

# HIGHLIGHTS

April 1, 2023–September 30, 2023

## Message from the Inspector General

This *Highlights* edition presents a summary of selected activities, accomplishments, and findings reported in the Office of Inspector General's (OIG) Semiannual Report to Congress for the 6-month period ending September 30, 2023.

As reflected in our semiannual report, my office continues to highlight the major issues facing the Department of Labor (DOL or Department) through the OIG's independent audits and investigations. The OIG remains committed to conducting independent and objective oversight to improve DOL programs relied upon by millions of Americans.

The OIG has started to rebalance our oversight post-pandemic with a continued focus on priority areas such as: (1) worker benefit programs, including unemployment insurance (UI) and workers' compensation; (2) worker safety and health, including occupational and miner safety and health and workplace rights; and (3) employment and training programs, including grants and the Job Corps program. While the pandemic-related UI programs have ended, the integrity of DOL's UI program continues to be threatened by ongoing fraudulent activity and programmatic weaknesses that preceded and were exacerbated by the pandemic. As I noted in the last semiannual report, OIG oversight of the UI program still remains significantly challenged due to resource limitations, data access, and the expiring statute of limitations related to pandemic UI fraud.

Despite these challenges, OIG staff continues to deliver high-quality oversight. In total, during this reporting period, the OIG issued 17 audit reports with 49 recommendations for corrective action and identified approximately \$278 million in questioned costs and \$6.3 billion in funds put to better use. The OIG's investigative work also yielded impressive results, with a total of 212 investigative reports issued / cases closed, 247 indictments, 236 convictions, and more than \$133 million in monetary accomplishments.

These outstanding accomplishments reflect the dedication and commitment to our mission by the hard-working OIG staff.

In closing, I would like to thank Congress and the Department for their support of our work to identify improvements to DOL programs and operations and to protect the interests and benefits of the nation's workers and retirees.



Larry D. Turner  
Inspector General

## OIG Mission

*The Office of Inspector General (OIG) at the U.S. Department of Labor (DOL) conducts audits to review the effectiveness, efficiency, economy, and integrity of all DOL programs and operations, including those performed by its contractors and grantees. This work is conducted in order to determine whether: the programs and operations are in compliance with the applicable laws and regulations; DOL resources are efficiently and economically being utilized; and DOL programs achieve their intended results. The OIG also conducts criminal, civil, and administrative investigations into alleged violations of federal laws relating to DOL programs, operations, and personnel. In addition, the OIG conducts criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions in three areas: employee benefit plans, labor-management relations, and internal union affairs. The OIG also works with other law enforcement partners on human trafficking matters.*

## Worker and Retiree Benefit Programs

### Unemployment Insurance Programs

- A memorandum detailed our collaboration with the Pandemic Response Accountability Committee to evaluate the federal government's COVID-19 response in six locations. Our assessment centered on DOL's expanded UI benefits for pandemic-affected workers. From March 27, 2020, to September 6, 2021, the OIG found that over 33,400 beneficiaries in these areas collectively received more than \$516 million.
- An audit found the Employment and Training Administration (ETA) did not provide adequate oversight of the \$1 billion in emergency UI administrative grants. For the 14 states we reviewed, we identified more than \$136 million as questioned costs. Additionally, we found ETA could not provide reasonable assurance that states used the emergency administrative grants to administer UI programs.
- A memorandum reported on three specific matters related to the National Association of State Workforce Agencies resulting from our audit of ETA's oversight of UI integrity for three key Coronavirus Aid, Relief, and Economic Security Act programs. Specifically, we found ETA needs to improve its oversight of the Integrity Data Hub.
- An alert memorandum identified nearly \$1.3 billion in potentially fraudulent UI payments made during the pandemic in two high-risk age categories, to individuals with Social Security numbers: (1) of children under the age of 14 and (2) of elderly persons 100 years of age or older.
- An audit found ETA and states did not effectively execute the \$6.3 billion funded to the 53 state workforce agencies (SWA) through the Emergency Unemployment Relief for Government Entities and Nonprofit Organizations program or ensure compliance with pandemic-related provisions. Reimbursing employers faced delays in receiving pandemic relief and the 6 states tested owe millions to the federal government.
- An audit identified that PUA for non-traditional claimants was weakened by billions in overpayments, including fraud. From April 1, 2020, to March 31, 2023, the 53 SWAs reported nearly \$35 billion in established PUA overpayments—benefit payments that SWAs investigated and found were improper.
- An audit found ETA and states did not always meet the requirements or statutory intent of the \$12.5 billion made available through the Temporary Full Federal Funding of the First Week of Compensable Regular Unemployment for States with No Waiting Week program. The audit concluded ETA needs a plan to reconcile and return to the U.S. Department of Treasury nearly \$5 billion unused by states.
- An audit concluded that ETA did not evaluate the capability of SWAs' UI information technology systems to successfully administer UI benefits. Only 1 of the 10 SWAs we reviewed had developed or implemented UI information technology modernization plans that improved the timeliness or accuracy of UI benefits processing. Similarly, only 14 of 38 surveyed SWAs reported implementing such plans.

- A former federal employee was sentenced to 18 years in prison for leading a \$3.5 million pandemic UI fraud scheme. She was ordered to pay more than \$2 million in restitution to multiple SWAs jointly with her co-conspirators.
- A convicted murderer who ran a \$1.5 million COVID-related UI benefits scheme from behind bars was sentenced to 7 years in federal prison and ordered to pay more than \$933,000 in restitution.
- Two members of the “Robles Park” criminal enterprise were sentenced, respectively, to over 16 years and over 10 years in prison for their roles in racketeering conspiracy that included pandemic-related UI fraud totaling more than \$420,000.
- An international firearms dealer involved in a \$1.9 million pandemic UI relief fraud scheme was sentenced to more than 7 years in prison and ordered to pay restitution totaling more than \$580,000.
- A Virginia man was sentenced to 7 years in prison for his role in pandemic-related UI fraud, mail theft, and bank fraud schemes. He was also ordered to pay more than \$1.7 million in restitution to the Virginia Employment Commission (the SWA for the Commonwealth of Virginia) jointly with his co-conspirators.
- Two Maryland brothers were sentenced to over 9 years in prison and ordered to pay restitution for conspiracy to obtain more than \$1 million in COVID-19 UI benefits and other pandemic relief.
- A Georgia man was sentenced to 7 years in prison for laundering approximately \$2.6 million in proceeds derived from the submission of fraudulent unemployment claims in multiple states. He was also ordered to pay almost \$500,000 in restitution to various SWAs.
- A California man was sentenced to over 2 years in prison for fraudulently obtaining more than \$1.6 million in pandemic-related UI benefits from numerous SWAs.
- A former Massachusetts pizzeria owner was sentenced to 2 years in prison for COVID-19 fraud. He was also ordered to pay more than \$675,000 in restitution and forfeit property and other possessions.

### **Office of Workers’ Compensation Programs (OWCP)**

- Nine defendants were sentenced to more than 63 years combined imprisonment in a \$126 million pharmaceutical compounding fraud scheme. The defendants participated in a years-long, multistate scheme to submit false and fraudulent claims to OWCP and TRICARE.
- An Oklahoma pharmacy owner and operator pled guilty to paying health care kickbacks. The FECA program was billed for more than \$1 million in claims involving compounded medication creams, of which more than \$550,000 was paid out.

## **Worker Safety, Health, and Workplace Rights**

### **Occupational Safety and Health Administration (OSHA)**

- An audit found OSHA needs to do more to address high injury rates of warehouse workers. Despite consistently high injury and illness rates, OSHA conducted only 3,762 warehouse inspections, 82 percent were primarily driven by complaints and referrals. Also, OSHA collected minimal injury data from employers and did not effectively enforce mandatory employer reporting, leaving workers at risk to hazards that can result in serious injury and illness.
- An audit concluded OSHA needs to strengthen its process for awarding future emergency supplemental funds to State Plans. For the \$12.4 million awarded, OSHA did not effectively manage the awarding process to maximize coverage across State Plans and had insufficient controls in place to expend funds designated for State Plan grants.

## Employment and Training Programs

### Employment and Training Administration Programs

- An audit determined ETA needs to improve oversight of grants awarded in New Jersey. Potential eligible job seekers were not provided the services to succeed in the labor market and potential employers were not matched with the skilled workers needed before, during, and after the COVID-19 pandemic. The audit identified over \$100 million in funds that could have been put to better use and about \$7.2 million in questioned costs.
- A Florida woman was convicted of conspiracy to commit theft of government funds. The defendant pled guilty to diverting Workforce Innovation and Opportunity Act and other federal grant funds for her personal benefit and the benefit of her co-conspirators.

### Foreign Labor Certification Programs

- Two owners and a manager of a Virginia commercial laundry business were sentenced to prison for their roles in a labor trafficking and money laundering conspiracy. The three defendants were also sentenced jointly to forfeit more than \$3.9 million.
- A Guatemalan man was sentenced to over 6 years in prison and ordered to pay more than \$98,000 in restitution for his role in the forced labor of two minor Guatemalan victims.
- A Wisconsin man was sentenced for a conspiracy involving false, material statements made to DOL and U.S. Citizenship and Immigration Services concerning H-2B workers hired to perform forestry work in the United States. The defendant was ordered to pay a civil monetary penalty of approximately \$210,000 to DOL and sentenced to over a year in prison with restitution of more than \$1 million.

## Labor Racketeering

- A Massachusetts man pled guilty for his role in a multi-million-dollar payroll scheme. The defendant defrauded union workers of more than \$1 million in benefits and dues related to overtime work. He also defrauded the Internal Revenue Service of more than \$3 million by not making the required payroll tax withholdings and payments.

## Departmental Management

- An annual audit identified, for the second year in a row, DOL did not meet the requirements for compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2022. DOL met four of the six compliance requirements for UI excluding Pandemic Unemployment Assistance (PUA). Under PUA, DOL did not meet four of the six compliance requirements. PUA had outlays of \$18.9 billion for the 2022 program year and \$137.7 billion since its inception in Fiscal Year 2020.
- A Quality Control Review of the single audit performed for 2021 for one state that had \$3.67 billion in UI expenditures found deficiencies in the firm's: planning and testing of UI, reporting on the lack of internal controls in the PUA program, and reporting the federal expenditures.

## OIG Hotline

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

**Phone:** 202.693.6999 or 800.347.3756 | **Fax:** 202.693.7020 | **Website:** [www.oig.dol.gov](http://www.oig.dol.gov)