



HIGHLIGHTS

April 1, 2009 - September 30, 2009 Volume 62

A Message from the Acting Inspector General

This *Highlights* edition provides a summary of selected noteworthy activities, accomplishments, and concerns that the Office of Inspector General (OIG) is reporting in its *Semiannual Report to Congress* for the six-month period ending September 30, 2009.

Our audits made significant recommendations addressing vulnerabilities in the Department’s programs and operations. We issued 22 audit and other reports. In addition, our investigations continue to combat labor racketeering in the workplace and fraud against the Department’s programs, particularly the foreign labor certification programs. During this reporting period, our investigative work resulted in 214 indictments, 221 convictions, and \$123.1 million in monetary accomplishments.

The OIG remains committed to promoting efficiency, effectiveness, and economy in the Department’s programs and operations while protecting their integrity. I would like to express my sincere gratitude to former DOL Inspector General Gordon S. Heddell, who is now serving as the Inspector General at the U.S. Department of Defense. During his tenure, he consistently achieved significant results similar to those presented in this report. I would also like to thank the professional and dedicated OIG staff for their contributions in assisting the Department in improving its programs.

Daniel R. Petrole, Acting Inspector General

Selected Statistics

Investigative monetary accomplishments.....	\$123.1 million
Audit and other reports issued	22
Indictments.....	214
Convictions.....	221
Debarments.....	18
Investigative cases opened.....	174
Investigative cases closed.....	235
Investigative cases referred for prosecution.....	131
Investigative cases referred for administrative/civil action.....	65

Accountability in Recovery Act Spending

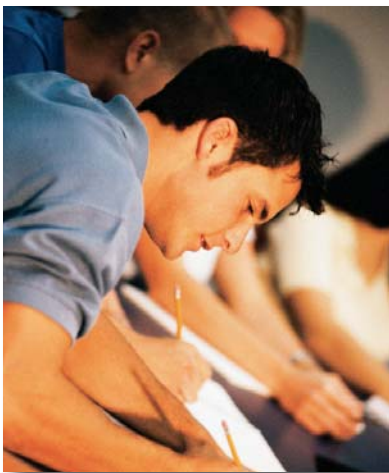
The Department received \$45 billion in new funding from the American Recovery and Reinvestment Act of 2009 (Recovery Act) for activities related to: unemployment benefits, employment and training, Job Corps construction and rehabilitation, and departmental oversight. Stringent oversight and accountability are essential to ensure that these funds are spent expeditiously while ensuring transparency, accountability, and results.

The OIG issued five reports which found that the Department had generally implemented procedures for the accounting of Recovery Act financial activity; implemented requirements for recipient performance reporting; implemented a new system to adjudicate appeals by workers for premium assistance to temporarily maintain their employer-provided health insurance after losing their jobs; and efficiently implemented the temporary provision for additional unemployment compensation for eligible recipients. DOL has also launched a hiring initiative to meet its expanded program responsibilities. These reports also noted that DOL needs to fully utilize employment and training performance data to assess how these efforts are preparing participants to compete for high-growth jobs and ensure that YouthBuild grantees are aware of the expanded eligibility.



Job Corps

Job Corps provides education, training and support services to approximately 60,000 students at 122 Job Corps Centers nationwide. Challenges for Job Corps include ensuring the safety and health of students and having accurate, reliable, performance data necessary to determine the success of the program.



During this reporting period, the OIG audited 3 of 10 Job Corps centers operated by the same contractor. The OIG found that the contractor did not ensure center compliance with Job Corps requirements for safety in the area of student misconduct; specifically, the convening of fact-finding boards and behavior review panels for students suspected of making threats of violence and having patterns of inappropriate behavior. This placed other students and staff at risk and violated Job Corps' zero-tolerance policy.

The OIG recommended, among other things, that Job Corps direct the contractor to develop and implement procedures and improve oversight of behavior review panels and the reporting of significant incidents to Job Corps.

Our work continues to demonstrate the need for Job Corps to provide proactive, consistent, and rigorous oversight of contractors and personnel at all centers.

Safeguarding Unemployment Insurance

The Unemployment Insurance (UI) program provides income maintenance to persons who are unemployed and otherwise meet eligibility requirements. Reducing and preventing overpayments by improving controls over eligibility, timely detecting and recovering overpayments, and combating fraud against these programs remain major challenges for the Department.



Further, OIG investigations in the UI program have consistently uncovered that this program is susceptible to fraud. For example, during this reporting period, a store owner in California was sentenced for charges stemming from her laundering approximately 23,000 fraudulent UI benefit checks totaling approximately \$7 million. She was sentenced to more than four years in prison and ordered to pay restitution of \$6,979,104.

Labor Racketeering

Labor racketeering continues to have a negative impact on American workers, employers, and the public through reduced wages and benefits, diminished competitive business opportunities, and increased costs for goods and services. The OIG has a unique programmatic responsibility to investigate labor racketeering and/or organized crime with respect to unions, employee benefit plans, and labor-management relations.

During this reporting period, we continued to see cases involving instances of corruption, including officers who abuse their positions of authority in labor organizations to embezzle money from union and member benefit plan accounts and defraud hard-working members of their right to honest services. For example, an OIG investigation resulted in the guilty pleas of seven associates of the Gambino and Lucchese La Cosa Nostra Organized Crime Families for running an enterprise that engaged in illegal gambling, extortion, fraud schemes, and labor racketeering. The defendants were members of Laborers International Union of North America (LIUNA) Local Union (LU) 1153, International Union of Operating Engineers (IUOE) LU 825, or construction companies.

Another OIG investigation led to the guilty plea of an Illinois cardiologist on charges of health care fraud for his role in receiving approximately \$13.4 million in fraudulent reimbursements from health care insurers, including several union-sponsored health and welfare funds.

Because of our investigative expertise, the OIG is a member of the Department of Justice's International Organized Crime (IOC) strategy, a major law enforcement effort designed to marshal the resources and information of nine U.S. law enforcement agencies to collectively combat threats posed by international criminal organizations to U.S. safety and economic security.

Foreign Labor Certification

The Department's foreign labor certification (FLC) programs provide a mechanism for U.S. employers to access foreign labor to meet worker shortages under terms and conditions that will not adversely affect U.S. workers.

OIG investigations continue to identify program weaknesses, as well as schemes by unscrupulous attorneys, labor brokers, employers, and others who abuse the program for personal gain. These schemes often involve fraudulent documentation filed with DOL on behalf of



fictitious companies, or fraudulent applications filed using the names of legitimate companies without their knowledge. Our investigative results during the past six months included the sentencing of four conspirators for several crimes, including the filing of fraudulent documents to obtain employment-based visas for hundreds of foreign workers. The sentences ranged between 73 and 87 months. In addition, the conspirators were ordered to forfeit over \$11 million each and to jointly and severally pay restitution of \$7.5 million.

From an audit standpoint, the OIG found problems with the administration of one of the major FLC programs. Specifically, an OIG audit of the iCert H1-B Labor Condition Applications processing system found that system improvements are needed to better identify incomplete and/or obviously inaccurate labor condition applications filed by employers intending to employ foreign specialty occupation workers.

Top Management Challenges

In this *Semiannual Report*, the OIG has included our annual Top Management Challenges report for the Department of Labor required under the Reports Consolidation Act of 2000. For 2009, the OIG considers the following as the most serious management and performance challenges facing the Department:

- Implementing the American Recovery and Reinvestment Act of 2009
- Protecting the Safety and Health of Workers
- Improving Performance Accountability of Grants
- Ensuring the Effectiveness of the Job Corps Program
- Safeguarding Unemployment Insurance
- Improving the Management of Workers' Compensation Programs
- Improving Procurement Integrity
- Maintaining the Integrity of Foreign Labor Certification Programs
- Securing Information Technology Systems and Protecting Related Information Assets
- Ensuring the Security of Employee Benefit Plan Assets

The complete Top Management Challenges for 2009 can be found at:
www.oig.dol.gov/topchallenges.htm