

# HIGHLIGHTS

October 1, 2018–March 31, 2019 Volume 81

## A Message from the Inspector General

This Highlights edition presents a summary of selected activities, accomplishments, and concerns reported in the Office of Inspector General’s (OIG) *Semiannual Report to Congress* for the six-month period ending March 31, 2019. During this reporting period, the OIG issued 11 audit and other reports, with 45 recommendations for corrective action. The OIG’s investigative work resulted in a total of 176 indictments, 103 convictions, and more than \$42.5 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 U.S. Department of Labor (DOL) programs and operations, pursuing fraud against these programs, and protecting the interests and benefits of workers and retirees.

Scott S. Dahl, Inspector General

## Selected Statistics

Investigative monetary accomplishments - - - - -	\$42.5 million
Investigative cases closed/reports issued - - - - -	108
Investigative cases opened - - - - -	113
Investigative cases referred for prosecution - - - - -	111
Investigative cases referred for administrative/civil action - - - - -	44
Indictments - - - - -	176
Convictions - - - - -	103
Statutory debarments - - - - -	3
Audit and other reports issued - - - - -	11
Recommendations for corrective action - - - - -	45

## Worker and Retiree Benefit Programs

**During this reporting period, we completed investigations and issued audit reports involving worker and retiree programs. Highlights of our work in this area include the following:**

### **Office of Workers' Compensation Programs**

- We examined whether the Office of Workers' Compensation Programs (OWCP) designed procedures to provide reasonable assurance that physicians performing Federal Employee Compensation Act (FECA) second opinion and impartial (referee) medical examinations were qualified and impartial. We found OWCP's procedures provided reasonable assurance that the agency used qualified and impartial physicians to perform FECA second opinion and referee medical examinations.
- A Texas chiropractor was ordered to pay more than \$10 million in damages and civil penalties for his role in a kickback scheme resulting from his referral of patients covered by FECA.

### **Employee Benefit Plans**

- Our audit of the Employee Benefits Security Administration's (EBSA) oversight of the federal government's Thrift Savings Plan (TSP) found that EBSA did not conduct effective oversight of the TSP for three reasons: (1) EBSA lacked an ongoing process for assessing changes in risks to the TSP over time, (2) oversight was not transparent, and (3) it lacked sufficient legal authority to require the Federal Retirement Thrift Investment Board to act on its recommendations.
- A New York pharmaceutical sales representative who marketed compounded medications pleaded guilty to defrauding multiple health care benefit programs of \$5.8 million.

### **Unemployment Insurance Program**

- Two Honduran siblings were sentenced to 24 and 48 months, respectively, in prison and ordered to pay more than \$6.5 million for their roles in a scheme to evade mandatory federal payroll taxes.
- A California conspirator was sentenced to nine years in prison and ordered to pay more than \$350,000 in restitution for filing fraudulent unemployment insurance (UI) benefit claims.

## Labor Racketeering

**The U.S. Department of Labor's (DOL) Office of Inspector General (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:**

- A Connecticut businessman was sentenced to 30 months in prison and ordered to pay partial restitution of more than \$12 million to insurance companies he defrauded in a life insurance fraud scheme.
- The former president of the Correction Officers' Benevolent Association (COBA) was sentenced to 58 months in prison for his role in a bribery scheme in which he accepted a \$60,000 payment, and the promise of future payments, in exchange for the investment of millions of dollars of COBA money in a hedge fund.
- A New York union president and benefit plan trustee was sentenced to 37 months in prison and ordered to pay more than \$1.2 million in restitution for embezzling from the union and benefit plans.

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

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

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

- We found that OSHA did not establish adequate procedures for issuing guidance documents, and that the procedures that were established were mostly not followed.

### **Wage and Hour Programs**

The Wage and Hour Division (WHD) is responsible for enforcing labor laws related to minimum wage and overtime pay, prevailing wages, child labor, family and medical leave, and migrant workers, among others. Our work in this area included the following:

- Our audit examined whether WHD had timely and accurately determined the prevailing wage rates needed for Davis Bacon Act-covered federal and federally funded construction. We found WHD needed better strategies to improve the timeliness and accuracy of the prevailing wage rates.
- A California garment shop owner was sentenced to two years' probation and ordered to pay \$190,475 in restitution, jointly and severally with his co-defendants, for his role in obstructing a 2016 Fair Labor Standards Act investigation by WHD.

## **Employment and Training Programs**

### **Foreign Labor Certification Programs**

The Employee and Training Administration (ETA) administers a number of foreign labor certification (FLC) programs that allow U.S. employers to employ foreign workers to address American worker shortages. Our audit and investigative accomplishments for this reporting period include the following:

- The Wright State University board of trustees was ordered to pay the U.S. government \$1 million for H-1B visa offenses.
- A Minnesota restaurant owner was sentenced to 42 months in prison for visa fraud and alien harboring.

## **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 findings in this review period include the following:

- As part of our FY 2018 Federal Information Security Management Act work, we reported that DOL's information security program was not effective for FY 2018. We reported 36 findings in the following six security control areas: risk management; configuration management; identity and access management; data protection and privacy; incident response; and contingency planning.

## Legislative Recommendations

The Inspector General Act requires the OIG to review existing or proposed legislation and regulations and to make legislative recommendations in the *Semiannual Report*. The OIG continues to believe that the following legislative actions are necessary to increase efficiency and protect the Department's programs:

- Allow the OIG direct access to National Directory of New Hires (NDNH) records to better detect overpayments to Unemployment Insurance (UI) claimants who have returned to work but continue to collect UI benefits.
- Allow DOL access to wage records to reduce overpayments in employee benefit programs, including UI, FECA, and Disaster Unemployment Assistance.
- Adopt the legislative proposals the Department has submitted that would improve UI program integrity and reduce improper payments. The proposals are consistent with previous OIG findings and recommendations relating to UI improper payments.
- Provide DOL with the authority to ensure the integrity of the FLC process, including the ability to verify the accuracy of information provided on labor condition applications.
- Amend pension protection laws by expanding the authority of EBSA to require: the correction of substandard benefit plan audits (repealing the Employee Retirement Income Security Act's (ERISA) limited-scope audit exemption, which prevents public accountants who audit pension plans from rendering an opinion on the plans' financial statements), and direct reporting of ERISA violations to DOL; and strengthen the criminal penalties in Title 18 of the U.S. Code.
- Consider reforms designed to improve the effectiveness and integrity of the FECA program by providing statutory access to Social Security wage records and the NDNH; establishing a 3-day waiting period at the beginning of the claim process; allowing the temporary suspension of questionable medical providers; and setting drug price limitations.
- 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.

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