

# HIGHLIGHTS

October 1, 2021 – March 31, 2022 Volume 87

## Message from the Inspector General

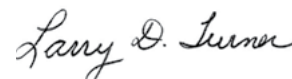
After being nominated by the President and being confirmed by the Senate, I assumed the position of Inspector General for the U.S. Department of Labor (DOL) on December 7, 2021. I am deeply honored to lead the Office of Inspector General (OIG) after serving for more than 7 years as Deputy Inspector General. As such, it is my privilege to submit this *Semiannual Report to Congress*, which highlights the most significant activities and accomplishments of the DOL OIG for the 6-month period ending March 31, 2022.

On March 17, 2022, I had the honor to testify before the U.S. Senate Committee on Homeland Security and Governmental Affairs about the OIG's oversight of the unemployment insurance (UI) program during the COVID-19 pandemic. As my testimony detailed, the unprecedented infusion of federal funds into the UI program during the pandemic gave individuals and organized criminal groups a high-value target to exploit. That, combined with easily attainable stolen personally identifiable information and continuing UI program weaknesses identified by the OIG over the last several years, created a perfect storm that allowed criminals to defraud the system. Because many states were not prepared to process the extraordinary volume of new UI claims and struggled to implement new UI programs, many internal fraud controls that had been traditionally used or recommended for the processing of UI claims were not initially implemented. Fraudsters thus had a high-reward target where an individual could make a fraudulent claim with relatively low risk of being caught. For example, as time went on, one fraudster could have been issued several UI debit cards, with tens of thousands of dollars on each card.

I recommended the OIG have better access to claim and wage data and several other actions DOL can take, including addressing issues related to UI staffing and systems for prompt payment during emergencies; implementing controls for improper payments; helping states with claims; overpayments and fraud reporting; and working with Congress to better assist State Workforce Agencies' ability to cross-match UI claims with available data in areas with high-risk for fraud. I also highlighted the measures the OIG has taken to address the impact of fraud on the UI program.

Although a large part of our focus has been on overseeing the UI program, we have other accomplishments of which I am also very proud. During this reporting period, the OIG issued 15 audit and other reports, with 49 recommendations for corrective action. The OIG's investigative work also yielded significant outcomes, with a total of 133 investigative reports issued and cases closed, 314 indictments, 187 convictions, and more than \$90 million in monetary accomplishments. This *Highlights* edition presents a summary of selected activities, accomplishments, and findings reported in the *Semiannual Report to Congress*.

I look forward to continuing to work constructively with the Department and Congress on our shared goals of identifying improvements to DOL programs and operations and of protecting the interests and benefits of the nation's workers, retirees, and taxpayers during this unprecedented time.



Larry D. Turner  
Inspector General

## Worker and Retiree Benefit Programs

During this reporting period, we completed several investigations involving worker and retiree programs. Our work in this area include the following:

### Unemployment Insurance Programs

- A Massachusetts man was sentenced to 87 months in prison and ordered to pay more than \$340,000 in restitution for his role in a UI scam.
- A Michigan state contractor was sentenced to 58 months in prison and ordered to pay almost \$3.8 million in restitution for her role in a UI fraud scheme.
- A Michigan man pled guilty to identity theft and wire fraud, defrauding numerous states out of more than \$1.6 million in UI benefits.
- A Virginia woman was sentenced to 10 years in prison for her role in defrauding the government of more than \$1.5 million in UI benefits.
- Two Michigan residents pled guilty to filing more than 66 fraudulent UI claims that defrauded multiple states of more than \$1.3 million in UI benefits.
- Three members of the Robles Park criminal enterprise pled guilty to racketeering and pandemic unemployment assistance fraud.
- A former NFL wide receiver was sentenced to 25 months in prison for his scheme to defraud the California Employment Development Department.
- A Virginia inmate was sentenced to 115 months in prison for his involvement in a pandemic unemployment benefits scheme.
- A Maryland man was sentenced to 39 months in prison for leading a computer fraud and identity theft ring that targeted state workforce computers.

### Office of Workers' Compensation Programs

- A Houston clinic owner was sentenced to 24 months in prison and ordered to pay more than \$2.2 million in restitution for her role in an illegal kickback and money laundering scheme.
- A Texas man pled guilty to soliciting and receiving kickbacks for his role in a scheme to defraud OWCP.

### Employee Benefit Plans

- A Louisiana couple was sentenced to several months in prison each for their roles in a \$48 million medical reimbursement account program fraud scheme.

## Worker Safety, Health, and Workplace Rights

### Occupational Safety and Health Administration

The mission of the Occupational Safety and Health Administration (OSHA) is to ensure that employers provide every worker in America safe and healthy working conditions. Our work in this area include the following:

- An audit reported OSHA could leverage inspection collaboration opportunities with external federal agencies to protect mission critical workers during the pandemic.
- Owners of a Nebraska railcar cleaning service were sentenced to several months in prison each for violating environmental and worker safety laws related to workers' deaths.
- The owner of an Idaho tanker company was sentenced to 1 month in prison for lying to OSHA and for making an illegal repair to a cargo tanker in violation of the Hazardous Materials Transportation Act.
- A Philadelphia business owner was convicted at trial of bribing an OSHA inspector.
- A New Jersey man admitted to conspiring with his brother, an OSHA compliance officer, to extort contractors.

## Bureau of International Labor Affairs

The Bureau of International Labor Affairs (ILAB) safeguards dignity at work—both at home and abroad—by strengthening global labor standards, enforcing labor commitments among trading partners, promoting racial and gender equity, and combating international child labor, forced labor, and human trafficking. Our work in this area include the following:

- An audit found ILAB ensured IMPAQ International, LLC, was in compliance with the cooperative agreement requirements; ensured costs claimed under the award were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the cooperative agreement; and properly performed oversight in compliance with the Memorandum of Agreement.

## Employment and Training Programs

**The Employment and Training Administration (ETA) provides employment assistance, labor market information, and job training through the administration of programs authorized by the Workforce Innovation and Opportunity Act for adults, youth, dislocated workers, and other targeted populations. ETA also administers several foreign labor certification programs that allow U.S. employers to employ foreign workers to address American worker shortages. Our work in this area include the following:**

### Employment and Training Administration

- An audit reported ETA delayed providing \$366 million in COVID-19 disaster relief worker grants and grant recipients may not effectively use the funds and deliver services by the end of the grant periods.
- An advisory report highlighted three areas of key concern regarding ETA's management of workforce development grants: awarding grants, reviewing grantees' use of funds, and measuring grantee performance.
- A career coach was sentenced to 2 years in prison for stealing more than \$68,000 from a workforce development program.
- A Middlefield man pled guilty to defrauding state jobs programs.
- A Vermont woman pled guilty to nonprofit embezzlement.

### Job Corps

- An audit found gaps in the oversight of Job Corps' oversight of COVID-19 safety precautions for resuming on-campus operations and many challenges in providing effective remote instruction.

### Foreign Labor Certification Programs

- A Northern California man was sentenced to 15 months in prison and ordered to forfeit more than \$533,000 for his role in orchestrating a work visa fraud scheme.

## Labor Racketeering

**The OIG conducts investigations into labor racketeering activities involving labor unions, employee benefit plans, and labor-management relations. Examples include the following:**

- An Illinois politician pled guilty to fraud related to union employment.
- A former international labor union official was sentenced to 24 months in prison for health care fraud and union embezzlement.
- A labor union business manager and city councilmember were found guilty of public corruption.

## Departmental Management

**The OIG performs oversight work involving the Department's operations, financial management, and information technology (IT) systems. Examples include the following:**

- An independent auditors' report on the DOL financial statements identified deficiencies in internal control that were considered material weaknesses and determined improvements were needed in controls over financial reporting related to unemployment trust fund balances and activity.
- A Management Advisory Comments report provided additional information to DOL management on issues identified during the OIG-contracted financial statement audit that did not rise to the level of serious deficiencies.
- The OIG contracted with an independent public accounting firm to audit the FECA Special Benefit Fund's Schedule of Actuarial Liability, Net Intra-governmental Accounts Receivable, and Benefit Expense Fund and concluded it conformed with U.S. generally accepted accounting principles.
- The OIG contracted with an independent public accounting firm to audit financial statements of the Longshore and Harbor Workers Compensation Act Special Fund and concluded it conformed with U.S. generally accepted accounting principles.
- The OIG contracted with an independent public accounting firm to audit financial statements of the District of Columbia Workmen's Compensation Act Special Fund and concluded it conformed with U.S. generally accepted accounting principles.
- The OIG contracted with an independent accounting firm to evaluate DOL's compliance with the Digital Accountability and Transparency Act of 2014 and concluded DOL submitted data of moderate quality and identified an internal control deficiency.
- The OIG contracted with an independent accounting firm to audit DOL's Fiscal Year 2021 information security program. Based on the results from the Cyberscope program, the report concluded the information security program was not effective.

### 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)**