

# HIGHLIGHTS

April 1–September 30, 2019 Volume 82

## A 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’s) *Semiannual Report to Congress* for the 6-month period ending September 30, 2019. During this reporting period, the OIG issued 11 audit and other reports, with 39 recommendations for corrective action, and identified \$13 million in funds that could be put to better use. The OIG’s investigative work resulted in a total of 149 indictments, 125 convictions, and more than \$65 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 - - - - -	\$65 million
Investigative cases closed/reports issued - - - - -	141
Investigative cases opened - - - - -	84
Investigative cases referred for prosecution - - - - -	92
Investigative cases referred for administrative/civil action - - - - -	49
Indictments - - - - -	149
Convictions - - - - -	125
Statutory debarments - - - - -	17
Audit and other reports issued - - - - -	11
Recommendations for corrective action - - - - -	39
Funds put to better use - - - - -	\$13 million

## 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

- Our audit examined whether the Office of Workers' Compensation Programs (OWCP) effectively managed the use and cost of pharmaceuticals in the Federal Employees' Compensation Act program (FECA). We determined that OWCP's policy on opioids was too permissive, and OWCP had not developed sufficient controls to prevent claimants from becoming addicted to opioids.
- An Arkansas woman was sentenced to 12 months in prison and ordered to pay more than \$26 million in restitution to OWCP for her role in a scheme to defraud FECA.

### Employee Benefit Plans

- A Pennsylvania man was sentenced to 37 months in prison and ordered to pay more than \$2 million in restitution for his role in a scheme to overbill addiction-treatment health care benefit programs for unnecessary medical tests and treatment.

### Unemployment Insurance Program

- A Southern California woman was sentenced to 54 months in federal prison for defrauding the State of California's Unemployment Insurance program out of more than \$500,000.

## Worker Safety, Health & Workplace Rights

### Mine Safety and Health Administration

OIG audits continue to identify weaknesses in the Mine Safety and Health Administration (MSHA) program. Examples include:

- An audit of MSHA's Civil Monetary Penalties program determined that MSHA did not demonstrate that the program deterred unsafe mine operations. We found no correlation between penalties paid and the safety of mine operations.
- In our audit to assess MSHA's pre-assessment conferencing program, we found MSHA had not properly managed aspects of its pre-assessment conferencing program.

## Departmental Management

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

- An audit of DOL's records management controls revealed that DOL lacks procedures for identifying, managing, and preserving electronic messages as federal records of official activities.
- In an audit of DOL's compliance with the requirements contained in the Improper Payments Elimination and Recovery Act of 2010, it was determined that DOL met all 6 of the compliance requirements, except the requirement to report a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the Agency Financial Report.

## Employment and Training Programs

### Foreign Labor Certification Programs

The Employment and Training Administration (ETA) administers several foreign labor certification 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:

- We found that ETA did not provide reasonable assurance that Technical Skills Training grantees delivered training that resulted in participants' obtaining and retaining jobs in H-1B occupations.
- A Texas resident was ordered to forfeit more than \$5 million in restitution for his role in an H-2B visa fraud scheme.

### Job Corps

The Job Corps program provides education, training, and support services to more than 50,000 disadvantaged, at-risk youths, ages 16–24, at 121 Job Corps centers nationwide, both residential and nonresidential. Highlights of our work in this area include the following:

- We found that the Job Corps program lacks the necessary controls, including oversight, to prevent, detect, and mitigate cheating in high school programs.

### YouthBuild

The YouthBuild program provides educational and job training opportunities for low-income people ages 16–24 to work toward their general educational development (GED) or high school diploma, learn job skills, and serve their communities by building affordable housing. Highlights of our work in this area include the following:

- A California woman was sentenced to 6 months in prison and ordered to pay more than \$350,000 in restitution for theft and embezzlement of YouthBuild funds from DOL.

## Labor Racketeering

The OIG conducts investigations into labor racketeering activities involving labor unions, employee benefit plans, and labor-management relations. Our investigative accomplishments for this reporting period include the following:

- Two organized crime associates were sentenced to 24 months in prison, and one of them was ordered to pay more than \$3.5 million, for their roles in long-running racketeering schemes.
- A former United Auto Workers vice president was sentenced to 15 months in prison for accepting bribes from high-level executives of Fiat Chrysler Automobiles US, LLC.
- A Pennsylvania businessman was sentenced to nearly 4 years in prison; fined \$200,000; and debarred from bidding, working, or consulting on federally funded projects for embezzling from union pension plans and polluting the environment.

## 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 records in the National Directory of New Hires (NDNH) to better detect overpayments to 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 DOL's legislative proposals to improve UI program integrity and reduce improper payments, which are consistent with previous OIG findings and recommendations.
- 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 the Employee Benefits Security Administration to require (1) 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), and (2) direct reporting of ERISA violations to DOL; in addition 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 MSHA'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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