and the Palm Beach County Sheriff's Office. *U.S. v. Pollack* (E.D. of New York)

EMPLOYEE BENEFIT PLAN INVESTIGATIONS

LR also devotes significant investigative efforts and resources to the employee benefits arena. Employee benefit plans include pension, welfare and health insurance plans. In light of the financial ruin that many American families have suffered because of the loss of medical coverage and benefits, the LR will continue to devote attention to criminal abuse of employee benefit funds. The following case examples illustrate some of the OIG's more significant accomplishments during this reporting period.

Former Teamsters' Union Officials Indicted in Embezzlement

Two former officials of two New Jersey International Brotherhood of Teamsters (IBT) locals, Albert Sainato, Sr. and his son Albert Sainato, Jr., were indicted on charges of conspiracy, union fund embezzlement, and union welfare fund fraud.

The Sainatos were charged with conspiring to use their positions as officers of Teamsters' Local 1518, Local 462, and the IBT Greater Metropolitan Welfare Fund to embezzle more than \$600,000 from the locals and a regional welfare fund over a five-year period. The locals, which represent short-haul truck drivers, factory workers, and various service employees, have operated under trusteeship since October, 1993. After Local 1518 merged its welfare fund with Local 462's plan, Sainato, Jr. conspired with others to have Local 462 pay salaries to himself and other Sainato family members, although no work was actually performed for the local. In addition, both Sainatos paid for medical benefits from the union's plans for relatives who were unauthorized to receive them. *U.S. v. Sainato* (District of New Jersey)

Teamsters Local Organizer Indicted for Extortion

Thomas J. Lamanna, a former union organizer for New Jersey IBT Local 945, was charged by a Federal Grand Jury in Newark, New Jersey on charges of extortion. The Indictment alleges that Lamanna extorted a “no-show” weekly salary of \$1,000, as well as union medical benefits, from a Keyport, NJ garbage hauler under contract with IBT LU 945, in return for labor peace. The Indictment charges that between 1990 and 1991, Lamanna received more than \$50,000 in extorted payments. *U.S. v. Lamanna* (District of New Jersey).

Senator Arlen Specter’s Secretary Charged with Pension Fund Theft

Kathleen M. Groetzing of Philadelphia pled guilty to embezzling approximately \$1 million in pension fund assets from the pension plan of Senator Arlen Specter and U.S. District Judge Marvin Katz. The guilty plea stems from Groetzing’s use of her position as the trustee of the Pension and Profit Sharing Plan of the law firm formerly maintained by Senator Specter and Judge Katz.

Groetzing admitted that she embezzled the assets of the plan between 1987 and 1995, by unauthorized withdrawals and check forgery, thereby preventing plan assets from accruing interest, which would have resulted in a total value of \$1,164,356. Additionally, Groetzing concealed her crime by providing fictitious and false annual reports to the plan participants and to the IRS and U.S. Department of Labor.

The case was investigated by the Federal Bureau of Investigation and the Division of Labor Racketeering. *U.S. v. Groetzing* (E.D. of Pennsylvania).

Additional Defendants Indicted in Fraudulent “Leased Assets” Scheme

In our last *Semiannual Report to the Congress* the LR division reported the indictment of six individuals on charges relating to their involvement in a scheme to “lease” worthless stock to reinsurance companies in order to obtain medical insurance premiums from policy holders of the World Life and Health Insurance Company (World Life). An LR investigation disclosed that the Pennsylvania Life and Health Insurance Guarantee Association, a State agency responsible for protecting Pennsylvania insurance policy holders from insolvent insurance companies, was defrauded of \$5.3 million. The World Life Company was licensed to operate as an insurance company in the Commonwealth of Pennsylvania since 1958. However, World Life was suspended and liquidated by Pennsylvania in 1991 because of the losses sustained from the false securities scheme.

During this reporting period, two additional individuals, Matthew Bonar and Dallas Bessant, have been indicted in connection with this fraud scheme. The indictment alleges that the defendants operated as “securities vendors” which provided stocks, under leasing agreements, to artificially enhance the balance sheets of various off-shore reinsurance companies. The reinsurance companies would then use the stocks as company assets to bolster the companies’ financial statements. The inflated balance sheets were used to defraud World Life by representing that the reinsurance companies had the ability to pay medical reinsurance claims on group medical insurance policies issued by World Life, when in fact they did not have the ability to pay any claims. The reinsurance companies received World Life policyholders’ premiums of approximately \$7.5 million. *U.S. v. Rennert, et al.* (E.D. of Pennsylvania)

Bogus Labor Unions

The LR Division has narrowed its investigative focus in the arena of Multiple Employer Welfare Arrangements (MEWAs) to focus on fraudulent health insurance schemes operated by “bogus labor unions”. LR investigations have shown that scam artists who formerly operated fraudulent MEWAs have moved into this second generation scam involving “bogus unions”.

Under the Federal Employee Retirement Income Security Act, health plans sponsored by employee organizations or unions are exempt from the scrutiny of state insurance regulatory officials.

Consequently, these plans are not required to maintain cash reserves, are not guaranteed by a state guarantee fund, and are less likely to be subjected to scrutiny due to limited Federal resources.

However, our investigations have shown that “bogus unions” conduct no legitimate collective bargaining and provide no representation for their members, but merely serve as a vehicle for the sale of insurance and to escape state regulation. This activity is facilitated by the ease in which a “union” is formed under the Labor Management Reporting and Disclosure Act and National Labor Relations Act. Individuals desiring to start a union only need to declare themselves a union and register by filing a Labor Organization Information Report (LM-1), a copy of the union’s constitution, and bylaws with the Department of Labor. The Department of Labor makes no judgement as to the validity of a union. Through our investigative efforts, the LR Division seeks to prevent these

**Guilty Pleas In
Fraudulent Health
Insurance Scheme**

fraudulent health care operations from gaining an air of legitimacy and to prevent these operators from marketing a product destined for abuse.

Two former officials of a now-defunct New York union local pled guilty to Federal racketeering charges for forming a union solely for the purpose of selling fraudulent health insurance. Thomas Cucuro and Joseph Bartolomeo had been the business manager and president of Local 613-614, and they also served as trustees of the Local 231-613-614 welfare fund.

The two pled guilty to charges of soliciting and receiving approximately \$300,000 in kickbacks from insurance brokers who conducted business with the welfare funds affiliated with the union. The brokers would solicit individuals and employers to purchase health insurance offered by the union. Cucuro and Bartolomeo also gave the brokers union membership cards to pass on to the customers which would make them eligible for union health coverage. The insurance premiums were paid to the brokers, who, in turn, would send only a portion to the Welfare plan. The remainder of the proceeds were split among the brokers and Cucuro and Bartolomeo.

In addition, Elwood Trader and Paul Wood, two Maryland insurance brokers, plead guilty to a Criminal Information charging them with paying the kickbacks to Cucuro and Bartolomeo. In addition, Brandon Trader (a relative of Elwood) pled guilty to a Criminal Information charging him with making false statements on a document required to be kept by ERISA. These false statements were related to the kickbacks paid to Bartolomeo and Cucuro.

The Local 231-613-614 Welfare Fund was placed under the control of a court-appointed independent fiduciary in September 1994, when the welfare fund had approximately \$6 million in unpaid medical claims from its members. The Department's Pension and Welfare Benefits Administration has been working with the independent fiduciary to recover monies and pay the outstanding medical claims.

The case was conducted jointly with the Federal Bureau of Investigation, the Internal Revenue Service Criminal Investigative Division, and the Suffolk County District Attorney's Office. *U.S. v. Cucuro, et. al.* (E.D. New York)

**Insurance Broker
Convicted of Conspiracy
and Bribery**

Impact: This case exposed a weakness in the Government's regulatory scheme by permitting what is, in essence, an insurance operation to assume the cloak of ERISA preemption, thus avoiding more stringent regulation by State Insurance Commissioners. This case further shows the ease at which employers may be duped by brokers selling a "legitimate" health insurance product.

Harvey I. Glick, former president and owner of HIG Associates in Hauppauge, New York, was convicted of criminal conspiracy and bribery by a trial jury in Federal district court in Brooklyn. Glick was convicted of paying William Loeb, president of Consolidated Union Local 867, approximately \$150,000 in bribes to be the exclusive marketing agent for Local 867's health insurance plan. Loeb created Consolidated Union Local 867 primarily to sell health insurance. Through a network of brokers, Loeb marketed the plan to over 9,000 participants nationwide. When Local 867's plan was eventually deemed insolvent, he created an international union and sold subordinate local unions, which were in effect franchise operations, to a number of insurance brokers so they could continue the scheme.

Loeb, who previously pled guilty to embezzling approximately \$250,000 from the union and its welfare fund, is currently serving a seven year sentence in Federal prison for his role in the scheme. At his sentencing, Glick will face up to \$40,000 in fines and 12 years in prison.

The investigation was conducted by the Division of Labor Racketeering and the Labor Department's Pension and Welfare Benefits Administration. *U.S. v. Loeb, Glick et al.* (E.D. of New York).

Impact: The Local 867 bogus union case is particularly illustrative of the adaptability of fraudulent health insurance operators. Loeb set up a local union solely for the purpose of collecting premium payments, with no intention of ever providing health benefits. After the Local 867 operation was shut down, Loeb simply went a step further and created an international union. Apparently, he had analyzed his previous mistakes and decided that he needed to remove himself from the level of actually selling insurance, to the level of selling union local charters to other individuals who would peddle the insurance. In other words, he was selling the "franchise" to market fraudulent union-sponsored health plans.

[REDACTED]

The Division of Program Fraud (PF) is responsible for conducting investigations into allegations of fraud, waste, and abuse in DOL programs and allegations of criminal activity or serious misconduct by DOL employees. During this reporting period, PF continued to focus investigative attention in furtherance of its nationwide medical provider fraud project to investigate providers defrauding DOL-administered health care programs. The PF also continued to devote significant resources to the investigation of FECA claimant fraud, Job Training and Partnership Act (JTPA) and Unemployment Insurance (UI) program fraud, and to its on-going employee integrity investigations in the mine safety and health program.

MEDICAL PROVIDER FRAUD

The Department of Labor's Office of Workers' Compensation Programs (OWCP) administers three major disability benefit programs that compensate and pay medical treatment related costs for workers who experience a job-related injury or get a job-related disease. These benefit programs include the Federal Employees' Compensation Act (FECA) program, which provides medical benefits and disability compensation to Federal employees who are injured on the job; the Longshore and Harbor Workers' Compensation Act program, which provides benefits to certain injured and disabled maritime employees; and the Black Lung Benefits program, which provides medical costs and monthly compensation to former coal miners disabled from pneumoconiosis (more commonly known as Black Lung).

Fraud within the health care community is estimated to cost the American taxpayers millions of dollars annually. In an attempt to help thwart this fraudulent activity, PF began a nationwide investigative initiative designed to identify, prosecute, and remove from these programs, those medical and health care providers who have been convicted of fraud. PF has several current investigations in this area.

The following cases are examples of successful investigations involving medical providers who attempted to defraud the various DOL compensation programs during this reporting period.

**New York Doctor
Caught in FECA and
Medicare Scam**

Dr. Viola Wiegand, a licensed psychologist, was arrested by OIG agents from the Department of Labor (DOL) and Department of Health and Human Services (HHS) at her residence in Brooklyn, New York. Dr. Wiegand was charged in a 120-count indictment with making false claims, mail fraud, false statements and with using a false social security number for the purpose of collecting benefits to which she was not entitled.

An investigation established that between 1991 to 1996, Dr. Wiegand used four aliases and five different social security numbers and over a 2-year period submitted false forms to the Office of Workers' Compensation Program (OWCP) and HHS claiming reimbursement of over \$1.4 million for services or therapy sessions reportedly provided to Federal Employees' Compensation Act (FECA) claimants and Medicare patients.

In addition, numerous bills were submitted to HHS for counseling that was never provided. In return for using patient's names and identification to bill OWCP or HHS, Wiegand allegedly paid 25% of what she received from the Federal government in kickbacks to claimants and recipients. *U.S. v. Wiegand* (E.D. New York)

The following cases update investigations detailed in our previous reports.

Texas Doctor Sentenced

Dr. Keith Gene Winterowd, a licensed osteopathic physician, was sentenced to 30 months incarceration, eight years supervised release, ordered to pay a fine of \$50,000, restitution totalling \$6,640 and a special assessment fee of \$1,450. The sentencing comes after Dr. Winterowd's six day trial in which a jury returned a guilty verdict on five counts of false claims and twenty-four counts of mail fraud.

An undercover investigation revealed that Dr. Winterowd devised a scheme which involved the creation and submission of fraudulent bills for services and treatments never rendered to FECA claimants and state workers compensation claimants. In fact, Dr. Winterowd did not have most of the therapy equipment allegedly used in treatments he had billed for. He was paid approximately \$387,333 for his alleged medical services to Federal and state claimants over a four-year period.

This was a joint investigation with the U.S. Postal Inspection Service and the Texas Workers' Compensation Commission. *U.S. v. Winterowd* (N.D. Texas)

Neurologist Pays Civil Damages

As reported in our previous report, Dr. Sander E. Bergman, a neurologist practicing in Bremerton, Washington was fined and sentenced to prison for filing false claims with the OWCP. Following the criminal conviction, Bergman entered into a settlement agreement to pay civil damages and penalties of \$15,000. *U.S. v. Bergman* (W.D. Washington)

Doctor Sentenced to Serve Ten Years

Dr. Dominic W. DiLeo, a Uniontown, Pennsylvania cardiologist, was sentenced to serve 121 months in a Federal correctional facility, ordered to pay a special assessment fine of \$850 and serve a term of three years probation following his release from prison. He was convicted of seventeen counts of mail fraud and distribution of narcotics involving a scheme to defraud the OWCP's Black Lung Program, Medicare, Medicaid and various private insurance companies. As a result of the sentence DiLeo agreed to voluntarily waive all appeal rights relating to the trial, legal representation, verdict and sentencing. *U.S. v. DiLeo* (W.D. of Pennsylvania)

CLAIMANT FRAUD

In addition to its aggressive approach to medical provider fraud, a significant amount of PF investigative resources also continue to be devoted to the investigation of claimant related fraud. The following cases, during this reporting period, illustrate how claimants continue to defraud the FECA program.

Seven Veterans Affairs Employees Arrested for Defrauding FECA Program

Seven former Department of Veterans Affairs (DVA) employees of the Veterans Affairs Medical Centers in the metropolitan New York City area were arrested for their part in FECA related fraud schemes. The charges against six of these employees, Rosetta Crosby, Harvey Daniels, Ralph Difuccia, Salvatore Machi, William H. Smart and Blanche Volpe, involve the defendants submitting false statements to the OWCP regarding their employment status. These defendants left their respective positions after allegedly suffering on-the-job injuries that rendered them disabled and then collected workers' compensation benefits. In fact, the investigation uncovered that each had been either employed or self-employed in such diverse fields as electrical contracting, nursing, restaurant business, and home health-care services while collecting workers' compensation benefits.

Another defendant, Alice Machi, employed as the Chief of Labor Relations at the Veterans Affairs Medical Center, was charged with conspiracy. In her official capacity, Alice Machi assisted in processing her husband's claim, knowing that the documents he was submitting were false. Together, Alice and Salvatore Machi have been charged in one complaint with conspiracy to commit workers' compensation fraud. If convicted, each of the defendants, except Salvatore Machi, face a maximum sentence of 5 years in prison and a maximum fine of \$250,000. Salvatore Machi faces a maximum sentence of 10 years in prison and a maximum fine of \$250,000. Simultaneous with the filing of the criminal complaints, the United States has filed civil complaints against Salvatore and Alice Machi, William H. Smart and Ralph Difuccia under the False Claims Act. The Government's suits seek treble the amount of actual damages incurred by the United States, plus a \$10,000 civil penalty for each false claim that the defendants presented to the government, along with costs.

This was a joint effort with the Office of Inspector General at the Department of Veterans Administration. *U.S. v. Machi et al.* (S.D. New York)

Impact: *The fraudulent applications submitted resulted in the payment of hundreds of thousands of dollars in workers' compensation to which the defendants were not legally entitled. As a result of the fraud uncovered during the investigation, the DOL OIG has provided further guidance and assistance to DVA-OIG in their overall FECA investigative efforts.*

Navy Carpenter Falsifies Claim

Robert Olszewski, a carpenter with the U.S. Department of the Navy, plead guilty to one felony count of making a fraudulent application for benefits under FECA. Olszewski began receiving FECA benefits in 1988 when he allegedly sustained a lower back injury while lifting a five-gallon container of roof cement. He received in excess of \$163,000 in FECA benefits while claiming to be temporarily totally disabled.

An investigation discovered that while Olszewski received FECA benefit payments he was operating a delivery service business based in New Jersey. Moreover, while under surveillance, he was found to be personally making pickups and deliveries on a regular route servicing medical and dental offices. Olszewski did not report his

employment or income received while operating his business, as required by OWCP. A sentencing date has been set for October.

This was a joint investigation with the Naval Criminal Investigative Service. *U.S. v. Olszeski* (D. New Jersey)

**Former FAA Traffic
Controller Indicted for
FECA Fraud**

Larry Garrett, a former Federal Aviation Administration (FAA) air traffic controller who collected over \$830,000 in FECA benefits, was charged in a 15-count indictment with mail fraud and making false statements to obtain FECA benefits. Garrett is alleged to have falsified forms submitted to OWCP by failing to report his employment status and earnings associated with a metal shelving business he owned and operated since 1976. Garrett had been receiving tax-free FECA benefits stemming from an on-the-job back injury he received in 1973 while employed with FAA. *U.S. v. Garrett* (E.D. New York).

**Former Marine Corps
Civilian Employee
Sentenced to Prison**

Johnny Armstrong, a former civilian employee with the U.S. Marine Corps Base at Camp Pendleton, California, was sentenced in Texas as a result of his guilty plea to one count of making a false statement in connection with his workers' compensation claim. Armstrong was sentenced to serve 12 months and a day in jail, 3 years supervised probation upon release from prison, and to pay \$27,636 restitution.

A joint OIG and Naval Investigative Service investigation disclosed that Armstrong, during a 3-year period and while receiving FECA benefits for an alleged on-the-job injury to his knee, was actually employed as a truck driver, heavy equipment operator, and laborer with eight different companies in the Little Rock, Arkansas area. Armstrong has failed to report his true employment status and income to OWCP as required. *U.S. v. Armstrong* (N.D. Texas)

**Former Mailhandler
Sentenced for Falsifying
FECA Claims**

Gloria Thomas-McNair was sentenced to 15 months' incarceration, to be followed by 3 years' probation and ordered to pay restitution of \$12,005 after she was found guilty of one count of conspiracy, seven counts of false statements and six counts of filing false statements to obtain FECA benefits. Her conviction came after a 7-day trial in which evidence presented showed she was employed at Trenton State Prison (TSP) as a licensed practical nurse (LPN) while collecting benefits under FECA.

Thomas-McNair began receiving continuation-of-pay (COP) and FECA benefits in 1990 due to an injury to her neck and back from working as a mailhandler at the Postal Service in New Jersey. Between November 1990 and September 1993, she received over \$8,300 in COP payments while claiming three different injuries. However, a joint investigation with the Postal Inspection Service found that between 1991 to 1993 when Thomas-McNair was receiving benefits under FECA she was working as a LPN at TSP.

As a part of this investigation, Dr. Wayne L. Gibbons, Thomas-McNair's attending physician, was sentenced to 3 years' probation, to include 4 months of house arrest, and fined \$10,000 after pleading guilty to one count of making false statements to obtain FECA benefits. Dr. Gibbons provided the relevant forms, reports, and letters which stated that his patient could not work at all or only working a limited duty capacity. Dr. Gibbons knew his patient's condition since he worked with her on 49 shifts at the TSP Medical Unit.

The initial investigation was conducted by the U.S. Postal Inspection Service. The OIG joined the investigation subsequent to the initial indictment. *U.S. v. Thomas-McNair* (D. New Jersey) and *U.S. v. Gibbons* (D. New Jersey)

**Former Postal Employee
Sentenced for FECA
Fraud**

Donna Lynn Jordan, a former U.S. Postal Service employee, was sentenced following her guilty plea to a Criminal Information charging her with making a false statement to obtain FECA benefits. A joint OIG and Postal Inspection Service investigation found that Jordan, who received more than \$70,000 in FECA benefits over a four-year period, was also employed as a waitress in twelve different Maryland establishments. In an effort to hide her employment from the OWCP, Jordan worked under the name and Social Security Number of her deceased sister. Jordan was sentenced to 5 years of probation and was ordered to make a restitution of \$4,886. The Department of Labor has begun proceedings to recover the remaining money by declaring a forfeiture of over \$64,000.

**FECA Recipients Issued
Forfeiture Orders in
Excess of \$300,000**

In two instances where criminal prosecution was declined by the cognizant U.S. Attorneys' after OIG investigations, OWCP initiated administrative action based on the results of those investigations. In one matter, OWCP issued a compensation order to a former OSHA employee declaring a forfeiture of the FECA benefits he had received over a 13-year period. OWCP established an overpayment

in excess of \$307,000 after the investigation disclosed that he had significant earnings while employed at a floral and bridal shop while also receiving FECA benefits.

OWCP also declared a forfeiture order of over \$313,000 and issued a retroactive wage-earning capacity decision in the case of a former Postal Worker. The action by OWCP was taken after a joint OIG and Postal Inspection Service investigation determined that the employee concealed income received while employed as a producer, writer, studio engineer and artist.

The following cases update significant investigations detailed during the last reporting period.

**Former U.S. Marshal
Draws a Year and a Day
For Fraud**

Albert P. Slugocki, a former U.S. Marshal and a decorated Vietnam war hero, was sentenced to a year and a day in Federal prison after being found guilty of FECA fraud. In addition to the prison time, he received three years' probation and was ordered to pay \$217,843 in restitution. He was convicted by a Federal jury on multiple charges of mail fraud and filing false statements to OWCP.

An investigation established that after being declared totally disabled and receiving FECA benefits from a back injury while employed as a U.S. Marshal, he actively operated a tour boat on the Amazon River for a company that specialized in Peruvian and Amazon vacations. In addition, to the income he earned operating tour boats, he also ran a jungle survival training school. Slugocki, received more than \$200,000 in FECA benefits since 1981.

This was a joint investigation with the Office of Inspector General at the Department of Justice. *U.S. v. Slugocki* (S.D. Florida)

**Veteran Sentenced for
Committing FECA
Fraud**

William Glenn Hill, Sr, a veteran and former civilian guard at an army base in Georgia, was sentenced to serve 21 months in prison following his guilty plea to charges of mail fraud and false statements to obtain benefits from OWCP and the Veteran Administration (VA).

Hill defrauded the Veteran Administration's disability program and the OWCP of over \$130,000 between 1989 and 1995. Our joint investigation with the OIG at VA determined that Hill filed false

certifications of employment with the VA and OWCP by concealing his ownership and operation of several construction companies located in Georgia, Florida, and South Carolina.

In addition, our investigation revealed that Hill has been prosecuted and convicted by the State Attorney in Florida for defrauding hurricane Andrew victims out of approximately \$40,000. Also, while operating construction companies in the Columbus, GA, Hill defrauded a local building supply company out \$38,000. Currently, there are two State charges pending against him for defrauding several local home owners with remodeling contracts of their homes.
U.S. v. Hill (M.D. Georgia)

**Former USDA Employee
Convicted of FECA
Fraud**

Warren P. Tilghman, a former U.S. Department of Agriculture employee, was convicted on two counts of FECA fraud after a trial in Federal District Court. He was sentenced to 15 months incarceration to be followed by 1 year supervised probation. Tilghman was also ordered to pay restitution in the amount of \$84,093.

Tilghman reportedly suffered an on-the-job back injury in 1982 while working as a Special Assistant. Following his injury he began receiving FECA benefits. An investigation discovered that for the 11 years he was receiving FECA benefits, Tilghman was employed as an equal employment opportunities investigator. He did not report his employment or ability to work as required by OWCP. As a result of his conviction, Tilghman's benefits were terminated and an overpayment decision of \$422,686 was issued by OWCP.

This investigation was conducted jointly with the Department of Agriculture's OIG and the Defense Criminal Investigative Service.
U.S. v. Tilghman (D. District Columbia)

Longshore and Harbor Workers' Compensation Act

Enacted in 1927, the Longshore and Harbor Workers' Compensation Act (LHWCA) provides compensation for lost wages, medical benefits, and rehabilitation services to longshore, harbor, and other maritime workers who are injured during their employment, or who contract an occupational disease related to their employment. LHWCA benefits are paid directly by an authorized self-insured employer, insurance carrier, or in certain circumstances, by a Special Fund administered by the Department.

**Marine Resurfacing Firm
Agrees to Civil Settlement**

Surface Technologies Corporation, Inc., a Navy contractor engaged in resurfacing ship decks, and its President, Christos Hionides, of Jacksonville, Florida, entered into a \$200,000 civil agreement with the U.S. Attorney's Office for the Middle District of Florida relative to alleged violations of the Longshore and Harbor Workers' Compensation Act (Act). The agreement was reached after it was determined that Hionides failed to acquire appropriate workers' compensation insurance as required by the Act.

A joint OIG investigation with the Naval Criminal Investigative Service disclosed that during a 4-year period, Hionides failed to procure the required workers' compensation insurance and falsely certified on Navy contracts that he had. Instead, Hionides paid for basic workers' compensation insurance and submitted the claims of injured workers through various state workers' compensation programs rather than pay the higher premiums attendant to insurance required by the Act. *U.S. v. Hionides* (M.D. Florida)

**Mississippi Longshore
Claimant Sentenced**

Kenneth E. Grizzle, a former pipefitter of Littin/Ingall's Shipbuilding Company in Mississippi, was sentenced following his conviction on charges of filing false statements to obtain the Longshore and Harbor Workers' Act compensation from an alleged 1993 injury while working at the shipbuilding company. He was sentenced to Federal prison for 22 months to be followed by 36 months probation and ordered to pay \$7,000 in restitution. Grizzle was sentenced while on a stretcher, after claiming to have fallen while in Federal custody.

A PF investigation, conducted jointly with the DOJ Health Care Task Force, revealed that Grizzle reportedly suffered a back injury while employed at the shipbuilding company. However, he failed to report back injuries he had sustained from prior auto accidents, including one \$180,000 settlement. Grizzle withheld this information from his employer, in his Longshore claim, during medical exams and in sworn testimony. *U.S. v. Grizzle* (S.D. Mississippi)

Impact: Local ship building officials report a 25-30 percent decline in workers' compensation claims being filed since Grizzle's indictment.

**EMPLOYEE
INTEGRITY
INVESTIGATIONS**

Most employees who choose a career in the Federal Public Service are dedicated and hard-working individuals devoted to helping Americans in many different ways. However, there are some individuals who are empowered with the Public's trust to perform their duties in an ethical manner, but do not do so. Therefore, the OIG continues to conduct integrity-related investigations of corrupt and unscrupulous DOL employees and others who fail to properly exercise their official responsibilities in exchange for personal gain or other benefits. Examples of some of the more significant integrity investigations during this period follow.

**Mine Safety Inspector
Sentenced**

Everette Shrewsbury, a Coal Mine Safety and Health Inspector, was sentenced after he entered a guilty plea charging him with one count of filing a false inspection report and one count of accepting a bribe while in the performance of his official duties. He was sentenced to 15 months in a Federal correctional facility, fined \$1,000, and placed on three years probation following his prison term.

Evidence was obtained during a two-month OIG investigation which substantiated allegations that Shrewsbury was accepting cash and gratuities from mine operators in exchange for not performing his required inspections. *U.S. v. Shrewsbury* (S.D. West Virginia).

**Claims Examiner Admits
to Stealing Credit Card**

A claims examiner resigned from a position with the Office of Workers' Compensation Programs (OWCP) after admitting to stealing a co-worker's American Express credit card. The OIG investigation revealed that this individual went on a shopping spree and charged over \$800 by purchasing merchandise at such places as Ann Taylor, Victoria's Secret, Banana Republic, and Chesapeake Knife & Tool.

Our investigation of this case, referred to the OIG by the OWCP, continues.

**Former OFCCP
Employee Pawning
Government Equipment**

Pamela Alyse Flowers, a former Equal Opportunity Specialist with the Office of Federal Contract Compliance Programs (OFCCP) in Omaha, Nebraska, was charged with receiving unlawfully taken property after an OIG investigation determined that she had pawned an OFCCP portable computer. Further investigation disclosed that Flowers and her husband, Ricardo, had pawned government property, including computers, a printer, and a VCR on 64 different occasions. Normally, Flowers would purchase the property back from the pawn shop after being paid and return it to the OFCCP

office before the property was reported as missing. Flowers resigned from her position with OFCCP after being given a notice to terminate her from Federal employment. *Nebraska v. Flowers* (Nebraska)

**DOL Timekeeper
Sentenced for Time and
Attendance Fraud**

Christine Johnson, a former timekeeper with the Office of the Assistant Secretary for Administration and Management, pled guilty to a charge of felony theft. An OIG investigation determined that Johnson, over a 3-year period, altered her time and attendance records allowing her to steal annual and sick leave valued at over \$2,700. Johnson was sentenced to serve 3 months of probation and ordered to make full restitution in the amount of \$2,707. Following her conviction, she also resigned from the Department. This investigation furthers the OIG's continuing initiative to ferret out time and attendance fraud within the Department of Labor's National Office. *District of Columbia v. Johnson* (District of Columbia)

**BLS Employee Found
Guilty of Theft**

George Feuerstahler, a former Bureau of Labor Statistics (BLS) economist, was sentenced to 4 years' probation and ordered to pay a \$5,000 fine after he plead guilty to one count of theft of government computer equipment. Feuerstahler stole computer equipment totalling approximately \$4,500 and sold the stolen equipment at various pawn shops. In addition, our investigation also disclosed that Feuerstahler pawned his assigned laptop computer on two occasions, failing to redeem it the second time. The various pawn shops returned the stolen computer equipment to the appropriate authorities.

This was a joint investigation with the Federal Protective Service. *(U.S. v. Feuerstahler* (N.D. Texas)

**Two Sentenced After
Guilty Pleas in Public
Assistance Scam**

Gail Thomas, a former Wage & Hour Compliance Specialist, and Claudia White, a former OFCCP Administrative Officer in New York, were sentenced for their respective parts in scams to illegally collect public assistance funds and benefits. Thomas had previously pled guilty to one felony count of theft of government funds and was sentenced to 6 months' home confinement, 5 years' probation and ordered to pay \$38,029 in restitution. White, who pled guilty to a misdemeanor theft of government funds charge, was sentenced to 4 years' probation and ordered to pay \$5,891 in restitution. Both defendants were also ordered to obtain either drug or mental health treatment. Subsequently, both have resigned from their positions with the Department.

Thomas was charged after an investigation disclosed that she had schemed to fraudulently collect thousands of dollars in rental assistance, Aid to Dependent Children benefits, Educational benefits, and Food Stamps by concealing her income and employment status. White was charged with assisting Thomas with her schemes and subsequently pled guilty to illegally obtaining AFDC and Food Stamp benefits.

This was a joint investigation with the OIG at the U.S. Department of Housing and Urban Development. *U.S. v. Thomas, U.S. v. White* (S.D. New York)

Former DOL Special Agent Guilty of FECA Fraud

Joseph R. Tersago, formerly employed as a senior criminal investigator with DOL's OIG, plead guilty to a charge of making false statements to obtain FECA benefits. As a special agent, Tersago conducted criminal investigations of individuals who had defrauded the FECA program.

An investigation disclosed that Tersago, who was claiming to be totally disabled as a result of a job-related back injury, was actually attending a community college near his home and engaging in physical activities such as walking long distances, shopping, driving and swimming. When asked about his physical activities and limitations, as part of the OIG's efforts to try to employ him in an accommodated position, Tersago falsely stated that he could not work, attend training classes, walk more than about a block or drive a vehicle for more than a few minutes. He is scheduled to be sentenced in October. *U.S. v. Tersago* (E.D. New York)

SERVICE CONTRACT ACT

Enacted in 1965, the Service Contract Act, requires service contractors to provide their employees with certain mandatory prevailing wage rates and fringe benefits for work performed under any contract, in excess of \$2,500, with the Federal government. The level of prevailing wages and fringe benefits are determined by the Employment Standards Administration.

Joint Venture Barred from Government Contracting

Cornelius Hall, who managed a \$36 million food service contract where several hundred people were employed at staff mess halls at an Army base in Washington State, was ordered to make full restitution of \$344,000 and fined \$10,000, after he pled guilty to making false statements in connection with an employee benefit plan. Hall's

company, COBARC Services, is also in the process of being debarred from government contracting as a result of his guilty plea.

This food service contract was subject to the Service Contract Act, which requires wages and fringe benefits to be paid in accordance with the collective bargaining agreement and the DOL Wage Determination for all employees.

The OIG investigation established that during the course of the contract, Hall and Frank Russell, a managing partner who joined his company, Professional Services Unified (PSU) with Hall's, directed managers to advise temporary employees that they were ineligible for fringe benefits and they did not make the appropriate contributions to the pension, health, welfare, and annual benefits plans. The Army reimbursed them on fraudulent cost and pricing data and invoices submitted.

Consequently, both Hall and Russell have been suspended from further government contracting. Russell entered into a settlement agreement to pay \$225,000 in the civil case filed against him as a result of this investigation. In addition, while Russell was under investigation, efforts were coordinated with the Naval Investigative Service to identify information regarding ongoing Navy contracts held by PSU. Due to the suspension of PSU, two service contracts, totalling \$1,757,622, scheduled to be renewed for two option years were not awarded and the government has deobligated this amount. *U.S. v. Hall* (W.D. Washington)

UNEMPLOYMENT INSURANCE FRAUD

The Unemployment Insurance (UI) program is a unique Federal-State administered program funded by State taxes on employer payrolls, with the Federal Treasury paying the benefits of ex-service members, ex-Federal workers and for extended claims. The UI system is the initial financial support provided to workers who lose their jobs through no fault of their own. UI benefits are authorized under the provisions of the Social Security Act of 1935. As with any multi-billion dollar Federal benefit program, there are those, both claimants and those responsible for the administration of the program, who would attempt to defraud it. OI continued to devote investigative resources to rid the program of these unscrupulous individuals. The following cases represent some of the OIG's more significant UI investigations conducted during this period.

**Florida Man Sentenced
for His Involvement in
Massive UI Fraud
Scheme**

Carlos J. Perry, of Tampa, Florida, was sentenced following his guilty plea to 14 counts of mail fraud and using false Social Security numbers in a fictitious employer scheme to defraud the UI program. He was sentenced to serve 44 months in Federal prison, followed by 36 months supervised release, and ordered to pay restitution in the amount of \$30,384. A total of 36 states were targeted by Perry before his arrest and approximately \$248,000 in claims were paid or filed fraudulently.

Perry, a “Habitual Offender” in Florida, has approximately 25 prior convictions for larceny crimes. This investigation was conducted with the U.S. Postal Inspection Service and the Social Security Administration’s OIG. *U.S. v. Perry* (M.D. Florida)

**Defendant Sentencing in
Texas UI Scheme**

Yvette Carter was sentenced for her involvement with 4 other individuals, including a former Texas Employment Commission (TEC) employee, in a conspiracy to embezzle more than \$427,000 of UI funds from the Texas Employment Commission. Carter was sentenced to serve 5 years of probation, including 4 months home detention with electronic monitoring. She was also ordered to pay restitution to the TEC of \$16,077.18. Additional terms of Carter’s probation include a restriction from opening any lines of credit without probation office approval.

In a related matter, after a two-day trial, Marie Ann Bowser was found guilty on counts of conspiracy, theft, embezzlement, and bankruptcy fraud for her part in the above mentioned UI scheme. As part of the scheme, Bowser conspired with Carter and others to receive rental payment checks for non-existent facility rentals, stole \$135,000 from the scheme, fraudulently certified as to the employment status of one of her co-conspirators so he could collect UI benefits, and failed to report the existence of a company she created to facilitate the embezzlement scheme incident to filing Chapter 13 bankruptcy. *U.S. v. Carter* (W.D. of Texas) and *U.S. v. Bowser* (W.D. Texas)

**JOB TRAINING
PARTNERSHIP ACT
FRAUD**

PF continued to focus attention on investigations of wrong-doing and fraud within DOL’s Employment and Training Administration (ETA) programs administered under the Job Training Partnership Act (JTPA). The JTPA programs are designed to assist unskilled and economically disadvantaged youths and adults to receive training and eventual employment.

Such JTPA programs continue to be vulnerable to theft and embezzlement of Federal funds. Recent investigations in this area follow.

**Director of Development
Commission Indicted for
JTPA Fraud**

Johnny Bradfield, former Executive Director of the Heart of Georgia Regional Development Commission (RDC) and former Mayor of McRea, Georgia, was indicted by a Grand Jury, for the State of Georgia, on charges of filing false statements in an attempt to defraud the JTPA program. The RDC oversees DOL funds for a 7 county area in South Central Georgia. Annual DOL funding to the RDC exceeded \$1.2 million.

The indictment stemmed from an OIG investigation into allegations that RDC management officials were misusing JTPA funds. The investigation found that Bradfield allegedly filed false claims for RDC related expenses and travel. Among these phony claims were receipts for expenses believed to have actually been incurred by Bradfield's wife. In addition to his indictment, Bradfield has been terminated from the RDC. If convicted on all counts, Bradfield faces a maximum sentence of 30 years imprisonment and fines of \$6,000. *Georgia v. Bradfield* (Georgia).

**JTPA Participant
Convicted for JTPA
Fraud**

Tami Christensen, a participant in the Shoshone-Bannock Tribe's JTPA Vo-tech program, was convicted by a Federal Jury of theft of JTPA funds. Christensen received Federal funds to attend classes as part of a JTPA program to provide meaningful employment and training services to eligible Native Americans. The OIG determined that for two years she had inflated classroom hours and forged instructor signatures on time cards to increase the stipends she received for attending Idaho State University. These alterations enabled her to obtain \$3,624 in JTPA funds to which she was not entitled. *U.S. v. Christensen* (D. Idaho)

**JTPA Contractor Uses
Aliases to Defraud DOL**

Benjamin Ward, a JTPA On-the-Job-Training (OJT) contractor, was sentenced following his guilty plea on a charge of theft of government funds resulting from a scheme to defraud the JTPA program out of over \$120,000. Ward was sentenced to serve 21 months in prison, and be placed under three years probation after his release. He was also ordered to pay \$122,500 in restitution to the government.

The OIG conducted an investigation into OJT contract fraud allegations following a report from the Employment and Training

Administration of alleged OJT contract fraud by several employers. The OIG investigation revealed that for a 4-year period, Ward used several aliases and created six fictitious business names in order to obtain OJT contracts from three different local Service Delivery Areas (SDAs). None of these businesses were registered with the State of California Employment Development Department, nor did any have city business licenses.

Ward submitted reimbursement invoices to the three SDAs claiming to have hired and trained 37 JTPA participants at the pay rate of \$10.00 to \$22.00 per hour. However, the OIG investigation determined that Ward never paid the participants the contracted wage nor did he employ them for the number of contracted hours. *U.S. v. Ward* (N.D. California).

**Virginia Contractor
Pleas Guilty to JTPA
Fraud**

As part of a plea agreement, Gerald D. Griswold, owner and operator of Administration Training and Services, Inc. (AT&S), pled guilty following his indictment on charges of stealing Employment and Training funds. AT&S is a for-profit company which contracted with the New River/Mt. Rogers Private Industry Council (PIC), in Virginia, to act as the administrative entity for the PIC. Griswold is accused of selling a JTPA contract, worth approximately \$100,000, to a former AT&S employee for \$15,000. Pursuant to the plea agreement, Griswold paid a fine of \$30,000 at the time of his guilty plea.

He faces a possible maximum sentence of one year in prison, a \$100,000.00 fine, and a period of supervised release. This investigation was conducted jointly with the Virginia State Police, Bureau of Criminal Investigation. *U.S. v. Griswold* (W.D. Virginia).

INVESTIGATIONS STATISTICS

Analysis of Complaint Activity

Breakdown of Allegation Reports by Source:

Hotline Operations - Calls and Letters from Individuals or Organizations	265
Letters from Congress	25
Letters from DOL agencies	12
Incident Reports from DOL agencies	8
Reports by Special Agents and Auditors	5
GAO	3
Total	318

Breakdown of Allegation Reports by Referral:

Referred to Office of Audit	2
Referred to OI Regional/Field Offices	65
Referred to DOL Program Management	145
Referred to other agencies	43
No further action required	39
Pending disposition at end of period	24
Total	318

APPENDIX

REPORTING REQUIREMENTS

Requirement Under the Inspector General Act of 1978

Section 4(a)(2) - Review of Legislation and Regulation None

Section 5(a)(1) - Significant Problems, Abuses, and Deficiencies ALL

Section 5(a)(2) - Recommendations With Respect to Significant Problems,
Abuses, and Deficiencies ALL

Section 5(a)(3) - Prior Recommendations Not Yet Completed 68

Section 5(a)(4) - Matters Referred to Prosecutive Authorities 1

Section 5(a)(5) and Section 6(b)(2) - Summary of Instances Where
Information Was Refused None

Section 5(a)(6) - List of Audit Reports 70

Section 5(a)(8) - Statistical Tables on Management Decisions on
Questioned Costs 29

Section 5(a)(9) - Statistical Tables on Management Decisions on
Recommendations That Funds Be Put to Better Use 29

Section 5(a)(10) - Summary of Each Audit Report Over 6 Months Old for
Which No Management Decision Has Been Made 66

Section 5(a)(11) - Description and Explanation for Any Significant
Revised Management Decision None

Section 5(a)(12) - Information on Any Significant Management Decisions with
which the Inspector General Disagrees None

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Resolution of Audits 29

Note: This table cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, and Senate Report No. 96-829 (Supplemental 1980 Appropriations and Rescissions Bill) to the specific pages where they are addressed. The amount of "delinquent debts" owed to the Department can be found in the annual Consolidated Financial Statement Audit.

EXPLANATION OF AUDIT SCHEDULES

Questioned Costs 29

This schedule shows the extent to which DOL management has taken steps, during the 6-month reporting period, to resolve the costs questioned as having been improperly expended. Audit resolution occurs when management either agrees with the auditor’s finding and disallows those costs that were questioned, or management decides that the expenditure should be allowed. (This schedule is required by Section 5(a)(8) of the Inspector General Act, as amended.)

Funds Recommended to be Put to Better Use 29

This schedule depicts, by program agency, the final action activity during the 6-month reporting period for those funds that were recommended by the auditor to be put to better use. This schedule is included in the OIG Semiannual Report to demonstrate the flow of information to the Secretary’s Semiannual Management Report, which is issued by the Secretary as required by Section 5(b)(3) of the Inspector General Act, as amended.

Unresolved Audits Over 6 Months 66

This schedule presents a summary of all audit reports that continue to remain unresolved for more than 6 months. For these reports, a management decision is still outstanding. (This schedule is required by Section 5(a)(10) of the Inspector General Act, as amended.)

Significant Recommendations Resolved for Over One Year on which Corrective Action Has Not Been Completed, as of September 30, 1996 68

This schedule presents the significant audit recommendations which have been resolved for over one year and on which corrective action has not been completed.

Final Audit Reports Issued by the OIG 70

This schedule is a listing, subdivided according to subject matter, of all audit reports that were issued by the OIG during the 6-month reporting period, as required by Section 5(a)(6) of the Inspector General Act, as amended. This listing also provides for each audit report, where applicable, the total dollar value of questioned costs and the total dollar value of recommendations that funds be put to better use.

Final Single Audit Reports 72

This schedule is a listing of audit reports that were issued during the 6-month reporting period as required by the Single Audit Act of 1984, whereby Federal awards administered by non-federal entities are audited. This listing also provides for each audit report, where applicable, the total dollar value of questioned costs and the total dollar value of recommendations that funds be put to better use.

LIST OF ACRONYMS

Programs and Agencies Used in Appendix:

ADMIN	Administrative Management
ALLDOL	All Department of Labor Agencies
ASP	Assistant Secretary for Policy
BLS	Bureau of Labor Statistics
BLSG	Bureau of Labor Statistics Grantees
CFO	Chief Financial Officer
CMSH	Coal Mine Safety and Health
CMWC	Coal Miner Workers Compensation (Black Lung)
CONTR	Contracts
DAPP	Directorate of Administrative Procurement Programs
DINAP	Division of Indian and Native American Programs
DIRM	Directorate of Information Resource Management
DLHWC	Division of Longshore and Harbor Workers Compensation
DOWP	Division of Older Workers Programs
DSFP	Division of Seasonal Farmworkers Programs
DSWCS	Division of State Workers Compensation Standards
EN	Enforcement Programs
ETA	Employment and Training Administration
FECA	Federal Employees Compensation Act
FLC	Foreign Labor Certification
JTPA	Job Training Partnership Act
OASAM	Office of the Assistant Secretary for Administration and Management
OCFO	Office of the Chief Financial Officer
OFCCP	Office of Federal Contract Compliance Programs
OFCMS	Office of Financial and Administrative Management
OFLS	Office of Fair Labor Standards
OFM	Office of Facilities Management
OFMS	Office of Financial Management Services
OJC	Office of Job Corps
OLMS	Office of Labor-Management Standards
OPGM	Office of Procurement and Grant Management
OPR	Office of Policy Research
OSEC	Office of the Secretary
OSHA	Occupational Safety and Health Administration
OSHAG	Occupational Safety and Health Administration Grantees
OSTP	Office of Special Targeted Programs
OT AGY	Other agency (No direct Department of Labor funds audited)
OWCP	Office of Workers Compensation Programs
PWBA	Pension and Welfare Benefit Administration
SCSEP	Senior Community Service Employment Program
SESA	State Employment Security Agency

Programs and Agencies Used in Appendix:

SOL	Office of the Solicitor
SPPD	Strategic Planning and Policy Development
STW	School-to-Work
UIS	Unemployment Insurance Service
USES	United States Employment Service
VETS	Veterans' Employment and Training Service
WHD	Wage and Hour Division
YFC	Youth-Fair-Chance

UNRESOLVED AUDITS OVER 6 MONTHS

April 1, 1996 - September 30, 1996

Agency	Program	Date Issued	Audit Report Number	Name of Audit/Auditee	No. of Rec.	Questioned Costs
Under Investigation or Litigation:						
ETA	DSFP	31-MAR-95	18-95-013-03-365	MISSISSIPPI DELTA COUNCIL	4	229,969
ETA	JTPA	14-SEP-94	02-94-263-03-340	JTPA OJT BROKER	1	1,181,720
Awaiting Resolution:						
ETA	ADMIN	25-AUG-92	12-92-021-03-001	UNEMPLOY TRUST FUND FY 91 ¹	1	0
ETA	ADMIN	25-AUG-92	12-92-022-03-001	ETA FY 91 FIN STMTS ¹	2	0
ETA	ADMIN	30-SEP-93	12-93-001-03-001	ETA FY 92 FIN STMTS ¹	7	0
ETA	JTPA	22-DEC-94	04-95-003-03-340	SELECTED CONTRACTS CSRA ⁷	3	236,538
ETA	JTPA	28-FEB-95	04-95-013-03-340	GEORGIA DEPT OF LABOR ⁸	3	0
ETA	JTPA	18-MAY-95	04-93-046-03-340	GEORGIA DOL FIXED FEE CONTRACTS ⁷	15	296,892
ETA	JTPA	28-SEP-95	04-95-041-03-340	METRA NASHVILLE ³	4	299,771
ETA	JTPA	25-MAR-96	04-96-016-03-340	COBB COUNTY GEORGIA ²	7	302,949
ETA	JTPA	26-FEB-96	05-96-001-03-340	CITY OF CHICAGO ³	3	679,773
ETA	JTPA	29-MAR-94	06-94-001-03-340	NAVAJO NATION ⁴	3	677,574
ETA	JTPA	25-SEP-92	06-92-010-03-340	EAST TEXAS CNCL OF GOVT ²	13	\$5,780,925
ETA	DINAP	31-JAN-96	06-96-108-03-355	DENVER INDIAN CENTER ²	1	0
ETA	DINAP	16-FEB-96	06-96-117-03-355	NATIONAL INDIAN COUNCIL ON AGING ²	2	0
ETA	DINAP	26-MAR-96	06-96-125-03-355	DALLAS INTER-TRIBAL CENTER ²	1	1,390
ETA	DINAP	08-MAR-96	06-96-223-03-355	CHEROKEE NATION ²	2	0
ETA	SPPD	31-JAN-96	18-96-003-03-380	HUMAN RESOURCES DEVELOP INST ²	7	568
ETA	SCSEP	28-MAR-96	18-96-009-03-360	GREEN THUMB INC ²	2	0
ETA	SESA	17-JAN-96	06-96-001-03-325	PROPOSED FY96 RENTAL RATES ²	4	194,815
ETA	OJC	19-MAR-96	18-96-004-03-370	DENISON JOB CORPS CENTER ²	1	0
ETA	OJC	29-SEP-95	03-95-016-03-370	JOB CORPS SPAMIS ⁵	3	0
OASAM	ADMIN	30-SEP-93	12-93-008-07-001	FY 92 CONSOLIDATED FIN STMTS ¹	2	0
OASAM	ADMIN	15-JUL-95	12-95-004-07-001	FY 94 CONSOLIDATED FIN STMTS ¹¹	5	0
OASAM	OPGM	30-SEP-91	18-91-035-07-710	OIC OF AMERICA ¹⁰	2	83,764
OASAM	DAPP	04-MAR-96	17-96-002-07-730	DOL FITNESS ASSOCIATION ²	2	0
BLS	ADMIN	28-AUG-95	03-95-015-11-001	IMPROV RELIAB OF BLS/UIS DATA ⁹	2	0
OSEC	ASP	19-MAR-96	17-96-006-01-010	AIRLINE REHIRE PROGRAM ¹²	1	0
MULTI	ALLDOL	14-MAR-96	03-96-008-50-598	STATE OF DELAWARE ⁷	12	87,106
MULTI	ALLDOL	27-MAR-96	04-95-042-50-598	COMMONWEALTH OF KENTUCKY ²	5	111,174
MULTI	ALLDOL	19-JAN-96	04-96-005-50-598	STATE OF FLORIDA ²	11	1,315
MULTI	ALLDOL	30-NOV-96	05-96-103-50-598	INDIANA DEPT OF EMPLOYMENT ⁷	12	191,550
MULTI	ALLDOL	18-DEC-96	05-96-104-50-598	INDIANA DEPT OF EMPLOYMENT ⁷	12	52,274
Pending Indirect Cost Negotiations:						
ETA	OJC	10-SEP-92	18-92-027-03-370	LEO A. DALY ⁶	2	210,695
ETA	OJC	04-MAR-94	18-94-009-03-370	LEO A. DALY ⁶	1	231,610
ETA	OJC	04-MAR-94	18-94-010-03-370	LEO A. DALY ⁶	1	274,400
ETA	OJC	04-MAR-94	18-94-011-03-370	LEO A. DALY ⁶	1	116,565
OASAM	OPGM	04-NOV-94	18-95-001-07-735	HOME BUILDERS INSTITUTE ⁶	1	628,158
OASAM	OPGM	04-NOV-94	18-95-002-07-735	HOME BUILDERS INSTITUTE ⁶	2	748,379
OASAM	OPGM	11-NOV-94	18-95-003-07-735	HOME BUILDERS INSTITUTE ⁶	7	353,479
OASAM	OPGM	17-SEP-93	18-93-011-07-735	INTERNATIONAL MASONRY INST ⁶	1	72,926

UNRESOLVED AUDITS OVER 6 MONTHS

April 1, 1996 - September 30, 1996

Agency	Program	Date Issued	Audit Report Number	Name of Audit/Auditee	No. of Rec.	Questioned Costs
OASAM	OPGM	31-MAR-95	18-95-012-07-735	MOTIVATION EDUCATION & TRAINING ⁶	4	38,523
OASAM	OPGM	20-JUL-95	18-95-014-07-735	CENTRAL VALLEY OPPORTU CENTER ⁶	13	294,590
OASAM	OPGM	18-AUG-95	18-95-018-07-735	NATIONAL COUNCIL ON THE AGING ⁶	15	1,764,588
OASAM	OPGM	27-AUG-94	18-94-021-07-735	WAVE INC ⁶	3	1,206,216
OASAM	OPGM	20-SEP-95	18-95-025-07-735	ASOC NACIONAL PRO PER MAYORES ⁶	6	76,274
OASAM	OPGM	20-MAR-96	18-96-008-03-355	NATIVE AMERICAN INDIAN ASSOC ⁶	4	126,037
TOTAL AUDIT EXCEPTIONS:					216	\$16,552,507

Notes to "Unresolved Audits Over 6 Months"

¹ Recommendations were referred to the Deputy Secretary for resolution.

² Unresolved pending a response to the final audit report.

³ The States have 180 days to issue a Final Management Decision. Program Agencies and OIG have an additional 180 days to accept the State-level decision.

⁴ A revised final determination was received on August 2, 1996. We asked the Grant Officer to make additional changes.

⁵ Pending completion of the Job Corps PY placements audit.

⁶ Pending completion of indirect cost negotiations and closure.

⁷ ETA Initial Management Decision issued, awaiting Final Management Decision.

⁸ Pending completion of DOL study.

⁹ The BLS section of the report is resolved. We are awaiting information from UI to resolve this report.

¹⁰ The ETA section of the report is resolved. Unresolved questioned costs relate to Women's Bureau finding.

¹¹ Recommendations were reviewed under the current FY 95 audit and remain unresolved.

¹² The DOL's Office of Labor- Management Standards informed the OIG that Senator Kassebaum wrote DOL's Secretary to 1) inform him that the proposed repeal of Section 43 of the Airline Deregulation Act was dropped and 2) urged proceeding with finalizing regulations.

Text only version**Final Audit Reports Issued by the OIG**

FY 1995 UNEMPLOYMENT TRUST FUND	ETA/UIS	12-96-017-03-315
ALLEGATIONS OF WRONGDOING WITHIN THE UIS	ETA/UIS	17-96-004-03-315
FY 95 FECA SPECIAL FUND	ESA/FECA	12-96-014-04-431
FY 95 LONGSHORE AND HARBOR WORKER'S	ESA/DLHWC	12-96-008-04-432
FY 95 DC WORKMEN'S COMPENSATION	ESA/DLHWC	12-96-009-04-432
BLACK LUNG DISABILITY TRUST FUND FY 1995 FINANCIAL STATEMENT	ESA/CMWC	12-96-018-04-433
POTENTIAL \$15.9 MILLION IN EXCESS FUNDS FROM THE PHILL. NAVAL	ETA/JTPA	03-96-009-03-340
NATL BUSINESS INSTITUTE, INC. AUDIT OF JTPA FUNDS, ATLANTA	ETA/JTPA	04-96-028-03-340
AUDIT OF CONVERSION GRANTS IN SOUTH CAROLINA	ETA/JTPA	04-96-029-03-340
GA DEPT OF TECHNICAL AND ADULT EDUCATION	ETA/JTPA	04-96-030-03-340
NATL BUSINESS INST, HEARTLAND PIC	ETA/JTPA	04-96-031-03-340
SAN DIEGO CONSORTIUM & PRIVATE INDUSTRY COUNCIL	ETA/JTPA	18-96-010-03-340
OPPORTUNITIES INDUSTRIALIZATION OF AMERICA	ETA/JTPA	18-96-012-03-340
NATIONAL ALLIANCE OF BUSINESS	ETA/JTPA	18-96-022-03-355
HUGHES AIRCRAFT COMPANY	ETA/JTPA	18-96-016-03-340
NATIVE AMERICAN EDUCATIONAL SERVICES COLLEGE	ETA/DINAP	18-96-021-03-355
CALIFORNIA INDIAN MANPOWER CONSORTIUM, INC	ETA/DINAP	18-96-003-03-355
AMERICAN INDIAN CENTER OF ARKANSAS	ETA/DINAP	18-96-026-03-355
CITY OF BALTIMORE, OFFICE OF EMPLOYMENT DEVELOPMENT	ETA/YFC	18-96-017-03-356
REPORT ON QUALITY CONTROL REVIEW	ETA/YFC	18-96-020-03-356
NATIONAL CAUCUS AND CENTER ON BLACK AGED, INC.	ETA/DOWP	18-96-028-03-360
JOB CORPS COMBINING SCHEDULES OF EXPENSES	ETA/OJC	12-96-004-03-370
BEST PRACTICES CAN IMPROVE JOB CORPS PERFORMANCE OVERALL	ETA/OJC	12-96-013-03-370
NATIONAL MARITIME UNION OF AMERICA	ETA/OJC	18-96-014-03-370
DAU, WALKER AND ASSOCIATES	ETA/OJC	18-96-023-03-370
NATIONAL PLASTERING INDUSTRY'S JOINT APPRENTICESHIP TRUST FU	ETA/OJC	18-96-024-03-370
SCHOOL-TO-WORK OPPORTUNITIES PROGRAM IN ILLINOIS	ETA/STW	05-96-003-03-385
CAPITAL AREA TRAINING FOUNDATION	ETA/STW	18-96-015-03-385
TEXAS COUNCIL ON WORKFORCE AND ECONOMIC COMPETITIVENESS	ETA/STW	18-96-025-03-385
TULARE COUNTY OFFICE OF EDUCATION	ETA/STW	18-96-027-03-385
OSHA IMPROVE FEDERAL AGENCIES SAFETY & HEALTH PROGRAMS	OSHA/EN/PRG	17-96-008-10-105
THE DOL FOREIGN LABOR CERTIFICATION PROGRAM	ETA/FLC	06-96-002-03-321
FY 1995 WAGE & HOUR PERFORMANCE MEASURES AUDIT	ESA/WHD	12-96-011-04-420
MSHA FY 1995 PERFORMANCE MEASURES	MSHA/ADMIN	06-96-003-06-001
AUDIT OF DOL'S VALUE ENGINEERING PROGRAM	OASAM/DAPP	17-96-015-07-730
EVKO PRODUCTIONS, INC.	OASAM/OPGM	18-96-006-07-735
U.S. DEPARTMENT OF AGRICULTURE FOREST SERVICE	OASAM/OPGM	18-96-011-07-735
REVIEW OF IMPREST FUND	OASAM/OFMS	09-96-003-07-751
FY 95 DOL CONSOLIDATED FIN STMT AUDIT	CFO/ADMIN	12-96-007-13-001
DOL-FY 1995 MANAGEMENT ADVISORY COMMENTS	CFO/ADMIN	12-96-016-13-001

Final Single Audit Reports

MILWAUKEE COUNTY, WISCONSIN	VETS/CONTR	05-96-210-02-201
ST. LOUIS, MISSOURI	VETS/CONTR	05-96-218-02-201
EASTERN BAND OF CHEROKEE INDIANS	ETA/SESA	04-96-007-03-325
KENTUCKY DOMESTIC VIOLENCE	ETA/JTPA	04-96-010-03-340
FEDERATED STATES OF MICRONESIA (4683)	ETA/JTPA	09-96-542-03-340
CENTER FOR INDEPENDENT LIVING	ETA/JTPA	09-96-561-03-340
ASOCIACION NACIONAL PRO PERSONAS	ETA/JTPA	09-96-567-03-340
CITY OF LOS ANGELES	ETA/JTPA	09-96-572-03-340
WORKFORCE DEVELOPMENT SERVICES OF NORTHERN INDIANA	ETA/OSTP	05-96-118-03-350
PREP, INCORPORATED	ETA/OSTP	05-96-120-03-350
SENECA NATION OF INDIANS	ETA/DINAP	02-96-222-03-355
ABENAKI SELF-HELP ASSOCIATION, INC.	ETA/DINAP	02-96-235-03-355
ABENAKI SELF-HELP ASSOCIATION, INC.	ETA/DINAP	02-96-236-03-355
ABENAKI SELF-HELP ASSOCIATION, INC.	ETA/DINAP	02-96-237-03-355
NATIVE AMERICAN CULTURAL CENTER, INC.	ETA/DINAP	02-96-239-03-355
NATIVE AMERICAN CULTURAL CENTER, INC.	ETA/DINAP	02-96-240-03-355
NATIVE AMERICAN CULTURAL CENTER, INC.	ETA/DINAP	02-96-241-03-355
NATIVE AMERICAN CULTURAL CENTER, INC.	ETA/DINAP	02-96-242-03-355
NATIVE AMERICAN CULTURAL CENTER, INC.	ETA/DINAP	02-96-243-03-355
NORTH AMERICAN INDIAN CENTER OF BOSTON, INC.	ETA/DINAP	02-96-244-03-355
POWHATAN RENAPE NATION	ETA/DINAP	02-96-246-03-355
THE SENECA NATION OF INDIANS	ETA/DINAP	02-96-247-03-355
NATIVE AMERICAN COMMUN.SVC OF ERIE&NIAGARA COUNTIES, INC.	ETA/DINAP	02-96-254-03-355
CENTRAL MAINE INDIAN ASSOCIATION, INC.	ETA/DINAP	02-96-259-03-355
CENTRAL MAINE INDIAN ASSOCIATION, INC.	ETA/DINAP	02-96-260-03-355
CENTRAL MAINE INDIAN ASSOCIATION, INC.	ETA/DINAP	02-96-261-03-355
RHODE ISLAND INDIAN COUNCIL, INC.	ETA/DINAP	02-96-264-03-355
AMERICAN INDIAN COMMUNITY HOUSE, INC.	ETA/DINAP	02-96-265-03-355
AMERICAN INDIAN COMMUNITY HOUSE, INC.	ETA/DINAP	02-96-266-03-355
AMERICAN INDIAN COMMUNITY HOUSE, INC.	ETA/DINAP	02-96-267-03-355
NORTH AMERICAN INDIAN CENTER OF BOSTON, INC.	ETA/DINAP	02-96-268-03-355
SEMINOLE TRIBE OF FLORIDA	ETA/DINAP	04-96-009-03-355

TENNESSEE OPPORTUNITY PROGRAMS	ETA/DINAP	04-96-013-03-355
MISSISSIPPI BAND OF CHOCTAW	ETA/DINAP	04-96-027-03-355
WISCONSIN INDIAN CONSORTIUM	ETA/DINAP	05-96-110-03-355
NORTH AMERICAN INDIAN CULTURAL CENTER, INC.	ETA/DINAP	05-96-112-03-355
NEBRASKA INDIAN INTER-TRIBAL DEVELOPMENT CORPORATION	ETA/DINAP	05-96-113-03-355
AMERICAN INDIAN COUNCIL, INC.	ETA/DINAP	05-96-119-03-355
STOCKBRIDGE-MUNSEE COMMUNITY	ETA/DINAP	05-96-211-03-355
FOND DU LAC RESERVATION	ETA/DINAP	05-96-212-03-355
MENOMINEE TRIBE OF WISCONSIN	ETA/DINAP	05-96-213-03-355
SAULT STE. MARIE TRIBE OF CHIPPEWA INDIANS	ETA/DINAP	05-96-214-03-355
INTER-TRIBAL COUNCIL OF MICHIGAN	ETA/DINAP	05-96-215-03-355
MILLE LACS BAND OF CHIPPEWA INDIANS	ETA/DINAP	05-96-216-03-355
RED LAKE BAND OF CHIPPEWA INDIANS	ETA/DINAP	05-96-219-03-355
WHITE EARTH RESERVATION	ETA/DINAP	05-96-220-03-355
BOIS FORTE RESERVATION TRIBAL COUNCIL	ETA/DINAP	05-96-221-03-355
SAC AND FOX TRIBE OF THE MISSISSIPPI IN IOWA	ETA/DINAP	05-96-223-03-355
COMANCHE INDIAN TRIBE	ETA/DINAP	06-96-231-03-355
TAOS PUEBLO CENTRAL MANAGEMENT SYSTEM	ETA/DINAP	06-96-232-03-355
CROW TRIBE OF INDIANS	ETA/DINAP	06-96-233-03-355
CROW TRIBE OF INDIANS	ETA/DINAP	06-96-234-03-355
UTE MOUNTAIN UTE TRIBE	ETA/DINAP	06-96-235-03-355
EIGHT NORTHERN INDIAN PUEBLOS COUNCIL, INC.	ETA/DINAP	06-96-238-03-355
BLACKFEET TRIBE OF THE BLACKFEET RESERVATION	ETA/DINAP	06-96-239-03-355
UNITED TRIBES TECHNICAL COLLEGE	ETA/DINAP	06-96-240-03-355
UNITED TRIBES TECHNICAL COLLEGE	ETA/DINAP	06-96-241-03-355
UNITED TRIBES TECHNICAL COLLEGE	ETA/DINAP	06-96-242-03-355
ALAMO NAVAJO SCHOOL BOARD, INC.	ETA/DINAP	06-96-244-03-355
UNITED TRIBES TECHNICAL COLLEGE	ETA/DINAP	06-96-245-03-355
UNITED TRIBES TECHNICAL COLLEGE	ETA/DINAP	06-96-246-03-355
OTOE-MISSOURIA TRIBE OF INDIANS	ETA/DINAP	06-96-247-03-355
SOUTHERN UTE INDIAN TRIBE	ETA/DINAP	06-96-250-03-355
INTER-TRIBAL COUNCIL, INC.	ETA/DINAP	06-96-251-03-355
KIOWA TRIBE OF OKLAHOMA	ETA/DINAP	06-96-253-03-355
UTE MOUNTAIN UTE TRIBE	ETA/DINAP	06-96-254-03-355
UNITED SIOUX TRIBES DEVELOPMENT CORPORATION	ETA/DINAP	06-96-255-03-355
CITIZEN BAND POTAWATOMI INDIANS OF OKLAHOMA	ETA/DINAP	06-96-256-03-355
PUEBLO OF LAGUNA	ETA/DINAP	06-96-258-03-355
DEVILS LAKE SIOUX TRIBE	ETA/DINAP	06-96-259-03-355
CHEYENNE-ARAPAHO TRIBES OF OKLAHOMA	ETA/DINAP	06-96-260-03-355
CONFEDERATED TRIBES-COLVILLE RESERVATION	ETA/DINAP	09-96-540-03-355
CONFEDERATED TRIBES OF SILETZ OF OREGON	ETA/DINAP	09-96-541-03-355
METLAKATLA INDIAN COMMUNITY	ETA/DINAP	09-96-545-03-355
TOHONO O'ODHAM NATION	ETA/DINAP	09-96-551-03-355
THE HOPI TRIBE	ETA/DINAP	09-96-552-03-355
COOK INLET TRIBAL COUNCIL	ETA/DINAP	09-96-553-03-355
SHOSHONE-BANNOCK TRIBES, INC. (4691)	ETA/DINAP	09-96-555-03-355
METAKATLA INDIAN COMMUNITY	ETA/DINAP	09-96-556-03-355
TANANA CHIEFS CONFERENCE, INC.	ETA/DINAP	09-96-557-03-355
NEZ PERCE TRIBE	ETA/DINAP	09-96-558-03-355
KAWERAK, INC.	ETA/DINAP	09-96-563-03-355
CALIFORNIA INDIAN MANPOWER CONSORTIUM (4705)	ETA/DINAP	09-96-564-03-355
ALU LIKE, INC.	ETA/DINAP	09-96-565-03-355
INTER-TRIBAL COUNCIL OF NEVADA	ETA/DINAP	09-96-566-03-355
SHOSHONE-PAUITE TRIBES OF THE DUCK VALLEY RES	ETA/DINAP	09-96-569-03-355
YA-KA-AMA INDIAN EDU. & DEVELOPMENT	ETA/DINAP	09-96-570-03-355
LAS VEGAS INDIAN CENTER	ETA/DINAP	09-96-571-03-355
COLORADO RIVER INDIAN TRIBES (4708)	ETA/DINAP	09-96-573-03-355
CITY OF NEW YORK SINGLE AUDIT	ETA/YFC	02-96-257-03-356
GUILFORD NATIVE AMERICAN ASSOCIATION, INC	ETA/YFC	04-96-026-03-356
INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION	ETA/DOWP	05-96-224-03-360
MICHIGAN DEPARTMENT OF MANAGEMENT AND BUDGET	ETA/DOWP	05-96-225-03-360
ARKANSAS DEPARTMENT OF HUMAN SERVICES	ETA/DOWP	06-96-230-03-360
NEW MEXICO STATE AGENCY ON AGING	ETA/DOWP	06-96-243-03-360
NEW ENGLAND FARM WORKERS' COUNCIL, INC.	ETA/DSFP	02-96-231-03-365
NEW ENGLAND FARM WORKERS' COUNCIL, INC.	ETA/DSFP	02-96-232-03-365
RURAL OPPORTUNITIES INC. AND AFFILIATES	ETA/DSFP	02-96-252-03-365
TELAMON CORPORATION	ETA/DSFP	04-96-020-03-365
METROLINA NATIVE AMERICAN ASSOC., INC.	ETA/DSFP	04-96-021-03-365
DELTA HOUSING DEVELOPMENT	ETA/DSFP	04-96-022-03-365
SER CORPORATION	ETA/DSFP	05-96-111-03-365
NAF MULTICULTURAL HUMAN DEVELOPMENT CORPORATION	ETA/DSFP	05-96-115-03-365
ILLINOIS MIGRANT COUNCIL	ETA/DSFP	05-96-117-03-365
TIERRA DEL SOL HOUSING CORPORATION	ETA/DSFP	06-96-126-03-365
ROCKY MOUNTAIN SER/JOBS FOR PROGRESS, INC.	ETA/DSFP	06-96-127-03-365
HOME EDUCATION LIVELIHOOD PROGRAM, INC.	ETA/DSFP	06-96-128-03-365
MOTIVATION, EDUCATION AND TRAINING, INC.	ETA/DSFP	06-96-129-03-365
IDAHO MIGRANT COUNCIL	ETA/DSFP	09-96-546-03-365
PPEP, INC. (4689)	ETA/DSFP	09-96-549-03-365
CENTER FOR EMPLOYMENT TRAINING	ETA/DSFP	09-96-554-03-365
MAUI ECONOMIC OPPORTUNITY, INC.	ETA/DSFP	09-96-568-03-365
PUERTO RICO VOLUNTEER YOUTH CORPS	ETA/OJC	02-96-208-03-370

PUERTO RICO VOLUNTEER YOUTH CORPS	ETA/OJC	02-96-209-03-370
PUERTO RICO VOLUNTEER YOUTH CORPS	ETA/OJC	02-96-248-03-370
PUERTO RICO VOLUNTEER YOUTH CORPS	ETA/OJC	02-96-249-03-370
EDUCATION DEVELOPMENT CENTER, INC.	ETA/OPR	02-96-253-03-380
FOUNTAIN HOUSE, INC.	ETA/OPR	02-96-255-03-380
FOUNTAIN HOUSE, INC.	ETA/OPR	02-96-256-03-380
FOX CITIES CHAMBER FOUNDATION INC.	ETA/STW	05-96-114-03-385
NEW MEXICO ENVIRONMENT DEPARTMENT	OSHA/OSHAG	06-96-237-10-101
WELLESLEY COLLEGE	BLS/BLSG	02-96-262-11-111
DEPARTMENT OF LABOR AND HUMAN RESOURCES	MULTI/ALLDOL	02-96-210-50-598
DEPARTMENT OF LABOR AND HUMAN RESOURCES	MULTI/ALLDOL	02-96-211-50-598
DEPARTMENT OF LABOR AND HUMAN RESOURCES	MULTI/ALLDOL	02-96-212-50-598
STATE OF CONNECTICUT	MULTI/ALLDOL	02-96-216-50-598
STATE OF NEW JERSEY	MULTI/ALLDOL	02-96-220-50-598
STATE OF MAINE	MULTI/ALLDOL	02-96-221-50-598
COMMONWEALTH OF MASSACHUSETTS	MULTI/ALLDOL	02-96-238-50-598
STATE OF NEW YORK	MULTI/ALLDOL	02-96-245-50-598
NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.	MULTI/ALLDOL	02-96-250-50-598
STATE OF CONNECTICUT	MULTI/ALLDOL	02-96-251-50-598
U.S. VIRGIN ISLANDS AGREED-UPON PROCEDURES	MULTI/ALLDOL	02-96-263-50-598
STATE OF TENNESSEE	MULTI/ALLDOL	04-96-003-50-598
STATE OF KENTUCKY	MULTI/ALLDOL	04-96-004-50-598
STATE OF SOUTH CAROLINA	MULTI/ALLDOL	04-96-006-50-598
STATE OF NORTH CAROLINA	MULTI/ALLDOL	04-96-012-50-598
STATE OF ALABAMA	MULTI/ALLDOL	04-96-019-50-598
ILLINOIS DEPARTMENT OF EMPLOYMENT SECURITY	MULTI/ALLDOL	05-96-116-50-598
WISCONSIN, STATE OF	MULTI/ALLDOL	05-96-209-50-598
OHIO STATE UNIVERSITY	MULTI/ALLDOL	05-96-217-50-598
STATE OF OHIO	MULTI/ALLDOL	05-96-222-50-598
NEW MEXICO DEPARTMENT OF LABOR	MULTI/ALLDOL	06-96-104-50-598
STATE OF UTAH	MULTI/ALLDOL	06-96-236-50-598
STATE OF WYOMING	MULTI/ALLDOL	06-96-248-50-598
STATE OF COLORADO	MULTI/ALLDOL	06-96-249-50-598
STATE OF LOUISIANA	MULTI/ALLDOL	06-96-252-50-598
STATE OF OKLAHOMA	MULTI/ALLDOL	06-96-257-50-598
GOVERNMENT OF GUAM	MULTI/ALLDOL	09-96-543-50-598
GOVERNMENT OF GUAM	MULTI/ALLDOL	09-96-544-50-598
STATE OF ALASKA (4655)	MULTI/ALLDOL	09-96-547-50-598
STATE OF ARIZONA (4645)	MULTI/ALLDOL	09-96-548-50-598
STATE OF WASHINGTON (4637)	MULTI/ALLDOL	09-96-550-50-598
STATE OF CALIFORNIA (4648)	MULTI/ALLDOL	09-96-559-50-598
STATE OF ARIZONA (4654)	MULTI/ALLDOL	09-96-560-50-598
HI. DEPT. OF LABOR & INDUST. REL. (4694)	MULTI/ALLDOL	09-96-562-50-598
CITY OF LOUISVILLE	OT AGY/OT AGY	04-96-017-98-599
ORANGE COUNTY FLORIDA	OT AGY/OT AGY	04-96-025-98-599