

# HIGHLIGHTS

October 1, 2015 – March 31, 2016 Volume 75

## A Message from the Inspector General

This *Highlights* edition presents a summary of selected activities, accomplishments, and concerns reported in the *Semiannual Report to Congress* for the six-month period ending March 31, 2016. During this reporting period, the Office of Inspector General (OIG) issued 14 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 185 indictments, 164 convictions, and more than \$118 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	\$118 million
Investigative cases opened	116
Investigative cases closed	159
Investigative cases referred for prosecution	105
Investigative cases referred for administrative/civil action	52
Indictments	185
Convictions	164
Statutory debarments	40
Audit and other reports issued	14
Outstanding questioned costs resolved during this period	\$6.8 million
Allowed	\$4 million
Disallowed	\$2.8 million

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

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

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

- We issued an Alert Memorandum to MSHA to take immediate corrective action on a critical safety issue we found during our ongoing audit of mine emergency response plans (ERPs). From our sample of 51 ERPs, we called 779 emergency numbers to verify their accuracy and the ERPs contained incorrect numbers for 98 fire department and ambulance services, as well as four hospitals, three police departments, and three mine rescue teams.
- Former Massey Energy chief executive officer Donald L. Blankenship was found guilty of conspiracy to willfully violate mine health and safety standards in a period before the 2010 Upper Big Branch Mine explosion that killed 29 miners.

### **Wage and Hour Programs**

- A civil settlement agreement was filed between Paige Industrial Services, Inc. and two qui tam relators, to resolve allegations that Paige had violated the Davis-Bacon Act in connection with a multiyear federal construction project at the National Institutes of Health in Bethesda, Maryland. Per the terms of the settlement, Paige agreed to pay the United States between \$450,000 and \$675,000, contingent on the financial performance of the company over the next five years.

## **Employment and Training Programs**

### **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 Louisiana labor broker was sentenced to 18 months in federal prison for her role in a scheme to defraud DOL's H-2A visa program through fraudulent representations asserting that nearly 200 jobs intended for foreign workers had first been offered to U.S. workers, as is required by law.

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

**The Veterans' Employment and Training Service (VETS) prepares America's veterans, service members, and their spouses, for meaningful careers. An example of our work in this area includes the following:**

- In an audit to determine whether VETS provided reasonable assurance that costs charged to the Jobs for Veterans State Grant (JVSG) program were allowable, we found VETS' controls over managing states' use of JVSG funds needs to be strengthened.

## Worker and Retiree Benefit Programs

**During this reporting period, we issued audits and completed 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 audits to determine the effectiveness of several states' efforts to control UI improper payments, we found Iowa, Indiana, and Colorado did not effectively detect, reduce, or recover unemployment insurance improper payments, and California did not fully meet established targets for detecting improper payments.
- Three Northern California residents were sentenced to prison terms and ordered to pay \$1 million in restitution to the California Employment Development Department for their involvement in a decades-long scheme to fraudulently obtain UI and disability benefits.

### **FECA Program**

- In our congressionally requested audit to determine whether FECA claimants and appellants were properly protected from paying excessive fees to their representatives, we found OWCP and the Employees' Compensation Appeals Board had policies and procedures in place to review and approve representative fee applications, but did not properly manage key aspects of the process.
- Seven individuals entered guilty pleas accepting responsibility for their involvement in a scheme to defraud the Office of Workers' Compensation Programs of more than \$8 million by submitting falsified medical reports to OWCP and routinely billing OWCP for services that were not actually rendered.

## 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:**

- Six Maryland company executives were sentenced to prison and ordered to pay more than \$50 million for employee benefit fraud schemes.
- A New York construction company admitted to overbilling clients and agreed to pay more than \$20 million in restitution and penalties.
- An Ohio benefits fund administrator was sentenced to serve 46 months in prison and pay more than \$1.5 million in restitution as a result of his theft from several health care plans managed by his company, Professional Benefits Association.

## Departmental Management

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

- Our audit to determine whether the Department of Labor identified the issues—and implemented corrective actions—related to the premature release of embargoed data from the Producer Price Index report found that the Department identified one of the two issues that caused this premature release, but did not implement adequate corrective actions to prevent a reoccurrence.

## Legislative Recommendations

**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)**