

# HIGHLIGHTS

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## Message from the Inspector General

This *Highlights* edition presents a summary of selected activities, accomplishments, and findings reported in the Office of Inspector General's (OIG) *Semiannual Report to Congress* for the 6-month period ending March 31, 2023.

As reflected in our semiannual report, my office continues to highlight the major issues facing the Department of Labor (DOL or Department) through the OIG's independent audits and investigations. The OIG remains committed to conducting independent and objective oversight to improve DOL programs relied upon by millions of Americans.

During this reporting period, I testified before the U.S. House Committee on Ways and Means (February 2023) and the U.S. House Committee on Oversight and Accountability, Subcommittee on Government Operations and the Federal Workforce (March 2023) regarding our oversight of the unemployment insurance (UI) program during the COVID-19 pandemic. In addition to testifying on the OIG's work and significant concerns with DOL and the states' ability to expeditiously and efficiently deploy program benefits, I highlighted our three biggest challenges—data access, resource limitations, and the expiring statute of limitations related to UI fraud—in overseeing the UI program.

Despite these challenges, OIG staff has continued to deliver high-quality oversight. In total, during this reporting period, the OIG issued 15 audit reports with 44 recommendations for corrective action and identified approximately \$321 million in questioned costs. Similarly, the OIG's investigative work yielded impressive results during this reporting period, with a total of 131 investigative reports issued / cases closed, 233 indictments, 270 convictions, and more than \$74 million in monetary accomplishments.

I would like to thank the OIG staff for their dedication to our important mission. It is a great privilege to lead such a top-notch group of professionals.

Finally, I appreciate the unwavering support of Congress and the Department on our shared goals of identifying improvements to DOL programs and operations and of protecting the interests and benefits of the nation's workers and retirees.



Larry D. Turner  
Inspector General

## OIG Mission

*The Office of Inspector General (OIG) at the U.S. Department of Labor (DOL) conducts audits to review the effectiveness, efficiency, economy, and integrity of all DOL programs and operations, including those performed by its contractors and grantees. This work is conducted in order to determine whether: the programs and operations are in compliance with the applicable laws and regulations; DOL resources are efficiently and economically being utilized; and DOL programs achieve their intended results. The OIG also conducts criminal, civil, and administrative investigations into alleged violations of federal laws relating to DOL programs, operations, and personnel. In addition, the OIG conducts criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions in three areas: employee benefit plans, labor-management relations, and internal union affairs. The OIG also works with other law enforcement partners on human trafficking matters.*

## Worker and Retiree Benefit Programs

### **Unemployment Insurance Programs**

- We issued an alert memorandum on urgent equity and security concerns in the UI program. Our concerns were based on the following risks: (1) current facial recognition technology having a racial and gender bias and (2) 15 of 24 states (63 percent) not having recommended privacy security measures to protect UI claimants' biometric data, a form of personally identifiable information.
- A Los Angeles man was sentenced to 292 months in federal prison for fraudulently obtaining approximately \$5.5 million in COVID-related UI benefits and was ordered to pay restitution.
- A Federal Bureau of Prisons inmate was sentenced to 41 months in prison in connection with a scheme to defraud multiple state workforce agencies and the U.S. Small Business Administration of more than \$2.2 million in COVID-19 pandemic assistance.
- Two Minnesota women each pled guilty to one count of wire fraud for their roles in stealing approximately \$6 million in pandemic assistance funds.
- A YouTube rapper was sentenced to 77 months in prison and ordered to pay more than \$700,000 in restitution for his role in a pandemic-related UI fraud scheme.
- A Bronx man was sentenced to 40 months in prison and ordered to pay more than \$570,000 in restitution for his role in pandemic-related UI and tax fraud schemes.
- A Michigan man was sentenced to 57 months in prison and ordered to pay approximately \$423,000 in restitution for his role in a UI fraud scheme aimed at defrauding the State of Michigan and the federal government of funds earmarked for unemployment assistance during the COVID-19 pandemic.
- A former Virginia inmate was sentenced to 84 months in federal prison. He and his family member co-defendants were ordered to pay, jointly and severally, nearly \$300,000 in restitution to the Virginia Employment Commission for their roles in a pandemic-related UI fraud scheme.
- A former mail carrier and co-conspirator were sentenced for their roles in a mail fraud scheme that involved fraudulently obtaining more than \$250,000 in UI benefits.

### **Office of Workers' Compensation Programs (OWCP)**

- An audit found OWCP did not effectively manage pharmaceutical spending in the Federal Employees' Compensation Act program. We identified up to \$321 million in excess spending related to prescription drugs. Also, thousands of Federal Employees' Compensation Act claimants received inappropriate, potentially lethal prescriptions.
- In support of a Pandemic Response Accountability Committee effort, an evaluation found three workers' compensation programs experienced dramatic increases in the use of telehealth during the first year of the pandemic compared to the prior year—with OWCP paying more than \$7 million for 34 times more telehealth services.
- A former Houston pharmacist was sentenced to 27 months in prison and ordered to pay approximately \$12 million in restitution for her role in a conspiracy to pay and receive kickbacks that defrauded federal health care programs.
- A former Louisiana physician was sentenced to 48 months in prison and was ordered to pay approximately \$827,000 in restitution to workers' compensation insurers for his role in a conspiracy to commit wire fraud, health care fraud, and violations of federal anti-kickback laws.

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

### **Occupational Safety and Health Administration (OSHA)**

- An audit found OSHA's enforcement activities did not sufficiently protect workers from COVID-19 health hazards. OSHA did not always issue citations to enforce the standard for recording and reporting occupational injuries and illnesses in fatality cases. OSHA also lacks complete information on COVID-19 infection rates at worksites because it does not require employers to report all COVID-19 cases among workers.
- An audit found OSHA did not consistently ensure complaints and referrals were adequately addressed nor regularly enforce hazard abatement timelines. Also, OSHA's files did not contain clear reasoning as to why it did not conduct an inspection for 11 out of 30 sampled cases where a complaint or referral met its inspection criteria.
- A Philadelphia man was sentenced to 3 months in prison and ordered to pay approximately \$50,000 in fines after a conviction of bribing a public official from OSHA.

## **Employment and Training Programs**

### **Foreign Labor Certification Programs**

- A Florida man was sentenced to 118 months in prison for his role in leading a federal racketeering and forced labor conspiracy that victimized Mexican agricultural workers admitted to the United States under the H-2A temporary visa program. He was also ordered to pay more than \$170,000 in restitution to the victims.
- An Illinois man pled guilty to two counts of forced labor for his involvement in the labor trafficking of two minors.
- A Wisconsin man pled guilty to a conspiracy involving false, material statements made to DOL and U.S. Citizenship and Immigration Services concerning H-2B workers hired to perform forestry work in the United States.

## Labor Racketeering

- A California woman was sentenced to 72 months in prison for conspiring to defraud health insurance plans by causing millions of dollars in fraudulent claims to be submitted to provide patients with “free” cosmetic procedures, including Botox injections.
- A Connecticut man pled guilty to conspiracy to commit wire fraud and bank fraud for a widespread scheme to misappropriate and steal client health care funds and defraud multiple lenders. He agreed to pay over \$14.8 million in restitution and forfeit \$2 million.
- A former union vice president was sentenced for his role in a union book selling scheme in which he abused his position by soliciting and accepting cash bribes from prospective union members in exchange for securing the bribe payers’ admission to the union. He was sentenced to time served, as well as 36 months supervised release, and ordered to pay more than \$148,000 in restitution.

## Departmental Management

- An audit of DOL’s annual financial statements for the fiscal year ended September 30, 2022, concluded that DOL complied, in all material respects, with the requirements of the Federal Financial Management Improvement Act of 1996. However, the auditors issued a modified opinion on the consolidated financial statements because they were unable to obtain sufficient, appropriate audit evidence about the methodology and underlying assumptions used to estimate certain unemployment insurance balances in Fiscal Year 2022.
- A Management Advisory Comments report provided additional information to DOL management on issues that did not rise to the level of serious deficiencies identified during the previously mentioned financial statement audit.
- An annual audit identified weaknesses in DOL’s information security program, including in five of five Federal Information Security Modernization Act of 2014 cybersecurity functional areas. Based on the identified weaknesses, we determined DOL’s information security program was not effective for Fiscal Year 2022.

## 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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