

# HIGHLIGHTS

April 1 – September 30, 2015 Volume 74

## A Message from the Inspector General

This *Highlights* edition presents a summary of selected activities, accomplishments, and concerns reported in the *Semiannual Report to the Department and the Congress* for the six-month period ending September 30, 2015. During this reporting period, the Office of Inspector General (OIG) issued 17 audit and other reports that identified needed improvements in Department of Labor (DOL) programs and operations. The OIG's investigative work also yielded impressive results, with a total of 187 indictments, 169 convictions, and more than \$54.1 million in monetary accomplishments.

I look forward to continuing to work constructively with the Department and Congress on our shared goals of identifying improvements to DOL programs and operations, and protecting the interests and benefits of workers and retirees.



Scott S. Dahl, Inspector General

## Selected Statistics

Investigative monetary accomplishments . . . . .	\$54.1 million
Investigative cases opened . . . . .	121
Investigative cases closed . . . . .	266
Investigative cases referred for prosecution . . . . .	147
Investigative cases referred for administrative/civil action . . . . .	73
Indictments . . . . .	187
Convictions . . . . .	169
Debarments . . . . .	42
Audit and other reports issued . . . . .	17
Total questioned costs . . . . .	\$1.1 million
Funds recommended for better use . . . . .	\$107 million

## **Employment and Training Programs**

### **Employment and Training Grants**

**OIG audits continue to identify issues involving the Department's Employment and Training Administration (ETA) grants, which provide employment assistance, labor market information, and job training. Following is an example of our work in this area:**

- In our audit of ETA's awarding of year-end National Emergency Grants, we determined that ETA technically complied with the requirements for making grant awards. However, it made awards to grantees whose applications did not fully meet the objectives of its solicitations.

### **Foreign Labor Certification Programs**

**ETA administers a number of foreign labor certification programs that allow U.S. employers to employ foreign workers to meet American worker shortages. Our investigative work in this area included the following:**

- A New York immigration attorney was sentenced to 27 months in prison for conspiring to commit visa fraud and was ordered to pay \$187,000 in restitution.
- A Texas staffing company owner and an employee were sentenced to 36 months and 12 months in prison and ordered to pay more than \$420,000 in restitution for their involvement in an H-1B visa fraud scheme.

### **Veterans' Employment and Training**

**The Veterans' Employment and Training Service provides veterans with the resources and services to succeed in the 21st century workforce. An example of our work in this area includes the following:**

- In our audit of the Department's management of its role in the Veterans Retraining Assistance Program we found that DOL met many of its program obligations, but it did not determine whether only eligible applicants participated in the program, or if states properly conducted or accurately reported outreach efforts to DOL.

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

**During this reporting period, we issued audits and completed investigations involving worker safety and health, and workplace rights, related to the Department's Occupational Safety and Health Administration (OSHA), Mine Safety and Health Administration (MSHA), and Wage and Hour Division. Highlights of our work in these areas include the following:**

### **Occupational Safety and Health Administration**

- In a follow-up audit on OSHA's administration of its Whistleblower Protection Programs, we found that OSHA has made improvements since our 2010 report. However, OSHA did not consistently ensure that complaint reviews under the Whistleblower Programs were complete, sufficient, and timely.

### **Mine Safety and Health Administration**

- Wheeling Jesuit University agreed to pay \$2.3 million to resolve claims of the misuse of federal grant funds received from the National Aeronautics and Space Administration, MSHA, and the National Science Foundation.

### **Wage and Hour Programs**

- The owner of a New Jersey construction contracting company and several other defendants were sentenced for their roles in an arson, assault, and wage kickback scheme at a federally funded construction project at Fort Dix in New Jersey.

## Worker and Retiree Benefit Programs

During this reporting period, we issued several audits and completed several investigations involving worker and retiree benefit programs, including the federal-state Unemployment Insurance (UI) program and federal Workers' Compensation programs such as the Federal Employees' Compensation Act (FECA) program. Highlights of our work in these areas include the following:

### Unemployment Insurance Program

- In our audit to determine the effectiveness of North Carolina's efforts to control UI improper payments, we found that the state did not meet established targets for detecting, reducing, and recovering improper payments. North Carolina's detection rates remained well short of its target of 50 percent during our audit period.
- We also reviewed the effectiveness of New York's efforts to control UI improper payments. Our audit found that the state showed significant improvement in its detections of improper payments. However, we could not verify the accuracy of New York's reporting of overpayment and recovery activities because the state was not able to pass DOL's data validation process.
- The OIG prepared an advisory report to provide DOL, Congress, and other interested parties with information related to our current investigative efforts to detect and pursue UI fraud in Florida.
- A Cleveland man was sentenced to 139 months in prison for conspiring to defraud five states of more than \$1.1 million in UI benefits. A co-conspirator was also sentenced to 54 months in prison for defrauding three states out of more than \$233,000 in UI benefits.

### Black Lung Program

- We reviewed DOL's Black Lung program to identify factors that might adversely affect the claims adjudication process. Our review identified many opportunities for the Department to improve this process.

### FECA Program

- Owners and operators of a Maryland pain management company were convicted of several charges relating to a \$2.5 million health care fraud scheme, including wire fraud, aggravated identity theft, obstruction of justice and of an audit, providing false statements, and aiding and abetting the various crimes.

## Labor Racketeering

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

- An Ironworkers business manager was sentenced to more than 19 years in prison and was ordered to pay more than \$558,000 in restitution for his role in a racketeering conspiracy involving a dozen members of Ironworkers Local 401.
- A former Long Island stockbroker and owner of electrical contracting companies was sentenced to more than 11 years in prison for his role in a 17-year money laundering conspiracy involving different financial fraud schemes.

## Departmental Management

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

- We issued two alert memoranda notifying the Department of the need to strengthen oversight of its financial management system to control costs and to highlight significant information security deficiencies that we have repeatedly identified in previous reports.
- Our audit of the Department's purchase card program found that DOL has established adequate controls but DOL component agencies were not consistently implementing them. We identified issues with both individual transactions and the management of purchase card program participants.

## Legislative Recommendations

The OIG's proposed legislative recommendations have remained largely unchanged over the past several years. The OIG believes that the following legislative actions are necessary to increase the efficiency and integrity of departmental programs and functions:

- Allow the OIG direct access to the National Directory of New Hires records to better detect overpayments to Unemployment Insurance claimants who have returned to work but continue to collect UI benefits.
- Amend pension protection laws by expanding the authority of the Employee Benefits Security Administration to require the correction of substandard benefit plan audits; repealing the Employee Retirement Income Security Act's (ERISA's) limited-scope audit exemption, which prevents public accountants who audit pension plans from rendering an opinion on the plans' financial statements; requiring direct reporting of ERISA violations to DOL; and strengthening the criminal penalties in Title 18 of the U.S. Code.
- Provide DOL with the authority to ensure the integrity of the foreign labor certification process, including the ability to verify the accuracy of information provided on labor condition applications.
- Improve the integrity of the Federal Employees' Compensation Act program by allowing DOL statutory access to Social Security wage records and the National Directory of New Hires, and instituting a 3-day waiting period to come immediately after an employment-related injury for all federal workers.
- Clarify the Mine Safety and Health Administration's authority to issue mine closure orders.

## OIG Hotline

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

**Phone: 202.693.6999 or 800.347.3756**

**Fax: 202.693.7020**

**Website: [www.oig.dol.gov](http://www.oig.dol.gov)**