

# HIGHLIGHTS

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## Message from the Inspector General

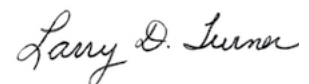
It is my honor and distinct privilege to submit this *Semiannual Report to Congress* summarizing the activities of the U.S. Department of Labor (DOL), Office of Inspector General (OIG), for the 6-month period ending September 30, 2022.

The semiannual report reflects our team's exceptional work. The OIG's workforce—comprising auditors, analysts, investigators, attorneys, and other professionals—is dedicated to promoting the economy, efficiency, effectiveness, and integrity of DOL's programs. The OIG remains committed to conducting independent and objective oversight work to improve DOL programs relied upon by millions of Americans.

Despite significant resource constraints and challenges during the COVID-19 pandemic, OIG staff has continued to produce extensive, high-quality oversight work during this reporting period. For example, on September 22, 2022, we issued a press release announcing that our investigations had reached the milestone of more than 1,000 individuals charged with crimes involving unemployment insurance (UI) fraud since the beginning of the pandemic in March 2020. In the same press release, we also highlighted an Alert Memorandum that identified a cumulative \$45.6 billion in potentially fraudulent UI benefits paid in four specific high risk areas, to individuals with Social Security numbers: filed in multiple states, of deceased persons, of federal prisoners, and used to file UI claims with suspicious email accounts.

Although a large part of our focus has been on overseeing the UI program, we have other accomplishments of which I am also very proud. During this reporting period, the OIG issued a total of 10 audit and other reports, with 18 recommendations for corrective action, and identified \$29.6 billion in funds that could be put to better use. The OIG's investigative work also yielded impressive results, with a total of 166 investigative reports issued / cases closed, 310 indictments / initial charges, 216 convictions, and more than \$55 million in monetary accomplishments. This Highlights edition presents a summary of selected activities, accomplishments, and findings reported in the Semiannual Report to Congress.

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 of protecting the interests and benefits of the nation's workers and retirees during this unprecedented time.



Larry D. Turner  
Inspector General

## Worker and Retiree Benefit Programs

During this reporting period, we completed several audits and investigations involving worker and retiree benefit programs. Our work in this area included the following:

### Unemployment Insurance Programs

- We found the Employment and Training Administration (ETA) and states did not ensure pandemic-related UI benefits were paid only to eligible individuals promptly.
  - We estimated that, in the initial 6 months after the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed, 4 states paid \$30.4 billion of the \$71.7 billion in Pandemic Unemployment Assistance (PUA) and Federal Pandemic Unemployment Compensation benefits improperly. Notably, in the same 4 states, \$1 in \$5 initially paid in PUA benefits went to likely fraudsters.
  - Further, based on our analysis of ETA's timeliness reports, at least 6.2 million American workers nationwide waited at least a month for pandemic-related benefits during the year after the CARES Act passed.
- We identified a cumulative total of \$45.6 billion in potentially fraudulent UI benefits paid from March 2020 through April 2022 to individuals with Social Security numbers: (1) filed in multiple states, (2) of deceased persons, (3) of federal prisoners, and (4) used to file UI claims with suspicious email accounts.
- We found states either not submitting required CARES Act UI program reports to ETA or reporting zero activity. For the PUA program, which was highly susceptible to improper payments including fraud, seven states reported zero overpayments for all months during the entire program period of March 2020 through September 2021.
- Two Michigan residents were sentenced to more than a combined 10 years in prison and ordered to pay almost \$700,000 in restitution for their roles in a \$3.8 million UI fraud scheme.
- A Nigerian national was sentenced in Maryland to 96 months in prison and ordered to pay more than \$486,000 in restitution to his victims for his role in UI and elder fraud schemes.
- A Maryland man was sentenced to 94 months in prison for conspiracy to commit access device fraud and aggravated identity theft in relation to multiple financial schemes and ordered to pay approximately \$1.8 million in restitution.
- Two Bronx residents were sentenced for their roles in a fraudulent UI benefit scheme and jointly ordered to pay restitution of more than \$1.4 million.
- Two members of the Robles Park criminal enterprise were sentenced to more than a combined 93 months in prison for their roles in an UI fraud scheme. Robles Park is a criminal organization whose members and associates engaged in acts involving murder, assault, intimidation, narcotics trafficking, access device fraud, identity theft, obstruction of justice, and other crimes.
- A former State of Washington employee was sentenced to 60 months in prison for his role in a scheme to fraudulently distribute more than \$300,000 in pandemic-related UI benefits in exchange for kickbacks.
- A former State of Massachusetts employee was sentenced to 42 months in prison and ordered to pay over \$199,000 in restitution for her role in a UI fraud scheme.
- A Georgia resident pled guilty to conspiracy to commit wire fraud for his role in a scheme to defraud the Illinois Department of Employment Security of more than \$4 million in state and federal UI benefits.
- A Maryland man pled guilty to conspiracy to commit wire fraud for his role in a \$2.7 million pandemic-related UI fraud scheme that involved more than 600 victims. He will be required to pay \$250,000 in restitution.

- A federal inmate pled guilty to one count of conspiracy to commit wire fraud for his role in a scheme to steal more than \$2.2 million in pandemic-related UI funds.
- A former federal employee pled guilty to participation in a conspiracy for her role in a \$2 million pandemic-related UI fraud scheme.
- A YouTube rapper pled guilty to mail fraud charges for his role in a pandemic-related UI fraud scheme.

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

- We determined the Office of Workers' Compensation Programs' (OWCP) Workers' Compensation Medical Bill Process System data were of undetermined reliability.
- A doctor and office manager were convicted of conspiracy to pay and receive health care kickbacks in exchange for the referral of prescription medications, including medications prescribed under OWCP.

### **Employee Benefit Plans**

- A former California chiropractor was sentenced to 70 months in prison and ordered to pay approximately \$1.3 million in restitution to her victims for stealing from health insurers by fraudulently submitting more than \$2 million in billings.
- A former union attorney was sentenced for obstructing a DOL investigation.

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

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

The mission of the Occupational Safety and Health Administration (OSHA) is to ensure safe and healthful working conditions for workers by setting and enforcing workplace safety and health standards and by providing training, outreach, education, and assistance. Our work in this area included the following:

- A New Jersey man was sentenced and ordered to pay \$19,600 in restitution after pleading guilty for conspiracy to defraud the United States and conspiracy to commit extortion with his brother, an OSHA compliance officer.

## **Employment and Training Programs**

**The ETA provides employment assistance, labor market information, and job training through the administration of programs authorized by the Workforce Innovation and Opportunity Act (WIOA) for adults, youth, dislocated workers, and other targeted populations. ETA also administers several foreign labor certification programs that allow U.S. employers to employ foreign workers to address American worker shortages. Our work in this area included the following:**

### **Employment and Training Administration**

- A Maryland man was sentenced to 45 months in prison for computer fraud and other crimes for his role in an identity theft ring that targeted state governments.

### **Foreign Labor Certification Programs**

- A Guatemalan national pled guilty to two counts of forced labor for her involvement in the labor trafficking of two minors.
- Two Florida individuals pled guilty to a federal racketeering conspiracy, which victimized Mexican agricultural workers admitted to the United States under the H2-A temporary visa program.

## 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 included the following:**

- A former United Auto Workers Local 412 Financial Secretary-Treasurer was sentenced to 57 months in prison and ordered to pay approximately \$2 million in restitution and approximately \$1 million in fines for embezzling union funds and laundering the proceeds.
- A former Illinois State Senator was sentenced to 12 months in prison and ordered to pay more than \$245,000 in restitution for fraudulently receiving salary and benefits from a labor union, Teamsters Joint Council 25.

## Departmental Management

**The OIG performs oversight work involving the Department's operations, financial management, and information technology services. Examples included the following:**

- A performance audit related to DOL's compliance with the Payment Integrity Information Act for FY 2021 found DOL met all six requirements for the FECA program but did not meet three of the six requirements for the UI program.
- The service auditors' report of the Integrated Federal Employees' Compensation System concluded that the description fairly presented the claims processing system and that the related controls were sufficiently designed and operating to provide reasonable assurance that the control objectives were achieved for the audit period.
- A risk assessment found the risk of illegal, improper, or erroneous use of DOL's purchase and travel cards is very low to moderate.
- We found DOL met 3 requirements and made progress on the other 10 requirements of the Geospatial Data Act, but more needs to be done to meet all 13 requirements.

## 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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**Phone: 202.693.6999 or 800.347.3756**

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