



# Semiannual Report to the Congress

October 1, 2003 – March 31, 2004  
Volume 51



**Office of Inspector General  
U.S. Department of Labor**

## A Message from the Inspector General

---

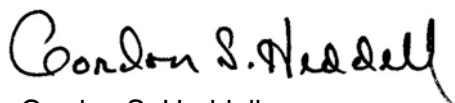
I am pleased to transmit the Office of Inspector General's (OIG) Semiannual Report to the Congress on our significant activities. The report covers the six-month period ending March 31, 2004. During this reporting period, we issued 45 audits and identified nearly \$13 million in questioned costs. Moreover, we closed 218 investigations and achieved 223 indictments, 166 convictions, and nearly \$60.3 million in monetary accomplishments. Among our audit and evaluation findings this reporting period are:

- After a \$22 million investment by DOL to improve the Davis-Bacon prevailing wage determination process, problems persist with wage data accuracy, survey methodology, and the timeliness of wage determinations.
- Vulnerabilities in the management of the migration of DOL payroll activities to the National Finance Center could impede the implementation of e-payroll by the September 30 deadline.
- An estimated \$1.67 million in overpayments of Federal Disaster Unemployment Assistance were made in Florida due to the State's improper application of eligibility and filing requirements.
- The state of Ohio had not fully implemented its Workforce Investment Act program after two years of operation and was not in compliance with program requirements.
- An employer association that hires about one-third of foreign workers under the Temporary Agricultural labor certification program did not accurately report aliens and that 50% had abandoned their jobs and their whereabouts were unknown.

OIG investigations into labor racketeering and program fraud, produced equally significant results, including:

- The guilty plea by the international president of the United Transportation Union to labor racketeering conspiracy charges for a scheme to bribe attorneys.
- The sentencing to prison of a subcontractor hired to clean anthrax from a New York postal service center after falsifying hazardous material training records for workers hired to clean the center; he was also ordered to pay \$1.4 million in restitution.
- Successful prosecutions of attorneys and labor brokers as a result of our investigations into fraud against DOL foreign labor certification programs.

We continue our ongoing effort to promote the economy, efficiency, effectiveness, and integrity of DOL programs in cooperation with the Secretary of Labor and the DOL team. As a result of these efforts, we will detect waste, fraud, and abuse against programs that serve and protect the rights and benefits of American workers and retirees.



Gordon S. Heddell  
Inspector General

# Table of Contents

Selected Statistics.....	2
Significant Concerns .....	3
<b>Employment and Training Programs</b>	
Foreign Labor Certification .....	6
Workforce Investment Act .....	10
Homeless Veterans' Reintegration Program.....	11
Welfare-to-Work.....	12
Tax Credit Programs .....	13
National Farmworker Jobs Program .....	14
<b>Worker Benefits Programs</b>	
Disaster Unemployment Assistance .....	15
Unemployment Insurance.....	16
Federal Employees' Compensation Act.....	17
EBSA's Compliance Assistance .....	19
<b>Worker Safety, Health, and Workplace Rights</b>	
Davis-Bacon Act.....	20
Occupational Safety and Health Administration.....	23
<b>Departmental Management</b>	
Financial Statements .....	25
e-Payroll Initiative .....	27
Information Technology .....	29
<b>Labor Racketeering Investigations</b>	
Benefit Plan Investigations .....	31
Internal Union Investigations .....	32
Labor-Management Investigations .....	35
Legislative Recommendations .....	37
Appendix.....	40

**Selected Statistics**

For the Period October 1, 2003–March 31, 2004

Investigative recoveries, cost efficiencies, restitutions, fines/penalties, forfeitures, and civil monetary action .....	\$60.3 million
Investigative cases opened .....	271
Investigative cases closed .....	218
Investigative cases referred for prosecution .....	313
Investigative cases referred for administrative/civil action .....	161
Indictments .....	223
Convictions .....	166
Debarments .....	34
Audit and evaluation reports issued .....	45
Total questioned costs .....	\$13 million
Outstanding questioned costs resolved during this period.....	\$82.6 million
Allowed <sup>1</sup> .....	\$36.1 million
Disallowed <sup>2</sup> .....	\$46.5 million

*Note:* The OIG conducts criminal investigations of individuals that can lead to prosecutions based on criminal complaints, warrants, informations, indictments, or pretrial diversion agreements. Successful prosecutions may carry sentences such as fines, restitutions, forfeitures, or other monetary penalties. The OIG financial accomplishments, which include administrative and civil actions, are further detailed and defined in the appendix of this report.

<sup>1</sup> *Allowed* means a questioned cost that DOL has not sustained.

<sup>2</sup> *Disallowed* means a questioned cost that DOL has sustained or agreed should not be charged to the government.

### Significant Concerns

*The OIG works with the Department and Congress to provide information and assistance in achieving efficient and effective management of DOL programs. Our primary goals are to ensure that information provided will be useful in their management or oversight of the Department and to focus agency attention on mission-critical management problems and focus action to resolve them. The OIG has identified the following areas that we consider to be vulnerable to mismanagement, error, fraud, waste, or abuse.*

#### **Davis-Bacon Prevailing Wage Determinations**

The [Davis-Bacon Act](#) requires the payment of prevailing wage rates and fringe benefits to employees working on federally funded or federally assisted construction projects. In 1995, the discovery of fraudulent data in certain prevailing wage surveys prompted members of Congress to request that the OIG and the [General Accounting Office](#) (GAO) review the accuracy of data used in prevailing wage determinations and in the survey procedures. Work done at that time identified data inaccuracies and weaknesses in wage determination procedures, and the OIG and GAO made a variety of recommendations for corrective action.

As a result of a follow-up audit we completed during this period, the OIG is concerned that \$22 million spent by DOL since 1997 to reengineer the wage survey process has resulted in limited improvements, and that some problems persist. Wage and fringe benefit data supplied to DOL and used in its surveys continue to have inaccuracies. Because the surveys are returned by companies, unions, and others that voluntarily submit wage data, there is the potential for bias. Further, prevailing wage decisions developed from the data are not timely. Because the economic impact of this program is substantial, we recommend that the Department move to a statistically valid approach, such as that utilized by the Department's Bureau of Labor Statistics, to collect the data upon which Davis-Bacon wage determinations are based. We strongly encourage the Department to take immediate action on this important issue.

#### **Vulnerabilities in DOL Foreign Labor Certification Programs**

The OIG is concerned about the abuse of [DOL foreign labor certification programs](#) and the associated risk with foreign nationals who enter the United States by fraudulent means. We also have concerns about the perfunctory nature of DOL's role in the certification process. For example, DOL is legally required to approve an application for the H-1B specialty worker program unless the application is "incomplete or obviously inaccurate."

Investigations completed during this period, which have resulted in guilty pleas and prison terms for immigration attorneys, immigration brokers, and defendants with organized crime ties charged with submitting false labor certifications, visa fraud, and alien smuggling are illustrative of this type of

## Significant Concerns

fraud. The OIG continues to uncover crimes of this type, which frequently also involve the creation of fictitious companies and documents using fraudulently obtained Social Security Numbers.

OIG work has also raised concerns about the H-2A temporary and seasonal agricultural workers program. Our evaluation of a growers association that employed nearly one-third of the H-2A workers nationwide in 2001 found that many of these workers abandoned their jobs and were not reported to government authorities.

### The e-Payroll Initiative

The OIG has identified vulnerabilities in the management of the migration of the Department's payroll operations to the [National Finance Center](#) (NFC), which is part of the Department of Agriculture. Among the vulnerabilities are that, as of March 31, DOL had prepared only a draft detailed e-Payroll conversion plan and lacked a data validation process to ensure reliability of existing payroll data before conversion. Also of concern were lack of DOL user involvement in project development and limited involvement of agency IT executives. Moreover, we are concerned that NFC's capabilities are not as advanced as the DOL's current payroll system's capabilities and that communication interfaces may require DOL to expend additional resources. According to the Department, it completed a detailed project plan, which included a data validation process, on April 9, 2004.

### Improper Payments in Federal Benefit Programs

Improper payments, whether the result of unintentional program errors or deliberate fraud, are of significant concern to the OIG. During this reporting period, we estimated that \$1.6 million in improper Florida Disaster Unemployment Assistance (DUA) benefits were paid after freezing weather damaged crops and fishing in 2001. Florida's unemployment security agency improperly applied eligibility and filing guidelines, resulting in payments to claimants who did not apply for benefits in a timely manner, were not unemployed due to the disaster, were not required to provide documentation of continuing eligibility, or were paid because of other administrative errors. In addition, our audit of the Department's Financial Statements for FY 2003 found that the Federal Employee Compensation Act (FECA) program had inadequate procedures for obtaining and reviewing medical evidence used to determine eligibility, which increased the risk of improper FECA payments.

Moreover, the Unemployment Insurance (UI) program suffers not only from overpayments that must be remedied by strengthening internal controls, but also from fraud against the program. Our investigations continue to result in the conviction of criminals who create false companies and employees in order to collect UI benefits worth millions of dollars. Such schemes often involve identity theft and target UI programs in multiple states.

### Major Management Challenges at the Department of Labor

The [Reports Consolidation Act of 2000](#) (P.L. 106-531) requires the OIG to identify the most serious management challenges faced by the Labor Department. These challenges and the Department's response to them are published in the DOL annual report. The complete list of challenges identified by the OIG in the DOL fiscal year 2003 annual report follows:

- UI overpayments, identity theft fraud, and funding
- Integrity of foreign labor certification programs
- Financial and performance accountability
- Information technology and electronic government
- Security of pension assets
- Workforce Investment Act reauthorization
- Grant accountability, performance, and effectiveness
- Effectiveness of mine safety and health programs
- Addressing issues that require joint action with other federal entities in the areas of:
  - Unemployment Insurance administrative charges
  - Cash balance pension plans
  - Black Lung Disability Trust Fund indebtedness
  - Human capital management

A [full description of the major management challenges and DOL's response](#) is on the OIG's Web site ([www.oig.dol.gov](http://www.oig.dol.gov)).



## Foreign Labor Certification

*The Department's foreign labor certification programs provide American employers access to foreign labor. The H-2A seasonal and temporary agricultural, the permanent alien labor certification program, and the H-2B temporary nonagricultural program are designed to ensure that the admission of alien workers does not adversely affect the job opportunities, wages, and working conditions of American workers or legal resident aliens. The H-1B visa specialty workers program is intended to allow U.S. businesses to compete in a global market, responding to rapid advances in technology.*

*The H-2A program allows agricultural employers who anticipate difficulty hiring domestic workers to petition the Bureau of Citizenship and Immigration Services (BCIS) for permission to bring nonimmigrant aliens into the United States for temporary work. Administration of this program is the responsibility of three Federal departments: Labor, Homeland Security, and State. DOL grants certification to agricultural employers who demonstrate both a need for foreign labor and a willingness to abide by contractual guarantees that must be offered to both foreign and domestic workers, and it enforces compliance with the contractual guarantees.*

### **Problems Noted in North Carolina Growers Association's Use of H-2A Program**

The North Carolina Growers Association (NCGA) is an association of agricultural employers that, along with its members, jointly employs workers to work in tobacco and a wide variety of other crops. NCGA submitted, and the Employment and Training Administration (ETA) approved, 40 certification applications for work to commence and end during the calendar year (CY) 2001. These certified applications included approximately 1,000 growers and requested a total of nearly 10,000 workers. NCGA used these certifications to employ nearly 8,500 workers, or about one-third of the number of temporary agricultural (H-2A) workers admitted nationwide.

In response to a complaint, the OIG evaluated the NCGA's H-2A program activities for calendar year 2001. The complaint alleged that NCGA did not properly report to the North Carolina Employment Security Commission (NCESC) when workers abandoned their jobs; submitted applications that contained inflated requests for temporary workers, which created an artificial oversupply of laborers, encouraged workers to abandon their jobs, and resulted in illegal immigration; and falsified expected periods of employment, which encouraged workers to abandon their jobs and forfeit their rights to return transportation and three-quarters contract guarantees. We found that:

- NCGA was not accurately reporting abandonments. The abandonment reports to NCESC were sporadically submitted, incomplete, and inaccurate. Further, NCGA did not comply with requirements to report abandonments to BCIS. From a sample of H-2A workers employed during



CY2001, we estimate that over 50% of NCGA's foreign workers abandoned their jobs. Our research found no reliable method to measure the extent that worker abandonments contributed to illegal immigration.

- The number of workers requested on NCGA's applications was overstated to accommodate expected abandonments.
- NCGA requested some workers for longer periods than needed to harvest crops, a practice that may have contributed to increased abandonment rates.

We recommended that ETA implement a plan to stringently monitor NCGA's use of the H-2A program by:

- ensuring that NCGA complies with requirements to accurately report workers who abandon their jobs or terminate early;
- coordinating reporting requirements with BCIS;
- ensuring that NCGA requests only the number of workers growers actually needed; and
- reviewing dates of need contained on applications and requiring that they more accurately reflect dates workers are needed for harvests.

ETA responded that program regulations do not require coordination of abandonment-reporting activities between governmental agencies and that ETA lacks the authority to track and report worker abandonment. ETA also stated that it is not required to question employers regarding the number of workers they request or limit the dates of need indicated by employers. ETA agreed to reinforce its policy to verify that employers' dates of need are reasonable and correlate with historical practices. Although ETA regulations do not currently require what the OIG recommends, we believe that the recommended corrective action would improve the program and should be implemented. ([OA Report No. 04-04-008-03-325, issued March 31, 2004](#))

## **Immigration Attorneys Sentenced for Visa Fraud**

During this reporting period, three individuals were sentenced for their role in a visa fraud scheme. The investigation found that from 1999 through 2003 the individuals conspired to prepare and file false labor certification applications with DOL in order to obtain labor certifications that were used to file visa petitions for substitute alien applicants. Two immigration attorneys charged as much as \$40,000 per false application. One of the attorneys, Steven Lee, was sentenced on January 16, 2004, to 37 months in prison and three years' probation and was ordered to pay \$150,000 in fines and forfeitures. His law partner, Jordan Baker, was sentenced to two months' house arrest and two years' probation. Both were disbarred from practicing law in Virginia.

In addition, Byung Kim, owner of Todam Koll Restaurant and participant in the fraud scheme, was sentenced in December 2003 to three months' house arrest and two years' probation and was ordered to pay a \$5,000 fine. Kim and other employers received kickbacks from Lee to sponsor aliens they did

not intend to hire. This investigation was conducted jointly with the FBI. *U.S. v. Lee, et al.* (E.D. Virginia)

### **Man Sentenced to Nearly 16 Years in Prison for Immigration Fraud**

On March 22, 2004, John Bisong, owner of American Immigration Agency, was sentenced to nearly 16 years in prison after being found guilty in June 2003 of bank and immigration fraud. The agency advertised that for a fee of \$5,500, it would guarantee its clients a green card to enable them to work legally in the United States. In April 2001, Bisong completed and filed dozens of applications for labor certifications that contained false information. In those applications, he declared that he owned numerous businesses that were in fact shell corporations created solely for the purpose of obtaining green cards under false pretenses.

Bisong also devised a scheme to steal money from his clients' bank accounts by creating and printing counterfeit checks using their account information and then depositing these counterfeit checks into several bank accounts under his control. Between 1999 and 2002, Bisong created and cashed hundreds of these counterfeit checks, totaling more than \$260,000. This investigation was conducted jointly with the U.S. Attorney's Office for the District of Columbia; the U.S. Secret Service; the Bureau of Immigration and Customs Enforcement; and the Washington, D.C., Metropolitan Police Department. *U.S. v. Bisong* (District of Columbia)

### **Visa Fraud Scheme Participant Sentenced to Prison**

On March 8, 2004, Malene Diaw, wife of co-defendant Matar Fall, was sentenced to one and a half years in jail after being convicted in November 2003 on charges of conspiracy to commit alien smuggling and document fraud. Fall previously pled guilty to charges of alien smuggling and is awaiting sentencing. In addition, in January 2004, Celeste Huger, a former Social Security Administration (SSA) employee, was sentenced to nearly six years' imprisonment and three years' probation and was fired from her Federal position. She was convicted on charges of bribery and conspiracy for receiving up to \$2,000 a week over a three-and-a-half-year period. To date, 17 of 28 individuals have pled guilty and been sentenced and 6 others have been convicted.

Fall and Diaw provided illegal aliens with false H-2A and H-2B visas. They then sent their clients to Huger, who was paid by Fall to accept the false visas and allow the aliens to fill out a Social Security application for a legitimate Social Security number. Over 2,000 legitimate Social Security cards were fraudulently issued as a result of the scheme. This was a joint investigation with the U.S. Postal Inspection Service, the SSA OIG, and the Bureau of Immigration and Customs Enforcement. *U.S. v. Fall, et al.* (N.D. Georgia)

## **Five Individuals Plead Guilty to Visa Fraud Charges**

On January 5, 2004, Andrei Kolomitsyev, Jouri Matsiouk, Viktor Oleskevich, Max Bekov, and Dimitry Fetov, who all have ties to a Russian organized crime group, pled guilty to April 2003 charges of conspiracy to commit visa fraud and misuse of government visas. This case is the result of investigations into Russian organized crime and the smuggling of illegal aliens into the United States using the H-1B program. The defendants developed a complex scheme using fictitious companies, falsified computer-generated visas, and false Social Security cards to help illegal aliens, some of whom were organized crime associates, obtain H-1B status. They created a consulting business to process large numbers of illegal immigrants. This investigation was conducted jointly with the SSA OIG, the Bureau of Immigration and Customs Enforcement, the U.S. Postal Inspection Service, and the New York City Police Department. *U.S. v. Fetov et al.* (S.D. New York)

## **Workforce Investment Act**

*The [Workforce Investment Act of 1998 \(WIA\)](#) was designed to reform Federal job training programs and create a new comprehensive workforce investment system. WIA's goal is to increase employment, retention, and earnings of participants, and in doing so improve the quality of the workforce to sustain economic growth, enhance productivity and competitiveness, and reduce welfare dependency. Authorization for WIA ended September 30, 2003. Reauthorization legislation is still pending before Congress.*

### **Ohio's WIA Program Not in Compliance with Program Requirements**

The OIG conducted a performance audit of Ohio's implementation of WIA from July 2000 through June 2002. The Ohio Department of Job and Family Services (ODJFS), which administers the WIA program for Ohio, reported expenditures of \$156 million to operate the program during that time.

We found that, after two years of operation, Ohio's WIA program was still not fully implemented or in compliance with program requirements. Specifically, our audit looked at Ohio's compliance with 17 provisions of WIA identified by the DOL's ETA as critical to states' implementation of WIA. We determined that Ohio was not in compliance with nine of those critical elements, resulting in inaccurate accounting and time reporting, unreliable participant activity reporting, and inefficient delivery of services.

Our audit also examined corrective actions taken by Ohio to address 40 noncompliance and nonperformance concerns ETA identified during a 2001 review of ODJFS's operation. We determined that Ohio had not completed corrective action on 60% of the concerns raised by ETA.

During the audit process, we questioned \$9.3 million in costs related primarily to improper charging of administrative costs and inadequate documentation of expenditures. ODJFS took corrective action to resolve the \$9.3 million in questioned costs and other OIG concerns before the audit report was issued.

Among our recommendations were that ETA direct ODJFS to improve controls over the accounting and time reporting systems and to improve the availability of WIA services at One-Stop centers, which offer citizens a variety of training and employment opportunities. ODJFS officials responded that they were in overall agreement with our findings and recommendations and identified steps they have taken or plan to take to address the recommendations. ([OA Report No. 05-04-004-03-390, issued March 31, 2004](#))

## Homeless Veterans' Reintegration Program

*The mission of the [Veterans' Employment and Training Service \(VETS\)](#) is to provide veterans with the resources and services to succeed in the 21st-century workforce by maximizing their employment opportunities, protecting their employment rights, and meeting labor market demands with qualified veterans. VETS provides funding through the Homeless Veterans Reintegration Program (HVRP) to provide funding to help homeless veterans obtain jobs through grants that support a range of services, including job training, counseling, and placement.*

### **\$1.9 Million Questioned in Audit of VETS Grantee**

The OIG audited Rehabilitation Services and Veterans Programs (RS&VP) in New Mexico to determine whether adequate internal controls and financial management systems were in place to properly administer and safeguard HVRP grant funds. We determined that DOL funds were wasted and are still at risk. We questioned over \$1.9 million in charges to grants due to inadequate financial management and internal controls, such as commingling funds without proper tracking, unreasonable charges such as loans to employees, and over \$100,000 in questionable credit card purchases.

We recommended that VETS terminate RS&VP's current \$150,000 grant, disallow nearly \$1.6 million in grant funds awarded since April 2000, and disallow roughly \$178,000 in prior grants if VETS concludes that RS&VP did not track actual program expenditures. As a result of preliminary discussions with OIG about the audit findings, VETS imposed a freeze on RS&VP's ability to draw down current grant funds. Subsequently, VETS informed the OIG that it had terminated the RS&VP grant. ([OA Report No. 06-04-001-02-201, issued December 4, 2003](#))

## Welfare-to-Work

*DOL provides [Welfare-to-Work \(WtW\)](#) grants to create job opportunities for the hardest-to-employ welfare recipients and other eligible individuals. These grants fund job placement services, transitional employment, and other support services recipients need to make the successful progression into long-term unsubsidized employment.*

### **More Than \$900,000 Questioned in Audit of WtW Competitive Grantee**

OIG conducted a performance audit of a \$4.8 million WtW Competitive Grant awarded to Chicago State University (CSU) to determine compliance with applicable laws and regulations on grant costs and participant eligibility. We found that CSU reported administrative costs as program costs, resulting in more than \$900,000 of excessive administrative costs. We also found that CSU did not properly report the actual breakdown of expenditures for participants served in two separate eligibility categories.

We recommended that ETA recover questioned costs of \$909,656, inform CSU that it has billed the maximum allowable administrative costs under the grant, and direct CSU in the future to report the actual breakdown of general eligibility expenditures and other eligibility expenditures based on actual costs. CSU officials agreed with our findings. ([OA Report No. 05-04-007-03-386](#), issued March 26, 2004)

## **Tax Credit Programs**

*The [Work Opportunity and Welfare-to-Work \(WtW\)](#) tax credit programs are two Federal tax credit incentives designed to encourage employers to hire targeted groups of job seekers by reducing employers' Federal income tax liability. The Work Opportunity credit can reduce employers' Federal tax liability by as much as \$2,400 per new hire. The WtW credit can reduce employers' Federal tax liability by as much as \$8,500 per new hire.*

### **Defendant Ordered to Pay More Than \$7.8 Million**

On February 18, 2004, Brian Eden was sentenced to 37 months' incarceration and three years' probation and was ordered to pay more than \$7.8 million in restitution. He had been charged with money laundering, mail fraud, and conspiracy to misappropriate more than \$1 million from a Federal program. Eden is the former owner of Federal and State Corporate Advisors (F&S), a business that administered Work Opportunity and WtW tax credit programs for large corporations. F&S contracted with JoAnn Fabric Centers to administer its tax credit programs for a 15% fee of the total tax credits earned. The investigation found that from 1998 through February 2000, F&S falsely certified tax credits resulting in an overpayment to F&S of more than \$140,000. In addition, from 1996 to 1999, Eden and two former employees of the Rite Aid Corporation stole more than \$6 million by obtaining the tax credits for the company and then transferring them to their bank account instead of Rite Aid's. This was a joint investigation with the IRS Criminal Investigation Division and the FBI.

Eden's sentence was also based on a separate case conducted by the Housing and Urban Development OIG, which found that Eden had misappropriated over \$1.2 million of Federal funds. He operated a nonprofit company that purchased and renovated properties for resale to low-income families, but the company did not perform the required work on properties. *U.S. v. Eden* (N.D. Ohio)

### **Defendant Sentenced for Defrauding Tax Credit Programs**

On November 14, 2003, David Loney, owner of Loney-Herrig Management Services, was sentenced to 24 months' incarceration after being convicted of making false statements and aiding in the filing of a false tax return. In addition, he was ordered to pay nearly \$100,000 in restitution, which represents the amount of fraud that he was found to have committed. Loney's company performed Work Opportunity and WtW tax credit consulting work for over 60 businesses in 44 states. The investigation found that from 1996 through May 2000, Loney improperly inflated his clients' tax credits and fees collected from his clients. This investigation was conducted jointly with the IRS Criminal Investigation Division and the Dubuque Police Department. *U.S. v. Loney* (N.D. Iowa)



## **National Farmworker Jobs Program**

*The [National Farmworker Jobs Program \(NFJP\)](#) provides training and employment assistance for migrant and seasonal farmworkers. It was authorized by Congress in WIA to counter the impact of chronic unemployment and underemployment experienced by migrant and seasonal farmworkers who primarily depend on jobs in agricultural labor. Migrant and seasonal farmworkers now access NFJP and other employment assistance through the One-Stop Career Centers of the workforce investment system.*

### **\$70,000 Questioned and Performance Issues Identified in Grants**

The OIG audited over \$3.7 million in National Farmworker Jobs Programs (NFJP) grants awarded to four organizations in Arkansas, Idaho, Illinois, and West Virginia to determine whether costs claimed by the grantees were reasonable, allowable, and allocable, and to determine whether performance reported was accurate and properly supported. In addition to program operation and performance deficiencies, these audits identified a total of over \$70,000 in questioned costs, which we recommended that ETA recover.

Our audit of the Arkansas Human Development Corporation's grant questioned costs based on inadequate participant verification procedures that allowed applicants without the required farmwork history to enroll. We also found that the job placement totals it reported to ETA were overstated.

We found that the Idaho Migrant Council served eligible participants but charged unsupported or unallowable costs to the indirect cost pool. We recommended that ETA ensure that the Council implements payroll policies and procedures that comply with Federal requirements.

We found that the Illinois Migrant Council did not meet the program goals outlined in the grant. It also misallocated costs to NFJP, but corrected these misallocations after receiving our draft audit report. Among our recommendations was that ETA direct the Council to implement incentives to attract new customers or other changes that will allow it to meet program goals.

Our audit of Telamon Corporation–West Virginia found that its participant files did not contain adequate documentation to allow us to determine eligibility, and we questioned the costs paid to these participants. Telamon also charged costs not directly attributed to the NFJP against its grant. However, Telamon's performance reports were accurate and supported. ([OA Report Nos. 21-04-001-03-365](#), issued March 22, 2004; [21-04-002-03-365](#), issued March 10, 2004; [05-04-001-03-365](#), issued March 17, 2004; and [21-04-003-03-365](#), issued March 10, 2004)

## Disaster Unemployment Assistance

*The [Disaster Unemployment Assistance \(DUA\)](#) program provides benefits to individuals who become unemployed as a result of a major disaster and who are not eligible for regular state unemployment insurance. The Federal Emergency Management Agency (FEMA) of the Department of Homeland Security funds DUA grants to states, and DOL administers the grants. Individuals seeking benefits apply for DUA through state unemployment security agencies.*

### **Improper Florida Disaster Unemployment Assistance Estimated at \$1.67 Million**

In February 2001, President Bush declared a major disaster in 49 Florida counties due to the damaging effects of freezing weather on agricultural crops, commercial fishing, and fish farming. This allowed FEMA to provide a DUA grant to Florida's Agency for Workforce Innovation (FAWI), the State's unemployment security agency.

At FEMA's request, the OIG completed an audit of \$3 million in claims charged to FAWI's DUA grant. We found that Florida improperly applied eligibility and filing guidelines, resulting in payments to claimants who:

- did not apply for benefits in a timely manner;
- were not unemployed due to the disaster; or
- were not required to provide adequate documentation of their continuing eligibility for benefits or were paid because of other administrative errors.

We reviewed data files and related claim documentation for 420 randomly sampled claimants chosen from among 1,842 individuals who were paid benefits. We determined that 71% of sampled claims were improperly paid, many for more than one reason. Based on a statistical projection from our sample, we estimate that the total amount of improper payments was at least \$1.67 million.

Short of terminating the DUA grant agreement between DOL and Florida, there is no mechanism for sanctioning Florida for policies and decisions that resulted in improper DUA payments. Neither statute nor DUA implementing regulations contain a provision that allows DOL to demand that Florida repay improperly disbursed benefits, absent Florida collecting from individual recipients. Since improper charges to the grant were not the fault of claimants, we are not questioning costs for recovery from the claimants.

However, we are recommending that ETA ensure that Florida establishes administrative policies and procedures that comply with Federal filing and eligibility guidelines. Despite disagreement with two of the three report findings, the State agreed to take action to address all recommendations. ([OA Report No. 04-04-004-03-315, issued March 26, 2004](#))

## Unemployment Insurance

The *Unemployment Insurance (UI)* program, a Federal-state partnership, is the Department's largest income maintenance program. This multibillion-dollar program primarily provides income maintenance to individuals who have lost their jobs through no fault of their own, as determined under state law. OIG investigations are identifying UI fraud schemes that are more complex, costly, and far reaching than in the past. These include schemes involving identity theft and nontraditional organized crime groups. In recent years, the program has suffered losses in the millions of dollars as a result of a variety of fraud schemes. Highlighted below are selected accomplishments.

### Defendant Sentenced in UI Identity Theft Ring

Gerald Garcia was sentenced on January 20, 2004, to five years' probation and was ordered to pay more than \$75,000 in restitution for his role in a multistate UI identity theft ring. To date, 7 of the 10 subjects in the case have pled guilty. The group defrauded the states of California, Arizona, Nevada, and Washington by filing false UI claims using stolen identities. The case was conducted with the assistance of numerous Federal, state, and local law enforcement agencies. *U.S. v. Espana Villasenor, et al.* (E.D. California)

### Ringleader Sentenced to Five Years' Imprisonment

On November 13, 2003, Anthony Sannutti was sentenced to five years' imprisonment and three years' probation and was ordered to pay more than \$200,000 in restitution. He was the ringleader of a group that created fictitious employers in order to defraud the UI program. The group created documents containing fictitious business activities, corporate officers, Social Security numbers, and employees. The investigation was conducted jointly with the U.S. Postal Inspection Service, the Pennsylvania Department of Labor's Internal Audit Division, and the Philadelphia Police Department. *U.S. v. Sannutti, et al.* (E.D. Pennsylvania)

### Defendant to Pay Nearly \$800,000 in Forfeitures and Restitution

On February 23, 2004, Tan Ngo, the owner of TRI-MARK temp agencies, pled guilty to charges of mail fraud, conspiracy to commit mail fraud, money laundering conspiracy, filing a false tax return, and aiding and assisting in the filing of a false tax return. Ngo agreed to pay nearly \$800,000 in restitution and forfeitures and to give up any interest in the agencies.

TRI-MARK recruited temporary workers for manual labor jobs and furnished them to companies that it contracted with. However, TRI-MARK paid almost all of its workers in cash, at a much lower rate than agreed upon, and did not deduct any withholdings, including unemployment insurance taxes. Ngo committed this fraud beginning in 1996. He was incarcerated in 1997 for heroin trafficking and for credit card fraud. This was a joint investigation with the IRS and the Massachusetts State Police. *U.S. v. Ngo* (D. Massachusetts)

## Federal Employees' Compensation Act

*The [Employment Standards Administration's \(ESA's\) Office of Workers' Compensation Programs \(OWCP\)](#) administers the Federal Employees' Compensation Act (FECA) program. This program provides wage replacement benefits, medical treatment, vocational rehabilitation, and other benefits to certain workers who experience work-related injuries or occupational diseases, and their dependents.*

*In addition to providing audit oversight of the program, the OIG also investigates fraud against the program. Claimant fraud involves the concealment or false reporting of employment and income by an individual who continues to receive program benefits or services. In the FECA program alone, more than \$2.3 billion in medical and death benefits and wage loss compensation was paid from July 1, 2002, to June 30, 2003, with more than half of those benefits paid to injured employees of the U.S. Postal Service, the Department of the Navy, and the Department of the Army. It is important to note that the removal of a single fraudulent claimant from Federal benefit rolls creates, on average, a \$300,000 to \$500,000 savings for the government. In this section, we highlight cases illustrative of our work in this area.*

### Medical Provider Pleads Guilty and Pays \$8 Million in Restitution

On November 19, 2003, Crawford Healthcare Management of Norfolk and Baltimore, Inc., a provider of vocational rehabilitation services, pled guilty to mail fraud charges. This guilty plea encompassed sentencing, and the company paid an \$8 million criminal fine for the losses to its victims, which included insurance companies, self-insured entities, and the Federal government (including OWCP). The company admitted that it overcharged its clients for the services performed by its employees. This investigation was conducted jointly with the Defense Criminal Investigative Service, the Defense Contract Audit Agency, the FBI, the Department of Justice OIG, and the U.S. Postal Inspection Service. *U.S. v. Crawford Healthcare Management of Norfolk and Baltimore, Inc.* (E.D. Virginia)

### Physicians Agree to \$2.65 Million Settlement in Overbilling Scheme

On January 20, 2004, the Kerlan-Jobe Orthopaedic Clinic (KJOC), a prominent orthopedic clinic specializing in sports medicine, agreed to pay \$2.65 million to settle allegations of overbilling by 17 of its physicians. This investigation was the result of a *qui tam* action filed by a KJOC employee in 1998, alleging that KJOC and its physicians knowingly overbilled government healthcare programs, including \$110,000 in overcharges to DOL's FECA program. This was a joint investigation with the U.S. Postal Service OIG. *U.S. v. Kerlan-Jobe Orthopaedic Clinic* (C.D. California)

## Woman Sentenced to Five Years in Prison

Linda Fenley, a registered nurse, was sentenced in January 2004 to nearly five years' imprisonment for reckless homicide and the theft of her mother's Social Security, Black Lung, and pension survivor benefits. She was also ordered to pay more than \$28,000 in restitution. Fenley pled guilty in December 2003. Her mother's body had been found alongside a roadway in August 2001. The investigation found that from August 2001 through February 2003, Fenley took monies that were deposited into her mother's bank account. This was a joint investigation with the SSA OIG and the Tennessee Bureau of Investigation. *State of Tennessee v. Fenley*

## Former Postal Workers Sentenced for FECA Fraud

On January 1, 2004, Donald Riddick, a former postal employee, was sentenced to six months' home detention and five years' probation and was ordered to pay \$101,206 in restitution. He pled guilty in August 2003 to making false statements to obtain Federal workers' compensation benefits. The investigation found that Riddick was operating a tax business and a limousine business and did not report this to OWCP as required. This investigation was conducted jointly with the U.S. Postal Inspection Service. *U.S. v. Riddick* (E.D. New York)

In another case, on February 9, 2004, Joassim Dessources, a former postal mail handler, was sentenced to 15 months' incarceration and three years' probation and was ordered to pay \$98,592 in restitution. He was found guilty in August 2003 of mail fraud and making false statements to obtain Federal workers' compensation benefits. The investigation revealed that Dessources was receiving income as a representative for a used car dealership and that he did not report this to OWCP. In addition, he was performing physical activities with no apparent difficulties despite his 1999 claim for a lower back injury sustained while on the job. This investigation was conducted jointly with the U.S. Postal Inspection Service. *U.S. v. Dessources* (S.D. New York)

## EBSA's Compliance Assistance

*The [Employee Benefits Security Administration's](#) (EBSA's) compliance assistance information is designed to assist employers and employee benefit plan officials in understanding and complying with the requirements of the Employee Retirement Income Security Act of 1974, as it applies to the administration of employee pension and welfare benefit plans.*

*EBSA provides participant and compliance assistance to the public through a wide variety of mechanisms, including public outreach, brochures, national educational campaigns, public service announcements, and EBSA's Web site. EBSA's benefits advisors respond to approximately 170,000 telephone, written, and electronic inquiries annually from plan participants, employers, and plan sponsors, assisting them in understanding their rights and obligations under the law and in obtaining benefits that may have been denied.*

### **EBSA Provides Timely and Accurate Compliance Assistance**

The OIG audited EBSA's Participant and Compliance Assistance Program to determine if it provided information and assistance timely and accurately, and accurately reported performance data, including benefit recoveries.

We projected the results of our tests of a nationwide statistical sample of inquiries and benefit recoveries from fiscal year 2002 and found no significant problems. We concluded that EBSA provided information and assistance timely and accurately, and that reported performance data were accurate. ([OA Report No. 09-04-001-12-121, issued March 31, 2004](#))

## **Davis-Bacon Act**

*The [Davis-Bacon Act](#) requires the payment of prevailing wage rates and fringe benefits to employees working on federally funded or federally assisted construction projects with contracts of \$2,000 or more. It was enacted to prevent contractors from importing lower-wage workers into a community or driving down wages for local workers. In 2001, the latest year for which data are available, approximately \$67 billion in federal funds were authorized for construction projects covered by the Davis-Bacon Act.*

*DOL's ESA, through its [Wage Hour Division](#), conducts surveys to determine the prevailing wage rates to be used. In 1995, the discovery of fraudulent data in certain prevailing wage surveys prompted members of Congress to request that the OIG and the General Accounting Office (GAO) review the accuracy of data used in prevailing wage determinations and in the survey procedures. Work done by the OIG and GAO at that time identified data inaccuracies and weaknesses in wage determination procedures and made a variety of recommendations for corrective action.*

### **Longstanding Concerns Persist in Davis-Bacon Prevailing Wage Determinations**

The OIG recently conducted an audit to determine progress made by DOL in addressing past OIG and GAO concerns and recommendations for improving prevailing wage determinations used in the Davis-Bacon program. Prior audits disclosed significant problems, particularly regarding accuracy and timeliness in surveying and determining prevailing wage data. In response to these findings, for FY 1997, Congress appropriated a \$3.75 million increase for ESA to develop and implement Davis-Bacon wage survey/determination system improvements. From FY 1997 through 2003, ESA spent a total of over \$22 million for Davis-Bacon improvements.

The OIG found that this \$22 million investment had resulted in limited improvements in how wage surveys were processed and that problems identified in past audits continued. We determined that:

- **Inaccurate survey data, potential bias, and untimely decisions persist.**
  - **Wage Errors:** During our audit, we noted that a contractor hired by ESA found one or more errors in nearly 100% of the wage reports we reviewed. Error rates were high even after ESA's efforts to edit and clarify the data. The credibility of wage determinations remains questionable due to continued concerns over the reliability of the survey data on which they are based.
  - **Faulty Methodology:** ESA continues to use a methodology to obtain survey data that could allow bias to be introduced into wage surveys.



Namely, data is obtained from employers and third parties who volunteer to participate in surveys, rather than from a statistical sample of employers. We therefore remain concerned about whether the survey results are representative and unbiased.

- **Untimely Wage Data:** Large time gaps exist between surveys, and long delays in completing and publishing surveys continue. Over 84% of the surveys we reviewed took more than one and a half years to complete, and 21% took over three years to publish. The age of published wage determinations calls their relevance into question. We noted that ESA had only recently begun establishing performance standards for the timely execution and processing of wage surveys.
- **Reengineering approaches have not resolved past concerns.**
  - **Use of Bureau of Labor Statistics (BLS) Surveys:** OIG previously recommended that ESA consider using existing BLS surveys, which utilize statistically valid methods of conducting national wage surveys, to develop prevailing wage determinations. After conducting a pilot project with Davis-Bacon improvement funds, ESA concluded that BLS surveys were not viable alternatives because they insufficiently covered job benefits, geographical scope, construction types, occupational breakdowns, and prevailing rates. While obstacles to using BLS surveys exist, the OIG believes they can be overcome.
  - **Modifying Survey Methodology:** The majority of funding for reengineering the Davis-Bacon survey processes has been spent modifying the survey methodology. ESA procured new computer hardware and software and used computerized programs to identify errors at the point of data entry. Several of the initiatives are still planned, are under development, or were unsuccessfully implemented and reinitiated. However, problems with the validity of this methodology persist.
  - **Broadened Wage Surveys Have Not Proven Workable:** The OIG previously concluded that ESA could expand its surveys to cover larger geographic areas without failing its mandate of protecting “local rates of pay.” In FY 2002, ESA began statewide surveys. However, its new procedure still relies on the old survey methodology and seeks to narrow wage publications to smaller geographic areas where possible. The effort is behind schedule because the project generated such a volume of survey data to process. ESA had planned 15 new statewide wage surveys for FY 2003 but started none. We believe the concept of broadened surveys is viable, but the way it was implemented resulted in a large amount of data.

We recommended that ESA promote changes to the Davis-Bacon program that allow reliable and objective sources of data, such as offered by BLS-type surveys, to be used in prevailing wage determinations. Notwithstanding additional legislation, ESA should explore other methodologies that would

improve timeliness and accuracy and mitigate the potential for bias that exists with the current methods of performing wage determinations.

While ESA was unconvinced about some of our conclusions, nonetheless, it will undertake a number of positive changes to address many OIG recommendations. In addition, ESA stated that if it were to change the methodology, then it should involve the use of BLS data and should not overlay an entirely new sample survey conducted by the Wage and Hour Division. We continue to maintain that the solution to the problems with accuracy, representativeness, and timeliness of wage decisions is to change the fundamental methodology Wage and Hour uses to complete its surveys. ([OA Report No. 04-04-003-04-420, issued March 30, 2004](#))

### **Contractor Forfeits \$5 Million in Wage Fraud Scheme**

Harpal Singh Rai, owner of Crane Mechanical Corporation and two other construction companies, pled guilty on April 2, 2004, to structuring cash withdrawals from a bank account to hide his failure to pay his workers the prevailing wage on federally funded contracts and agreed to forfeit \$5 million to the government. He was arrested on November 20, 2003. Beginning in 1998, Rai's companies had been awarded contracts by the New York City Housing Authority (NYCHA), including a contract to renovate all bathrooms and kitchens in New York City housing projects. This contract was funded chiefly by the Department of Housing and Urban Development and thus subject to Federal prevailing wage requirements under the Davis-Bacon Act.

The investigation found that Rai paid his workers well below the prevailing wage by using a cash payroll system that was funded by writing checks payable to cash on his company's account. He cashed those checks, or had his employees cash them, and used the proceeds as the source of funds for the payroll. He structured the transactions so that each one was below \$10,000, so that the bank would not have to report the transaction to the IRS. This was a joint investigation with the IRS Criminal Investigation Division, the New York City Department of Investigation, and the NYCHA OIG. *U.S. v. Rai* (E.D. New York)

## **Occupational Safety and Health Administration**

*The mission of the [Occupational Safety and Health Administration \(OSHA\)](#) is to ensure safe and healthful conditions for workers by authorizing the enforcement of the standards developed under the [Occupational Safety and Health Act \(OSH Act\)](#); assisting and encouraging the states in their efforts to ensure safe and healthful working conditions; and providing for research, information, education, and training in the field of occupational safety and health. OSHA protects millions of workers and is responsible for the safety and health of workers in nearly every workplace in the United States.*

### **Solid Waste Association of North America Eligible to Receive Susan Harwood Grant**

OSHA provides funding under the Susan Harwood Training Grant Program to train workers and employers to recognize, avoid, and prevent safety and health hazards in their workplaces. This training is provided by grantees, who also follow up with participants to determine what changes were made to reduce workplace hazards as a result of the training. Under OSHA's grant regulations, grant funds must be used to train workers or employers covered by the OSH Act. Public workers in some states are excluded from OSH Act coverage and, by extension, Susan Harwood training grant services.

The OIG conducted an audit of the Solid Waste Association of North America (SWANA) to determine the merits of an allegation that it was ineligible to receive a Susan Harwood grant. Specifically, it was alleged that SWANA is a trade association that represents primarily local governments, and therefore most of the employees it represents are not covered by the OSH Act. For this reason, the complainant believed that OSHA should not have funded a grant to SWANA.

We concluded that SWANA met all the requirements of eligibility to receive a Susan Harwood grant because it is a nonprofit organization; serves clients in multistate areas; and provides safety and health training, education, and services to clients. Further, 4,000 of its 6,900 members were under the regulatory jurisdiction of the OSH Act.

Because SWANA also represented some association members who were outside OSHA's jurisdiction, we recommended that OSHA make appropriate adjustment to the grantee's claimed costs if a significant number of ineligible members received benefits from the grant. We also recommended that OSHA develop procedures to ensure that grantees serve only eligible individuals. OSHA concurred with our recommendations. ([OA Report No. 05-04-003-10-001, issued March 30, 2004](#))

## **Anthrax Decontamination Company Owner Sentenced to Pay Nearly \$1.4 Million**

On November 13, 2003, Oscar Miranda, owner of Azteca Services, was sentenced to 30 months in prison and three years' probation and was ordered to pay nearly \$1.4 million in restitution. Azteca was a subcontractor hired by the prime contractor to clean the Morgan Postal Service Center in New York City, which was contaminated by anthrax. Miranda pled guilty to mail fraud and false statements charges in August 2003 for falsifying the training records of approximately 37 workers hired to clean the Postal Service Center. OSHA regulations require that workers have hazardous material training. The investigation found that the Azteca Services workers were in fact not properly trained. Moreover, Miranda provided false statements to an OSHA inspector by advising that the workers were trained. The center was eventually cleaned by the prime contractor. This was a joint investigation with the U.S. Postal Service OIG. In a related civil case brought by the Department, Azteca and Miranda were ordered to pay the medical expenses of employees exhibiting symptoms consistent with anthrax exposure. *U.S. v. Miranda* (S.D. New York)

## **Corporation President Sentenced to Prison on Manslaughter Charges**

On January 14, 2004, Philip Minucci, president of Tri-State Scaffolding, was sentenced to at least three and a half years in state prison in connection with the deaths of five undocumented workers in a scaffold collapse in New York City. In addition, Tri-State Scaffolding was ordered to pay a \$10,000 fine. Minucci and his corporation pled guilty to manslaughter in the second degree in September 2003. OSHA referred this case to the OIG because of the potential criminal charges involved. The case was a joint investigation with OSHA, the United States Attorney's Office (S.D. New York), the New York City Department of Investigations, and the New York District Attorney. *U.S. v. Minucci* (S.D. New York)

## Financial Statements

*For the seventh consecutive year, the OIG issued an unqualified opinion on DOL's consolidated financial statements. Our audit disclosed that DOL substantially complied with the Federal Financial Management Improvement Act (FFMIA), except for applicable Federal accounting standards concerning the implementation of managerial cost accounting. These standards require agencies to implement and maintain systems that provide timely, accurate, and useful information upon which to base informed decisions and to ensure accountability on an ongoing basis.*

*The OIG also issued separate unqualified opinions on the FY 2003 financial statements of the Longshore and Harbor Workers' Compensation Act and District of Columbia Workmen's Compensation Act Special Funds.*

### DOL is Not in Compliance with FFMIA

OIG first identified that DOL was not in compliance with the requirements for managerial cost accounting contained in the Statement of Federal Financial Accounting Standards Number 4 during the FY 2002 financial statement audit. In fiscal year 2003, the Department developed a comprehensive plan to implement managerial cost accounting. This plan satisfactorily addressed our concerns. However, the Department will not be in substantial compliance with FFMIA until the managerial cost accounting system is fully implemented.

As was the case in FY 2002, the Department concluded that in its determination, its financial management systems are in substantial compliance with the FFMIA. However, the OIG maintains the position that since an integrated cost system that can be used by managers to manage DOL programs on a day-to-day basis is not operational, the Department has not implemented managerial cost accounting as required by the standard.

### Reportable Conditions

While our report on DOL's internal control over financial reporting reflected no material weaknesses, we noted two new reportable conditions, as well as outstanding reportable conditions from prior years, that require management's attention.

#### **New reportable conditions:**

- **Job Corps Real Property Requires Better Tracking:** DOL real property is capitalized and depreciated in the Department's accounting records and is reported in the Department's financial statements. There is approximately \$728 million in Job Corps real property. Our audit found that ETA did not sufficiently utilize DOL's property reporting and tracking system and did not establish sufficient controls to ensure that Job Corps real property was safeguarded and accurately reported in DOL's tracking system and the Department of Labor Accounting and Related Systems

(DOLAR\$) general ledger. ETA has begun to review its existing processes and will restructure them to strengthen the property management system.

- **Inadequate Internal Controls Increase Risk of Improper FECA Payments:** In order to determine continuing eligibility for FECA compensation payments, OWCP is required to obtain and review medical evidence on a periodic basis. Our audit determined that many cases did not have current medical evidence in the case file as required. This occurred because OWCP does not have effective controls to ensure that current medical evidence is requested and received in a timely manner. Inadequate procedures for obtaining and reviewing current medical evidence increase the risk of improper payments. DOL plans to implement an automated system to address this concern.

**Outstanding reportable conditions:**

Outstanding reportable conditions from prior years include information technology controls, accountable property, capitalized assets, UI benefit overpayments, and accounting for grants. With regard to grant accountability, the Department is challenged in accounting for \$10 billion in grants it awards each year, mostly for employment and training activities. The OIG previously reported that ETA's grant accounting has the following deficiencies: accounting errors in amounts recorded for ETA grants and contracts, transfers of WIA funds between programs that are unaccounted for in ETA's accounting records, and delinquent reporting from grantees to ETA.

ETA has taken and continues to take actions to address our audit findings, since accounting errors continue at both the national and regional offices in amounts recorded for ETA's grants and contracts. Accounting for WIA transfers also remains unresolved, pending receipt and analysis of the Office of Management and Budget's (OMB's) opinion on the issue. Finally, ETA's grantees and contractors continue to submit delinquent cost reports. In response to our FY 2003 audit results, ETA contacted many grantees whose documents reflected zero recorded costs and obtained over \$20 million in missing cost reports. We encourage ETA to continue with this process throughout FY 2004. ([OA Report No. 22-04-003-13-001, issued December 19, 2003](#))

## e-Payroll Initiative

*The e-Payroll initiative is part of a larger effort to expand electronic government under the President's Management Agenda. e-Payroll is designed to consolidate Federal civilian payroll services. Until now, 22 Executive Branch agencies provided payroll services to approximately 1.9 million civilian employees using different system capabilities and following different business models. If successful, the e-Payroll initiative will achieve a number of benefits, including elimination of redundancies in payroll processing, increased internal efficiency and effectiveness, and potential cost reductions. Under e-Payroll, the DOL's payroll will move to the National Finance Center (NFC), which is part of the Department of Agriculture. NFC is one of four agencies selected to provide payroll services under this initiative.*

### Deadline Presents Challenge for DOL's Implementation of e-Payroll

The OIG is conducting an audit to determine whether the e-Payroll project is being effectively managed and whether it will meet the required date of implementation—September 30, 2004 (established as part of the President's Management Agenda). We issued an interim report in which the e-Payroll project management activities of DOL's Office of Chief Financial Officer (CFO) were reviewed. In the interim report, we identified several concerns that could impede the success of this project.

We found that, as of March 31, DOL:

- had delayed in making the conversion alternative decision, which shortened its time frame to complete the conversion within NFC's stated six- to nine-month conversion window;
- lacked a data validation process needed prior to the conversion; and
- had prepared only a draft detailed conversion plan.

We also identified project management concerns, including:

- budget estimates that, in our opinion, were not sufficiently detailed to include other major cost activities, such as outside contractors and experts, CFO staff time, and any necessary travel, etc.;
- lack of user involvement in project development; and
- limited involvement of the Office of the Chief Information Officer (CIO) and the Technical Review Board (TRB), which is composed of DOL agencies' IT executives.

Moreover, we identified a number of concerns regarding NFC, including:

- NFC's system does not provide for advanced capabilities that currently exist in DOL's current payroll system
- communication interfaces with NFC will require additional resources; and



- the rigid deadlines imposed by NFC to ensure that work on DOL's system does not impact other NFC clients and workload.

We made several recommendations that we believe must be acted on immediately to ensure the effective management and timeliness of the project.

We recommended that the CFO:

- finalize a conversion plan with milestones to ensure completion of key payroll conversion and migration activities;
- develop a detailed project budget;
- brief the TRB on the status of the e-Payroll project on a regular basis;
- commit to having the CIO and TRB involved in the e-Payroll project; and
- reevaluate the September 30, 2004, deadline if these actions cannot be taken within a reasonable time frame.

In the OIG's opinion, there remain significant key milestones that must be met in the very near future for the project to be successful. The CFO's response to our interim report included a final draft of the detailed conversion plan. The CFO stated that it has taken steps toward migrating to NFC by the September 30, 2004, target date. The CFO committed to working with the CIO. However, without a final detailed DOL conversion plan and the CFO's commitment as to how and when the TRB and CIO will become involved in the effort, the project has added risk and could result in lost opportunities. We will continue to assess management controls that impact the e-Payroll project initiative as the audit progresses. According to the Department, it completed a detailed project plan, which included a data validation process, on April 9, 2004. ([OA Report No. 23-04-010-13-001, issued March 31, 2004](#))

## Information Technology

*The Department operates sensitive systems comprising major applications, general support systems, and mission-critical systems. DOL relies on these critical information systems to monitor and analyze the nation's labor market and economic activities, manage workforce services, and protect and compensate American workers.*

### Progress Made in Resolving Prior IT Security Concerns

In FY fiscal year 2003, we assessed the information technology (IT) general controls on and security of selected DOL IT systems that support the preparation of DOL's financial statements. Specifically, we audited IT systems in the following DOL agencies: ETA, OSHA, ESA, CFO, the Mine Safety and Health Administration, and the Office of the Assistant Secretary for Administration and Management (OASAM). The audit objective was to determine whether information produced by these DOL financial systems was reliable. Specifically, we tested the general and security controls to ensure that they were properly designed and operated effectively. We also reviewed and updated IT audit work performed in previous years.

We found that DOL had made progress in resolving previous IT controls findings. For example, OASAM continued its efforts to take more immediate corrective actions, resulting in no outstanding prior-year recommendations, and the CFO and ETA closed a majority of their prior-year findings. We reported three reportable conditions for which the CIO developed a comprehensive action plan. Additionally, we identified 77 general controls findings and made 127 related recommendations, of which 10 remain unresolved, some of which date back to FY 1997.

We found that DOL lacks strong logical security controls to secure its data and information. Our audits note that DOL agency technical security standards and policies need to be developed, updated, implemented, and consistently enforced. Moreover, DOL has not developed and performed comprehensive tests of all continuity of operations/disaster recovery plans for critical systems and processes. The audits also note that DOL agencies are in varying stages of disaster recovery plan development and testing, and the Department has not coordinated disaster recovery efforts across all agencies. In addition, the Department has not conducted a coordinated Department-wide test of disaster recovery plans.

The CIO concurred with these findings and outlined a specific action plan to address the associated vulnerabilities and the related outstanding recommendations. We recommended that DOL continue to improve its security architecture and technical security standards, administrative and end-user guidelines and procedures, enforcement and monitoring processes, disaster recovery planning, and processes for resolving known IT vulnerabilities and weaknesses. (OA Report Nos. 23-04-001-07-001; 23-04-007-10-001; 23-04-004-13-001; 23-04-005-07-001; 23-04-006-06-001; 23-04-003-03-001; 23-04-002-04-001, all issued March 31, 2004)

## Labor Racketeering

*The OIG at the Department of Labor is unique among inspectors general in that it has an “external” program function to conduct criminal investigations to combat the influence of labor racketeering and organized crime in the nation’s labor unions. Labor racketeering is the infiltration, domination, and/or use of a union or employee benefit plan for personal benefit by illegal, violent, or fraudulent means. Organized crime is defined as activities carried out by groups with a formalized structure whose primary objective is to obtain money through illegal activities. Traditionally, organized crime has been carried out by La Cosa Nostra (LCN) groups, also known as the “mob” or the “Mafia.” However, new groups are emerging and organizing. For example, organized crime groups now include Asian, Russian, Eastern European, Nigerian, and West African groups.*

*Labor racketeering activities carried out by organized crime groups affect the general public in many ways. Because organized crime’s exercise of market power is usually concealed from public view, millions of consumers unknowingly pay what amounts to a tax or surcharge on a wide range of goods and services. In addition, by controlling a key union local, organized crime can control the pricing in an entire industry. Moreover, the public also suffers when organized crime orchestrates illicit strikes and work slowdowns or resorts to violence to maintain its operation of labor rackets.*

*Over the past two decades, the OIG has conducted extensive criminal investigations of labor racketeering. Traditionally, organized crime has been involved in loan sharking, gambling, benefit plan fraud, violence against union members, embezzlement, and extortion. OIG investigations have uncovered millions of dollars of workers’ dues and benefit monies that have been siphoned off by organized crime through embezzlement or more sophisticated devices such as fraudulent loans or excessive fees paid to corrupt union and benefit plan service providers. Our investigations continue to identify complex financial and investment schemes used to defraud pension assets, resulting in millions of dollars in losses to plan participants.*

*As labor racketeering evolves and moves beyond its traditional activities, the OIG is expanding its investigative program to address these new areas. The following cases are illustrative of our work in helping to eradicate both traditional and nontraditional labor racketeering in the nation’s labor unions, employee benefit plans, and workplaces.*

## Benefit Plan Investigations

*The OIG is responsible for combating corruption involving the monies in union-sponsored benefit plans. These pension plans and health and welfare benefit plans comprise hundreds of billions of dollars in assets. Our investigations have shown that this money remains vulnerable to corrupt union officials and organized crime influence. Service providers to pension plans continue to be a strong focus of the OIG's investigations.*

### Former Investment Manager Sentenced for Embezzlement

On February 27, 2004, Thomas Riordan, former manager of plan investments for Keyspan Energy Corporation, was sentenced to one year's incarceration and three years' probation and was ordered to pay \$250,000 in restitution to the Keyspan Energy Pension Plan. Riordan was charged and pled guilty in November 2002 to embezzling \$250,000 in retirement fund assets through a double- and triple-billing scheme. The investigation found that from January 1997 through March 2001, Riordan had submitted false expense vouchers to three Keyspan investment brokers who had maintained accounts for payment of fund-related expenditures. This was a joint investigation with EBSA and the Small Business Administration OIG. *U.S. v. Riordan* (E.D. New York)

### Defendant Sentenced to Nearly Four Years in Prison

On December 9, 2003, Robin Sabatini, the daughter of the United Public Workers (UPW) former state director Gary Rodrigues, was sentenced to 46 months' imprisonment and three years' probation. Sabatini and her father have been ordered to pay more than \$370,000 in restitution. In November 2002, Sabatini and her father were found guilty of 95 criminal counts, the bulk of which involved mail fraud and money laundering. They devised a scheme to defraud UPW and its members of money paid out of UPW accounts for dental benefits and laundered proceeds from the health benefit program. The investigation was conducted with the IRS Criminal Investigation Division, the FBI, and the Honolulu Police Department. *U.S. v. Sabatini* (D. Hawaii)

### Defendant Ordered to Pay More Than \$215,000 for Embezzlement

On November 14, 2003, Timothy Smith, the founder of Global Consolidated Employee Association (GCEA), a multiple- employer welfare arrangement, was sentenced to 40 months' imprisonment and three years' probation and was ordered to pay more than \$215,000 in restitution. He pled guilty in September 2003 to embezzling from the Uni-Med Health Plan, a fraudulent health plan affiliated with GCEA. The investigation found that Smith used plan premiums to pay for a variety of personal expenses. A cease and desist order was issued by the Georgia State Insurance Commissioner, which effectively prohibits GCEA and Uni-Med from conducting any further business. This was a joint investigation with EBSA; the Office of the Georgia State Insurance Commissioner; and the Calhoun, Georgia, Police Department. *U.S. v. Smith* (N.D. Georgia)

## Internal Union Investigations

*Our internal union cases often involve instances of corruption, such as union officers' abuse of their positions of authority to embezzle money from union accounts for their own benefit. Investigations in this area also focus on situations in which organized crime groups control or influence a labor organization, frequently in order to exercise influence in an industry for corrupt purposes or to operate traditional vice schemes such as drug dealing and theft. Following are examples illustrative of our work in this area.*

### **Civil RICO Agreement Enacted to Deter Organized Crime Corruption**

On December 10, 2003, an agreement was reached between the Plumbers' Union Local 1, the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, the New York State Attorney General's Office Organized Crime Task Force (OCTF), and the OIG. The purpose of the agreement is to deter corruption and criminal influence over Local 1 by organized crime and to preserve Local 1's integrity and effectiveness while representing its membership. Pursuant to the agreement, Local 1 will hire an independent private-sector inspector general who will serve for 18 months and submit to the government quarterly reports of any evidence of criminal activity involving the Local 1 union members.

This agreement is the result of several investigations that found that corrupt Local 1 business agents were accepting bribes from union contractors as part of a conspiracy to circumvent their collective bargaining agreements. For example, on February 27, 2004, former Local 1 business agents Domenick Goffredo and Thomas Parrella were sentenced after pleading guilty to receiving \$50,000 in bribes from a construction contractor. The business agents were involved in an extortion ring controlled by the Columbo LCN Organized Crime Family. Goffredo was sentenced to serve one and a half to four and a half years in prison, and Parrella received two months in prison and five years' probation. They were also ordered to pay a total of \$54,000 in restitution. In addition, former Local 1 business agent William Roche pled guilty in February 2004 to participation in the scheme.

This was a joint investigation with the FBI, the OCTF, and the New York City Department of Investigations. *State of New York v. Goffredo, State of New York v. Parrella*

### **Union President Sentenced to Pay More Than \$1 Million in Restitution**

On November 24, 2003, United Teachers of Dade (UTD) union president Pat Tornillo was sentenced for misappropriation of UTD funds and making false statements on his Federal income tax returns. Tornillo used UTD funds for his personal use. He was sentenced to 27 months' imprisonment and two years' probation and was ordered to pay more than \$1 million in restitution. This

investigation was conducted by the U.S. Attorney's Office Public Corruption Task Force, the FBI, the IRS, and the Miami-Dade Police Department. *U.S. v. Tornillo* (S.D. Florida)

### **Mob Associates Sentenced for Extortion**

On February 17, 2004, Gambino LCN associates Vincent and Julius Nasso were sentenced pursuant to their guilty pleas of August 2003. Julius Nasso, a movie producer who conspired to extort money from actor Steven Segal, was sentenced to one year in prison and was ordered to pay a \$75,000 fine. Vincent Nasso, a former pharmaceutical service provider to MILA (the International Longshoremen's Association's health and welfare fund), who acquired the MILA contract after making payoffs to members of organized crime, was sentenced to two years' incarceration and ordered to pay \$250,000 in restitution to MILA.

The Nassos were among the 17 defendants included in a previously filed RICO indictment, which included Peter Gotti, the acting boss of the Gambino Crime Family. In a related case, on January 27, 2004, Gambino associate Salvatore Cannata was sentenced to three years' probation and 200 hours of community service and was prohibited from associating with any individuals involved in organized crime. He was also ordered to pay \$5,000 in restitution after pleading guilty to receiving the proceeds of extortion. This investigation was a joint effort with the U.S. Attorney's Office (E.D. New York), the FBI, the Waterfront Commission of New York Harbor, the New York State Organized Crime Task Force, the Richmond County (New York) District Attorney's Office, and the New York City Police Department. *U.S. v. Nasso, U.S. v. Cannata* (E.D. New York)

### **Union Local's President Sentenced to Nearly Three Years in Prison**

On October 17, 2003, George Cashman, former president of Teamsters Local 25, was sentenced to 34 months' incarceration and three years' probation and was ordered to pay a \$30,000 fine. Cashman pled guilty in April 2003 to charges of Hobbs Act extortion, violating the Taft-Hartley Act, conspiracy to steal and embezzle from an employee benefit program, filing false documents under the Employee Retirement Income Security Act, and committing mail fraud.

Cashman had been indicted for his participation in a scheme to provide health benefits to Local 25 members who otherwise were ineligible for benefits; the scheme involved submitting false documents to the Teamsters Local 25 Health Services and Insurance Plan. He was also indicted for extorting \$100,000 from two representatives of Cardinal Health, Inc., in connection with a labor strike that occurred at a Cardinal Health facility in Peabody, Massachusetts.

In a related case, on November 7, 2003, Bruce Ziskind, who owned and operated Tufts Electronics, Inc., was sentenced to 63 months' incarceration

and three years' probation and was fined \$7,500. He was convicted on February 12, 2003, on charges of conspiracy and theft of goods in interstate commerce. It was revealed at the trial that Ziskind participated with John "Mick" Murray, a convicted Charlestown, Massachusetts, organized crime figure and Local 25 member, in a scheme to steal computer-related shipments from a United Parcel Service (UPS) facility. Murray used his affiliation with Local 25 (whose members include UPS drivers) to organize a group of drivers to steal shipments from their delivery trucks and from the facility. Ziskind identified valuable shipments to the drivers and operated as a "fence" for the group.

To date, of the 19 defendants that have been charged, 15 have been convicted and 12 have been sentenced. This investigation was conducted with the assistance of EBSA; the Drug Enforcement Administration; the Boston Police Department; and the Everett, Massachusetts, Police Department. *U.S. v. Cashman, U.S. v. Ziskind* (D. Massachusetts)

### **Union's International President Pleads Guilty to RICO Charges**

On March 11, 2004, Byron Boyd Jr., international president of the United Transportation Union (UTU), pled guilty to labor racketeering conspiracy charges in a scheme to extort bribes from attorneys in exchange for becoming or remaining designated legal counsel (DLC), a highly coveted position for attorneys who practice Federal Employers' Liability Act cases. The DLC had access to union members to handle their railroad injury cases. Boyd was ordered to forfeit \$100,000 and agreed to resign as international president following his conviction. He admitted that he and Charles Little (a retired UTU international president) used their positions to direct UTU officials Ralph Dennis and John Rookard to solicit and collect over \$525,000 in cash payments from 34 DLCs. The cash was then used for Little's 1995 and 1999 campaigns, Boyd's 2003 campaign, and other special projects.

In other actions in this period, John Rookard, Boyd's special assistant, agreed in his guilty plea to forfeit the \$45,000 that he received from the racketeering activity. Little pled guilty in January 2004 and will forfeit \$100,000, and Dennis pled guilty in October 2003, after resigning his position in July 2003. This was a joint investigation with the FBI and DOL's Office of Labor Management Standards. *U.S. v. Boyd, et al.* (S.D. Texas)

## Labor-Management Investigations

*Labor-management relations cases involve corrupt relationships between management and union officials. Typical labor-management cases range from collusion between representatives of management and corrupt union officials to the use of the threat of "labor problems" to extort money or benefits from employers.*

### **Mob Members and Union Officials Plead Guilty to RICO Charges**

As of March 30, 2004, a total of 12 of 47 individuals charged have pled guilty to violation of the RICO statute, extortion in violation of the Hobbs Act, unlawful labor payments in violation of the Taft-Hartley Act, and mail fraud. The defendants include members of the International Union of Operating Engineers (IUOE) Locals 14 and 15, shop stewards, and business agents, as well as members of the Genovese and Colombo Organized Crime Families. Of note, Joel Cacace Jr., the son of the Colombo acting boss, and Ernest Muscarella, a member of the top administration of the Genovese Crime Family, are among the 12 to plead guilty.

The guilty pleas were the result of an investigation that found that union officials allowed construction contractors to violate collective bargaining agreements in exchange for kickbacks that the officials shared with the two organized crime families. These contractors had been working on several important renovations in the New York City area, including the Brooklyn General Post Office and the Museum of Modern Art.

In addition, "made" members of the organized crime families and their associates used their influence to obtain membership in Locals 14 and 15 for friends and family, as well as preferential job assignments, including no-show jobs. In addition, the crime families extorted money in the form of wages and contributions to the Locals' benefit plans. This was a three-year joint investigation with the OCTF, the FBI, and the New York City Police Department. *U.S. v. Muscarella, et al.* (S.D. New York), *U.S. v. Cacace, et al.* (E.D. New York)

### **Union Official Sentenced for Violent Assault**

The Central Artery/Tunnel Project, known as the "Big Dig," is the largest federally funded highway project in the United States. This investigation revealed that Laborers' International Union of North America (LIUNA) Tunnel Workers' Local 88 in Boston, Massachusetts, the lead trade union on the Big Dig project, is involved in drug distribution and violence.

In October 2003, Scott Boidi, the former business manager of Local 88, and Robert Neal, a Local 88 member, pled guilty in state court to threatening and assault and battery with a dangerous weapon. The assault was against a union member who had confronted Boidi for refusing to investigate an industrial accident on the Big Dig site in which he and another union member were almost killed. Boidi was sentenced to 30 days' imprisonment and two



years' probation, and Neal received two years' imprisonment and two years' probation. In addition, Boidi was removed from office by LIUNA.

This investigation initially targeted Local 88 and individuals who were illegally obtaining union jobs on the Big Dig and distributing cocaine. To date, a total of 12 individuals have been indicted, of which 9 have pled guilty and 8 have been sentenced. Moreover, in January 2004, one of the drug suppliers, Gerald Sullivan, was sentenced to nearly 13 years' incarceration and 3 years' probation based on his November 2003 guilty plea to charges of distribution of narcotics and conspiracy to distribute narcotics. This was a joint investigation with the Drug Enforcement Administration; the FBI; the Quincy, Massachusetts, Police Department; and the Boston Police Department. *U.S. v. Sullivan* (D. Massachusetts), *Commonwealth of Massachusetts v. Boidi*, *Commonwealth of Massachusetts v. Neal*

## **Legislative Recommendations**

*The Inspector General Act requires the OIG to review existing or proposed legislation and regulations and to make recommendations in the Semiannual Report concerning their impact on the economy and efficiency of the Department's programs and on the prevention of fraud and abuse.*

### **Enhance the WIA Program Through Reauthorization**

The reauthorization of the Workforce Investment Act (WIA) provides an opportunity to revise WIA programs to better achieve their goals. Based on our audit work, the OIG recommends the following:

- Improve state and local reporting of WIA obligations. A disagreement between ETA and the states about the level of funds available to states has drawn attention to the way WIA obligations and expenditures are reported. The OIG's prior work in nine states and Puerto Rico showed that obligations provide a more useful measure for assessing states' WIA funding status if obligations accurately reflect legally committed funds and are consistently reported.
- Modify WIA to encourage the participation of training providers. WIA participants use individual training accounts to obtain services from approved eligible training providers. However, performance reporting and eligibility requirements for training providers have made some potential providers unwilling to serve WIA participants.
- Support amendments to resolve uncertainty about the release of WIA participants' personally identifying information for WIA reporting purposes. Some training providers are hesitant to disclose participant data to states for fear of violating the Family Education Rights and Privacy Act.
- Include standard definitions that allow for consistent measurement of performance across the states. The wide latitude states have to define key terms has resulted in a lack of consistency in states' reporting against performance measures. This performance information affects the level of incentive funds the states will receive in future years.

### **Allow DOL Access to Wage Records**

The Department of Labor recently signed a memorandum of understanding (MOU) with the Social Security Administration (SSA) that will allow the state workforce agencies to access Social Security data on individuals who apply for Unemployment Insurance (UI). The MOU is a good first step. However, to reduce overpayments in employee benefit programs, including UI and Federal Employees' Compensation Act (FECA), the Department and the OIG need legislative authority to easily and expeditiously access state UI wage records, SSA wage records, and wage information from the National

Directory of New Hires, which is maintained by the Department of Health and Human Services.

Access to SSA and UI data would also allow the Department to measure the long-term impact of employment and training services on job retention and earnings. Outcome information of this type for program participants is otherwise difficult to obtain.

### **Provide Authority to Ensure the Integrity of the Foreign Labor Certification Process**

If DOL is to have a role in the H-1B specialty occupations foreign labor certification process, it must have the statutory authority to ensure the integrity of that process, including the ability to verify the accuracy of information provided on labor condition applications. Currently, DOL is statutorily required to certify such applications unless it determines them to be “incomplete or obviously inaccurate.” Our concern with the Department’s limited ability to ensure the integrity of the certification process is heightened by the results of OIG analysis and investigations that show that the program is susceptible to significant fraud and abuse, particularly by employers and attorneys.

The OIG has had long-standing concerns about the vulnerabilities of the various foreign labor certification programs administered by DOL and other agencies. We believe these problems could be remedied by the following:

- All foreign nationals should have an eligibility determination by the Bureau of Citizenship and Immigration Services prior to the employer’s labor certification application being reviewed by DOL.
- DOL should have latitude and authority to deny applications for any misrepresentations or suspected fraud.
- Regulations should be job-specific and alien-specific, with documented assurances that the position actually exists.
- Foreign labor certifications should have an expiration date.
- Substitutions of employees for approved certifications should be prohibited.
- The sale, barter, and/or purchase of approved labor certifications and applications by an employer, alien, agent, attorney, or otherwise interested party should be prohibited and vigorously prosecuted.

### **Amend the Employee Retirement Income Security Act of 1974 and Related Criminal Penalties**

Legislative changes to the Employee Retirement Income Security Act (ERISA) and criminal penalties for ERISA violations would enhance the protection of assets in pension plans. To this end, the OIG recommends the following:

- **Repeal ERISA’s limited-scope audit exemption.** This provision excludes pension plan assets invested in banks, savings and loans,

insurance companies, and the like from audits of employee benefit plans. Hence, independent public accountants auditing pension plans cannot render an opinion on the plans' financial statements in accordance with professional auditing standards. These "no opinion" audits provide no substantive assurance of asset integrity to plan participants or the Department.

- **Require direct reporting of ERISA violations to the Department.** Under current law, a pension plan auditor who finds a potential ERISA violation is not responsible for reporting it directly to DOL. Under the current structure, a plan auditor has only to report the violations to the plan administrator. To ensure improprieties are addressed we recommend that plan administrators or auditors be required to report potential ERISA violations directly to the Department. This would ensure the timely reporting of violations and more actively involve accountants in safeguarding pension assets, providing a first line of defense against abuse of workers' pension plans.
- **Strengthen criminal penalties in Title 18 of the U.S. Code.** Three sections of Title 18 serve as the primary criminal enforcement tools for protecting pension plans covered by ERISA. Embezzlement or theft from employee pension and welfare plans is prohibited by Section 664, making false statements in documents required by ERISA is prohibited by Section 1027, and giving or accepting bribes related to the operation of ERISA-covered plans is outlawed by Section 1954. Sections 664 and 1027 subject violators to 5 years' imprisonment, while Section 1954 calls for up to 3 years' imprisonment. We believe that raising the maximum penalties to 10 years for all three violations would serve as a greater deterrent and further protect employee pension plans.

### Improve the Integrity of the FECA Program

The OIG continues to support reforms to improve the integrity of the Federal Employees' Compensation Act program. Implementing the following changes would result in significant savings for the Federal government:

- Move claimants into a form of retirement after a certain age if they are still injured.
- Return a 3-day waiting period to the beginning of the 45-day continuation-of-pay process to require employees to use accrued sick leave or leave without pay before their benefits begin.
- Grant authority to DOL to access Social Security wage records in order to identify claimants defrauding the program.

**Appendix**

**Requirements Under the Inspector General Act of 1978**

Section 4(a)(2) - Review of Legislation and Regulation .....37

Section 5(a)(1) - Significant Problems, Abuses, and Deficiencies .....All

Section 5(a)(2) - Recommendations with Respect to Significant Problems, Abuses, and Deficiencies .....All

Section 5(a)(3) - Prior Significant Recommendations on Which Corrective Action Has Not Been Completed.....48

Section 5(a)(4) - Matters Referred to Prosecutive Authorities.....2

Section 5(a)(5) and Section 6(b)(2) - Summary of Instances Where Information Was Refused..... None

Section 5(a)(6) - List of Audit Reports .....44

Section 5(a)(7) - Summary of Significant Reports .....All

Section 5(a)(8) - Statistical Tables on Management Decisions on Questioned Costs.....42

Section 5(a)(9) - Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use .....41

Section 5(a)(10) - Summary of Each Audit Report over Six Months Old for Which No Management Decision Has Been Made.....48

Section 5(a)(11) - Description and Explanation for Any Significant Revised Management Decision ..... None

Section 5(a)(12) - Information on Any Significant Management Decisions with Which the Inspector General Disagrees..... None

**Requirements Under Senate Report No. 96-829**

Resolution of Audits .....44

Money Owed to the Department .....43

**Agreed to by DOL**

	Number of Reports	Dollar Value (\$ millions)
For which no management decision had been made as of the commencement of the reporting period	1	428.0
Issued during the reporting period	0	0
Subtotal	1	428.0
For which management decision was made during the reporting period:	0	0.0
• Dollar value of recommendations that were agreed to by management		0.0
• Dollar value of recommendations that were not agreed to by management		0.0
For which no management decision had been made as of the end of the reporting period	1	428.0

**Implemented by DOL**

	Number of Reports	Dollar Value (\$ millions)
For which final action had not been taken as of the commencement of the reporting period	6	12.8
For which management or appeal decisions were made during the reporting period	0	0.0
Subtotals	6	12.8
For which final action was taken during the reporting period:		0.0
• Dollar value of recommendations that were actually completed		0.0
• Dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed		0.0
For which no final action had been taken by the end of the period	6	12.8

**Questioned Costs**

	Number of Reports	Disallowed Costs (\$ millions)
For which no management decision had been made as of the commencement of the reporting period (as adjusted)	35	89.6
Issued during the reporting period	12	13.0
Subtotal	47	102.6
For which a management decision was made during the reporting period		
• Dollar value of disallowed costs		46.5
• Dollar value of costs not disallowed		36.1
For which no management decision had been made as of the end of the reporting period	26	20.0
For which no management decision has been made within six months of issuance	17	16.4

**Disallowed Costs**

	Number of Reports	Disallowed Costs (\$ millions)
For which final action had not been taken as of the commencement of the reporting period (as adjusted)*	62	143.7
For which management or appeal decisions were made during the reporting period	24	50.8
Subtotal	86	194.5
For which final action was taken during the reporting period**		
• Dollar value of disallowed costs that were recovered		41.3
• Dollar value of disallowed costs that were written off by management		5.7
Dollar value of disallowed costs that entered appeal status		1.4
For which no final action had been taken by the end of the reporting period	61	146.1

\* Does not include \$15.2 million of disallowed costs that are under appeal.

\*\* Partial recovery/write-offs are reported in the period in which they occur. Therefore, many audit reports will remain open awaiting final recoveries/write-offs to be recorded.

(As of March 31, 2004 – \$ in millions)

Agency/Program	Accounts Receivable Current	Accounts Receivable Delinquent	Accounts Receivable Total
BLS	0.03	0.08	0.11
EBSA	8.5	7.4	15.9
Black Lung	32.6	2.6	35.2
FECA	23.4	21.5	44.9
Back Wage	22.8	17.6	40.4
Longshore	1.3	2.0	3.3
CMP	1.1	3.2	4.3
ETA	2.1	2.0	4.1
MSHA	1.3	20.9	22.2
OSHA	10.4	49.4	59.8
Total	103.53	126.68	230.21

Note: These figures are provided by DOL agencies and are unaudited and may represent estimates. Amounts due to the Unemployment Trust Fund (interagency receivables, state unemployment taxes and benefit overpayments) are not included. Amounts due from other Federal agencies for FECA workers' compensation benefits paid are not included.



<u>Program Name</u> Name of Report	<u>Date</u> Issued	<u>Report</u> Number	<u>Number of</u> <u>Nonmonetary</u> <u>Recommendations</u>	<u>Questioned Costs</u> <u>(\$)</u>
<b>Employment and Training</b>				
<b><u>Veterans' Employment and Training Service</u></b>				
Rehabilitative Services and Veterans Programs, Albuquerque, New Mexico	12/04/03	06-04-001-02-201	2	1,593,700
<b><u>Job Training Partnership Act</u></b>				
Single Audit: United Mine Workers of America	02/24/04	22-04-503-03-340	4	
<b><u>Seasonal Farmworkers Programs</u></b>				
Illinois Migrant Council	03/17/04	05-04-001-03-365	4	17,378
Arkansas Human Development Corporation	03/22/04	21-04-001-03-365	4	34,445
Idaho Migrant Council, Inc.	03/10/04	21-04-002-03-365	1	914
Telamon Corporation (West Virginia)	03/10/04	21-04-003-03-365	2	5,347
<b><u>Welfare-to-Work Program</u></b>				
Chicago State University: WtW Competitive Grant	03/26/04	05-04-007-03-386	2	909,656
Single Audit: City of Antonio, Texas	12/17/03	22-04-509-03-386	2	20,000
<b><u>Workforce Investment Act</u></b>				
Ohio's Workforce Investment Program	03/31/04	05-04-004-03-390	6	9,342,213
Single Audit: State of Wisconsin	03/18/04	05-04-501-03-390	3	
Single Audit: Seattle Indian Center	03/18/04	22-04-502-03-390	2	
<b>Goal Totals</b>		<b>11</b>	<b>32</b>	<b>11,923,653</b>
<b>Employee Benefits</b>				
<b><u>Unemployment Insurance Service</u></b>				
Florida Disaster Unemployment Assistance Grant No. 1359-DR	03/26/04	04-04-004-03-315	3	
<b><u>FECA Program</u></b>				
Special Report Relating to the FECA Special Benefit Fund – FY 2003	10/17/03	22-04-001-04-431		
<b><u>Longshore Harbor Workers Program</u></b>				
Longshore and Harbor Workers' Compensation Act Special Fund Financial Statements and Related Reports- September 30, 2002 and 2003	03/30/04	22-04-007-04-432		
District of Columbia Workmen's Compensation Act Special Fund Financial Statements and Related Reports- – September 30, 2002 and 2003	03/30/04	22-04-008-04-432		

<b>Program Name Name of Report</b>	<b>Date Issued</b>	<b>Report Number</b>	<b>Number of Nonmonetary Recommendations</b>	<b>Questioned Costs (\$)</b>
<b><u>Employee Benefit Security Program</u></b>				
EBSA's Participant and Compliance Assistance Program	03/31/04	09-04-001-12-001		
<b>Goal Totals</b>		5	3	

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

**Mine Safety and Health**

General Controls an Security for Selected MSHA Systems that Support the Department's Financial Statements – September 30, 2003	03/31/04	23-04-006-06-001		
--	----------	------------------	--	--

**Occupational Safety and Health**

Susan Harwood Grant Awarded to Solid Waste Association of North America	03/30/04	05-04-003-10-001	2	
General Controls and Security for Selected OSHA IT Systems that Support the Department's Financial Statements – September 30, 2003	03/31/04	23-04-007-13-001		

**Wage and Hour Division**

Concerns Persist with the Integrity of the Davis-Bacon Act Prevailing Wage Determinations	03/30/04	04-04-003-04-420	1	
<b>Goal Totals</b>		4	3	

**Departmental Management**

**ETA Management**

Single Audits:

Boston Private Industry Council	02/03/04	22-04-500-03-001	1	
Commonwealth of Kentucky	03/18/04	22-04-505-03-001	8	
State of Louisiana	12/05/03	22-04-506-03-001	3	647,060
State of Illinois	03/19/04	22-04-507-03-001	1	
New Mexico Department of Labor	03/18/04	22-04-514-03-001	38	375,301
Denver Indian Center	03/18/04	22-04-515-03-001	6	
Government of Washington, DC	03/18/04	22-04-517-03-001	3	
State of Nebraska	03/29/04	22-04-521-03-001	2	
National Restaurant Association Educational Fund	03/29/04	22-04-522-03-001	1	37,000
State of California	03/19/04	22-04-524-03-001	2	
General Controls and Security for Selected ETA IT Systems that Support the Department's Financial Statements – September 30, 2003	03/31/04	23-04-003-03-001		

**ESA Management**

<b>Program Name Name of Report</b>	<b>Date Issued</b>	<b>Report Number</b>	<b>Number of Nonmonetary Recommendations</b>	<b>Questioned Costs (\$)</b>
General Controls and Security for Selected ESA IT Systems that Support the Department's Financial Statements – September 30, 2003	03/31/04	23-04-002-04-001	13	
<b><u>OASAM Management</u></b>				
General Controls and Security for Selected IT Systems that Support the Department's Financial Statements – September 30, 2003	03/31/04	23-04-001-07-001	5	
General Controls and Security for Selected OASAM IT Systems that Support the Department's Financial Statements – September 30, 2003	03/31/04	23-04-005-07-001	9	
<b><u>OIG Management</u></b>				
Office of Labor Racketeering and Fraud Investigations Confidential Funds Audit	10/31/03	04-04-005-09-001	2	
<b><u>Office of the Chief Financial Officer</u></b>				
Performance and Accountability Audit, CFO Findings and Recommendations	03/31/04	22-04-002-13-001	10	
Independent Auditor's Report on the Department's FY 2003 Financial Statements	12/19/03	22-04-003-13-001		
Independent Accountant's Report on Applying Agreed-Upon Procedures for Retirement, Health Benefits and Life Insurance Withholdings Contributions and Semiannual Headcount	11/21/03	22-04-004-13-001		
Independent Accountant's Report on the Application of Agreed-Upon Procedures: Federal Intragovernmental Activity and Balances for the Year Ended September 30, 2003	02/10/04	22-04-005-13-001		
Independent Accountant's Report on the Application of Agreed-Upon Procedures: Final Account Groupings Worksheet For the Year Ended September 30, 2003	02/04/04	22-04-006-13-001	0	
General Controls and Security for Selected OCFO IT Systems that Support the Department's Financial Statements – September 30, 2003	03/31/04	23-04-004-13-001	18	
The E-Payroll Quicksilver Project: Status and Concerns, Period Ending March 22, 2004	03/31/04	23-04-010-13-001	5	
<b><u>Multi-Agency Programs</u></b>				
Quality Control Review of the State of New Mexico Department of Labor Single Audit	03/31/04	22-04-539-13-001		
<b>Goal Totals</b>		<b>23</b>	<b>127</b>	<b>1,059,361</b>
<b>Totals</b>		<b>43</b>	<b>165</b>	<b>12,983,014</b>

<u>Program Name</u> Name of Report	Date Issued	Report Number	Number of Nonmonetary Recommendations	Questioned Costs (\$)
<b>Employment and Training</b>				
<b><u>Job Corps Program</u></b>				
Whitney Young Job Corps Center	11/28/03	04-04-007-03-370		
<b>Worker Benefits</b>				
<b><u>State Employment Security Agency</u></b>				
North Carolina Growers Association	03/31/04	04-04-008-03-325	4	
<b>Totals</b>		<b>2</b>	<b>4</b>	

Agency/ Program	Date Issued	Name of Audit	Report Number	Number of Recommendations	Questioned Costs (\$)
<b>Non-monetary Recommendations and Questioned Costs Being Resolved in Conjunction with DOL Consolidated Financial Statement Audit</b>					
ETA/UIS	09/29/93	UI Performance Measures	03-93-034-03-315	1	
CFO/Admin	02/27/98	FY 97 Consolidated Financials	12-98-002-13-001	1	
CFO/Admin	02/29/00	FY 99 DOL Consolidated Financial Statement	12-00-003-13-001	2	
CFO/Admin	07/20/00	FY 99 DOL Management Advisory Comments	12-00-006-13-001	2	
CFO/Admin	03/27/02	DOL Consolidated Financial Statement Findings and Recommendations	22-02-004-13-001	4	
CFO/Admin	03/28/03	FY 02 Chief Financial Officer Findings and Recommendations	22-03-003-13-001	5	
<b>Final Management Decision Issued by Agency Did Not Resolve—OIG Negotiating with Program Agency</b>					
ETA/JTPA	09/25/98	Cherokee Nation	06-98-009-03-340	1	
ETA/JTPA	09/22/99	New Mexico Service Delivery Area	06-99-008-03-340	1	
ETA/OJC	09/22/99	Talking Leaves Job Corps Center	06-99-010-03-370	9	
ETA/UIS	04/17/00	Single Audit: State of Louisiana	18-00-534-03-315	2	
ETA/SESA	08/23/00	Single Audit: State of Florida	12-00-514-03-325	4	
ETA/JTPA	03/06/00	Single Audit: State of Iowa – 1998	18-00-529-03-340	1	
ETA/JTPA	09/29/00	Single Audit: Commonwealth of Kentucky 1998	12-00-528-03-340	4	
ETA/UIS	09/21/01	Maryland Department of Labor, Licensing and Regulations Audit of Indirect Costs	03-01-006-03-315	7	3,825,806
ETA/UIS	09/21/01	Ohio Department of Job and Family Services' Year 2000 Grant Expenditures	04-01-006-03-315	4	1,085,283
ETA/SESA	09/28/01	Real Property Issues Related to Federal Equity Properties	06-01-003-03-325	2	
ETA/Admin	09/30/02	Single Audit: District of Columbia Department of Employment Services	22-02-508-03-001	4	
ETA/UIS	03/22/02	Massachusetts Department of Labor and Workforce	03-02-001-03-315	1	
ETA/UIS	09/13/02	State of Maryland Workforce Agency UI Tax and Benefit Information System	23-02-008-03-315	14	
ETA/UIS	09/13/02	UI Tax and Benefit Information System Security	23-02-009-03-315	17	
CFO/Admin	12/19/02	DOLAR\$ Application Control Review	23-02-003-13-001	3	
ETA/WIA	09/26/02	Metro North Rehabilitation H1-B Technical Skills Training Grant	02-02-212-03-390	3	
DOL/Multi	08/06/02	Single Audit: State of Florida	22-02-512-50-598	11	38,799
DOL/Multi	07/19/02	Single Audit: State of Ohio	22-02-516-50-598	10	
DOL/Multi	08/30/02	Single Audit: State of Montana	22-02-520-50-598	2	
ETA/Admin	05/28/03	Single Audit: State of Louisiana	22-03-502-03-001	2	
ETA/Admin	04/24/03	Single Audit: State of Michigan Department of Unemployment	22-03-505-03-001	2	
ETA/UIS	09/30/03	Improved Quality Control Practices Within the Benefit Accuracy Measurement System Could Save the Unemployment Insurance Trust Fund Approximately \$400 Million Annually	22-03-009-03-315	7	
ETA/UIS	09/29/03	Single Audit: State of Michigan Unemployment	22-03-504-03-315	5	
ETA/UIS	09/30/03	Single Audit: State of Colorado	22-03-529-03-315	5	
ETA/UIS	03/11/03	UI Tax and Benefit Information System Security – Michigan	23-03-003-03-315	55	

# Appendix

## Unresolved Reports over Six Months Old

Agency/ Program	Date Issued	Name of Audit	Report Number	Number of Recommendations	Questioned Costs (\$)
ETA/UIS	02/27/03	UI Tax and Benefit Information System Security – California	23-03-005-03-315	1	
ETA/JTPA	03/31/03	Florida JTPA Closeout Grants	04-03-002-03-340	1	
ETA/DSFP	09/05/03	Proteus, Inc.	21-03-013-03-365	6	34,281
ETA/WTW	05/28/03	Single Audit: Catholic Community Services	22-03-501-03-386	1	
ETA/WTW	07/03/03	Single Audit: Chattanooga Area Urban League	22-03-521-03-386	2	
OSHA/Admin	03/31/03	2002 GISRA Audit – OSHA	23-03-002-10-001	7	
BLS/Admin	03/31/03	2002 GISRA Audit of BLS CES	23-03-001-11-001	5	
BLS/Admin	09/22/03	GISRA Audit of BLS	23-03-013-11-001	8	
<b>Final Management Decision Not Yet Issued–Agency Awaiting Response from Internal Revenue Service</b>					
EBSA	03/29/02	Improved Oversight of Cash Balance Plan Lump Sum Distributions Is Needed	09-02-001-12-121	2	
<b>Final Management Decision Being Appealed or Awaiting Office of Solicitor Opinion</b>					
ETA/DINAP	02/13/02	Dallas Inter-Tribal Center	06-02-001-03-355	1	
ETA/UIS	10/17/02	Wisconsin UI Indirect Costs	03-03-001-03-315	1	
ETA/WTW	03/05/03	Abraham Lincoln Center WTW Program	05-03-002-03-386	2	
<b>Previously Resolved Recommendations Changed to Unresolved Recommendations Based On OIG Followup Work</b>					
ETA/Admin	03/31/03	General Controls and Security for Selected IT Systems That Support the Department’s Financial Statements	23-03-007-07-001	2	
CFO/Admin	03/31/03	General Controls and Security for Selected IT Systems That Support the Department’s Financial Statements	23-03-007-07-001	3	
MSHA/Admin	03/31/03	General Controls and Security for Selected IT Systems That Support the Department’s Financial Statements	23-03-007-07-001	4	
OSHA/Admin	03/31/03	General Controls and Security for Selected IT Systems That Support the Department’s Financial Statements	23-03-007-07-001	1	
<b>Final Management Decision Not Yet Issued by Agency</b>					
OSHA/Admin	12/08/99	Puerto Rico Department of Labor and Human Resources	02-00-203-03-325	8	1,271,959
ETA/UIS	09/21/01	California Employment Development Department’s Year 2000 Grant Expenditures	04-01-008-03-315	5	848,643
ETA/UIS	01/25/02	New York AUP Year 2000 Grant Expenditures	04-02-003-03-315	4	3,976,331
ETA/JTPA	04/24/02	Single Audit: Puerto Rico, 1998	22-02-509-03-340	3	225,273
VETS/Admin	09/22/03	Veterans’ Employment and Training Department of Unemployment	23-03-012-02-001	15	
ETA/Admin	07/14/03	Single Audit: Commonwealth of Kentucky	22-03-503-03-001	16	
ETA/Admin	04/30/03	Single Audit: State of Indiana	22-03-512-03-001	4	50,707
ETA/Admin	05/29/03	Single Audit: State of Rhode Island	22-03-514-03-001	7	578,000
ETA/Admin	09/29/03	Single Audit: Sokaogan Chippewa Community	22-03-515-03-001	4	29,394
ETA/UIS	09/29/03	Single Audit: State of Maryland	22-03-526-03-315	4	495,417
ETA/DOWP	03/14/03	Farmers Union STEP Waco, Texas	06-03-003-03-360	8	568,680

<b>Agency/ Program</b>	<b>Date Issued</b>	<b>Name of Audit</b>	<b>Report Number</b>	<b>Number of Recommendations</b>	<b>Questioned Costs (\$)</b>
ETA/DSFP	09/08/03	Rural Missouri, Inc.	05-03-004-03-365	5	26,116
ETA/OJC	08/07/03	Turner Job Corps Center	03-03-004-03-370	10	645,945
ETA/WTW	02/26/03	WTW PIC SDA-V and Training Plus	05-03-001-03-386	14	2,659,685
ETA/WIA	09/30/03	Services Provided and Outcomes Obtained for Participants Enrolled In the WIA Dislocated Workers Program During Program Year 2000	02-03-204-03-390	10	
ETA/WIA	03/05/03	Louisiana Training Providers Eligibility	06-03-004-03-390	1	
ETA/WIA	09/30/03	Evaluation of WIA Youth Program	06-03-006-03-390	1	
ETA/WIA	09/29/03	Single Audit: State of Utah	22-03-528-03-390	3	22,480
MSHA/Admin	09/22/03	GISRA Audit: Imaging Management System	23-03-011-06-001	1	
OASAM/Admin	09/30/03	Independent Verification & Validation of Selected Agencies' Plans of Actions and Milestones for IT Security	23-03-015-07-001	1	
OSHA/Admin	09/30/03	Evaluation of OSHA's Handling of Immigrant Fatalities in the Workplace	21-03-023-10-001	1	
<b>Total Nonmonetary Recommendations and Questioned Costs</b>				<b>363</b>	<b>16,382,799</b>
<b>Cost Efficiencies</b>					
ETA/UIS	09/30/03	Improved Quality Control Practices Within the Benefit Accuracy Measurement System Could Save the Unemployment Insurance Trust Fund Approximately \$400 Million Annually	22-03-009-03-315	1	428,000,000
<b>Total Cost Efficiencies</b>				<b>1</b>	<b>428,000,000</b>
<b>Total Nonmonetary Recommendations, Questioned Costs and Cost Efficiencies</b>				<b>364</b>	<b>444,382,799</b>

	Division Totals	Totals
<b>Cases Opened:</b>		
Program Fraud	182	
Labor Racketeering	89	271
<b>Cases Closed:</b>		
Program Fraud	155	
Labor Racketeering	63	218
<b>Cases Referred for Prosecution:</b>		
Program Fraud	147	
Labor Racketeering	166	313
<b>Cases Referred for Administrative/Civil Action:</b>		
Program Fraud	73	
Labor Racketeering	88	161
<b>Indictments:</b>		
Program Fraud	95	
Labor Racketeering	128	223
<b>Convictions:</b>		
Program Fraud	96	
Labor Racketeering	70	166
<b>Debarments:</b>		
Program Fraud	13	
Labor Racketeering	21	34
 <b>Recoveries, Cost Efficiencies, Restitutions, Fines/Penalties, Forfeitures, and Civil Monetary Actions:</b>		
Program Fraud	\$51,290,542	
Labor Racketeering	\$8,748,269	\$60,270,347



**Recoveries:**

(The dollar amount/value of an agency's action to recover or reprogram funds or to make other adjustments in response to OIG investigations)

\$6,600,846

**Cost Efficiencies:**

(The one-time or per-annum dollar amount/value of management's commitment, in response to OIG investigations, to utilize the government's resources more efficiently)

\$23,115,910

**Restitutions:**

(The dollar amount/value of restitutions resulting from OIG criminal investigations)

\$16,662,108

**Fines/Penalties:**

(The dollar amount/value of fines, assessments, seizures, investigative/court costs, and other penalties resulting from OIG criminal investigations)

\$8,504,798

**Civil Monetary Actions:**

(The dollar amount/value of forfeitures, settlements, damages, judgments, court costs, or other penalties resulting from OIG civil investigations)

\$5,386,685**Total:****\$60,270,347**

	Convicted	Sentenced	Monetary
<b>Foreign Labor Certification</b>			
Acosta, Alberto	X	X	\$2,000
Agoston, Cliff		X	
Aimasiko, Emmanuel	X	X	
Baker, Jordan		X	
Bekov, Max	X		
Bisong, John		X	\$1,100
Crumley, Katrail		X	\$100
Cucu, Dulce		X	\$5,100
Diack, Abdoulaye	X		
Diaw, Malene	X	X	
Dizon, Tess	X		
Doucore, Yakhya	X	X	
Fetrov, Dimitry	X		
Garcia, Evelyn	X	X	\$600
Guzman, Albert		X	
Huger, Celeste	X	X	\$200
Isaac, Jessie		X	\$407,000
Kaloga, Demba	X		
Kim, Byung		X	\$5,000
Kolomitsyev, Andrei	X		
Konstantakakos, Evangelos		X	
Lakireddy, Prasad	X		
Leduc, Rejean	X		\$2,500
Lee, Steven	X	X	\$150,000
“Pre-Trial Diversion”	X	X	
Matsiuk, Jouri	X		
Modou, Ndour		X	
Musesengwa, Doreen		X	
Ndiaye, Amadou Fall	X	X	
Njau, John Waruiru	X	X	
Oleskevic, Viktor	X		
Patel, Rajubhai		X	\$24,189
Ralli, Alex	X	X	\$160
Ralli, Maria	X	X	\$160
Sabihi, Nabil		X	
Sasikin, Fnu	X	X	\$1,000
Serafimov, Gueorgui	X	X	\$800
Sohna, Mariam	X		
Sumbodo, Agung	X	X	
“Pre-Trial Diversion”	X	X	
Wamugi, John		X	
Wang, Jai Yun	X		
Zhang, Jian Ming	X		
	29	30	\$599,909

	Convicted	Sentenced	Monetary
<b>Employee Misconduct</b>			
Farmer, Michael		X	\$2,385
	0	1	\$2,385
<b>ESA - Black Lung</b>			
Fenley, Linda	X	X	\$28,357
Griffin, Australia	X	X	\$10,680
Mondejar, John	X	X	\$10,680
"Pre-Trial Diversion"	X	X	\$28,042
	4	4	\$77,759
<b>ESA - FECA</b>			
Banks, Isadore	X		
Blackburn, David	X	X	\$500
Calamari, Gail	X		
Comeaux, Aros	X		
Crawford Healthcare	X	X	\$8,000,000
Dessources, Joassim		X	\$98,592
Doty, Tabitha	X	X	\$1,251
Eubanks, Ivey	X		
Feldman, Edward, M.D.	X		
Garard, Stanley		X	\$77,000
Graves Garner, Sherri	X		
Hall, Chenetra		X	\$11,794
Hardee, Regina	X	X	\$30,832
Harms, Michael	X		
Harrell, Johnny	X	X	\$245
Hassan, Haj		X	\$72,017
Holmes, Leslie	X	X	\$44,759
Jackson, Alice	X		
Johnson, Michael		X	\$235,800
Kerlan-Jobe Orthopaedic			\$2,650,000
Laird, Jack		X	\$42,058
Low, Jack	X	X	\$23,390
Low, Joan	X	X	
Marchetti, Diane	X	X	\$42,846
Parrelli-Ball, Tina	X		
Riddick, Donald		X	\$101,205
Schreiber, Mary	X		
Stakely, James, M.D.	X		
Stokes, Avery		X	\$4,200
Thompson, Wade		X	\$600
Vergara, Arturo	X	X	\$6,580
Walradt, Pamela	X	X	\$12,976
White, Mannix		X	\$600
Wood, Ray	X		
	23	21	\$11,457,245

	Convicted	Sentenced	Monetary
<b>ESA - Wage And Hour</b>			
Chhibba, Ashok		X	\$5,000
Jit, Inder		X	\$5,000
Phelps, John	X		
Rehder, Dennis		X	\$32,495
"Pre-Trial Diversion"	X	X	
	2	4	\$42,495
<b>ETA - JTPA</b>			
Eison, Myra	X		
Patton, James		X	\$8,862
	1	1	\$8,862
<b>ETA - Unemployment Insurance/SWA</b>			
Aldinger, Joy		X	\$23,182
Aldredge, Ronald	X	X	\$3,440
Barrios, Marcial	X		
Baxter, Donna	X	X	\$4,705
Bonilla, Ramon Solorio	X		
Bramwell, Tammy		X	\$56,003
Brown, Kawana	X	X	\$752
Castaneda, Eloria	X		
Chase, Ashley	X		
"Pre-Trial Diversion"	X		\$4,945
Cooper, Susan		X	\$52,916
"Pre-Trial Diversion"	X	X	\$2,592
Foster, Rodney		X	\$858,592
Garcia, Gerald	X	X	\$75,736
Garcia Marmolejo, Gustavo	X		
Gomez-Benitez, Hector	X		
"Pre-Trial Diversion"	X	X	\$6,497
Henry, Stanley	X		
Holmes, Willie	X	X	\$7,735
Homsy, Alan	X		
"Pre-Trial Diversion"	X	X	\$2,592
Luna, Juan	X		
Madrid, Mylady	X		
McCloskey, Terry		X	\$4,926
Mendoza, Nicholas	X		
Mozafarry, Pouriya	X		
Ngo, Tan	X		
Ryder, Richard	X	X	\$146,220
Sannutti, Anthony		X	\$215,745
Santilli, Mark		X	\$10,300
Saucedo, Jose	X		
Sauafea, Temutisa		X	\$6,199
Sherpa Software Group LP	X		
Shively, Daniel		X	\$32,340
White, Latasha	X	X	\$5,015

	Convicted	Sentenced	Monetary
Zavala, Elber	X		
Ziemkiewicz, Michael	X	X	\$7,023
	28	20	\$1,527,455
<b>ETA - Welfare-to-Work</b>			
Eden, Brian	X	X	\$6,555,749
Loney, David	X	X	\$99,565
	2	2	\$6,655,314
<b>OSHA</b>			
Fotos, Constantine	X		
Minucci, Philip		X	
Miranda, Oscar		X	\$1,393,083
Tristate Scaffold and Equipment		X	\$10,000
	1	3	\$1,403,083
<b>Benefit Plan</b>			
Astorga, Dennis	X	X	\$483
Bigham Jr, Edward	X	X	
Blinder, Yan	X		
Bucci, Robert		X	\$344,716
Buscher, Francis		X	
Collier, William			\$266,030
Halvaldar, Vijay		X	
Hamilton, Lester		X	
Harrison Alloys, Inc.			\$622,363
Janczyk, Anne			\$15,000
Jedlicka, Richard		X	\$10,000
Mohawk Industries, Inc.		X	
Paritz and Company			\$2,500
Perez, Joseh	X		
Mendelsohn, Lawrence	X		
Nannenga, Gerry	X		
Presbitero Drywall Co.		X	\$121,898
Riordan, Thomas		X	\$250,000
Roundtree, Howard	X	X	\$26,979
Sabatini, Robin		X	\$9,500
Smith, Timothy	X	X	\$217,488
Sullivan, Denise	X	X	\$250,100
Tagiev, Ramimma	X		
Weekes, Tony		X	
	10	15	\$2,137,057
<b>Internal Union</b>			
Aginsky, David	X		
Bissada, John	X	X	\$220
Boyd Jr, Byron	X		
Brennan, Thomas	X		
Cannata, Salvatore		X	\$5,000
Cashman, George		X	\$30,000
Castore, Anthony	X		

	Convicted	Sentenced	Monetary
Castore, Wayne	X		
Chierchio, Christopher	X		
Cicccone Jr, Anthony	X		
Colasanto, Albert	X	X	\$620
Crudo Brothers Inc.		X	\$61,757
Dennis, Ralph	X		
Eylenkrig, Anna		X	\$5,000
Fazio, John	X		
Gaggi, Joseph	X	X	\$220
Garofalo, Edward	X	X	\$260
Harris Homes Carpentry Inc.		X	\$34,900
Hurley, William		X	\$42,500
Juliano, Christopher	X	X	\$260
Juliano, Frank	X	X	\$260
Juliano, Richard		X	\$260
Labarca, Joseph	X	X	\$260
Levine, Robert	X		
Little, Charles	X		
Maher, Kevin	X		
Nasso, Julius		X	\$75,000
Nasso, Vincent		X	\$250,000
Nelson Mill Company		X	\$16,500
Orsino Jr, Jerome		X	
Owens, Lorraine	X	X	\$220
Pagano, Charles	X	X	\$260
Pansini, Anthony		X	\$2,500
Papaleo, Ray	X		
Pelliccia, Joseph		X	\$82,700
Phillips, Jennifer	X		
Pomponio, Giulio	X	X	\$260
Porter, Anthony		X	\$57,068
Rackley, Thomas		X	\$39,700
Rookard, John	X		
Spencer, George	X	X	\$5,276
Stewart, Linda	X		
Tornillo, Pat		X	\$1,080,695
Williams, Kendall		X	\$33,136
Ziskind, Bruce		X	\$7,500
	27	29	\$1,832,332
<b>Labor Management</b>			
Boidi, Scott	X	X	\$90
Cacace Jr, Joel	X		
Caravello, Vincent		X	\$5,100
Centorino, Vincent	X		
Collina Sr, Joseph	X	X	
Coriasco, Joseph	X		
Coutretsis, Alexandria	X		

	Convicted	Sentenced	Monetary
Coyle, James	X		
D'mato, Frank	X		
DeHart, Charles	X		
DeMichael, Thomas	X	X	\$5,000
DeRoss, Jamie	X		
DeRoss, John	X		
Duong, My	X	X	\$900,500
Duong, Nhat		X	\$1,340,987
Ferrusi, Ralph		X	\$15,100
Fidler, John	X		
Goffredo, Domenick	X	X	\$27,000
Koski, Elizabeth	X		
Krzyzak, Wojciech	X		
Lupari, Nicholas	X	X	\$74,085
Majuri, Charles	X		
Mak, Kevin	X		\$355,978
McPartland, Francis		X	
Nagle, James	X		
Neal, Robert	X	X	\$90
Parrella, Thomas	X	X	\$27,000
Polito, Anthony	X		
Roche, William	X		
Scarpati, Mildred		X	\$100
Sciandra, Margaret		X	\$1,100
Sciandra, Salvatore		X	\$50,100
Starsiak, Julie	X		
Sullivan, Gerald	X	X	\$200
Timpani, Salvatore	X	X	
Vincent, Steven	X		
	29	17	\$2,802,430
<b>Worker Exploitation</b>			
Garcia Burgos, Pedro		X	\$1,100
"Sealed"	X		
"Sealed"	X		
"Sealed"	X		
	3	1	\$1,100

The OIG Hotline provides a communication link between the OIG and persons who want to report alleged violations of law, rules, or regulations; mismanagement; waste of funds; abuse of authority; or danger to public health and safety. During this reporting period, the OIG Hotline received a total of 1,846 contacts. Of these, 1,482 were referred for further review.

**Allegation Reports by Source:**

Hotline Operations—Calls, Correspondence, and Walk-ins from Individuals or Organizations .....	1,808
Correspondence from Congress .....	5
Correspondence from DOL Agencies.....	9
Letters from Non-DOL Government Agencies .....	17
Incident Reports from DOL Agencies .....	6
Reports by OIG Components .....	1
<b>Total .....</b>	<b>1,846</b>

**Allegation Reports by Referral:**

Referred to OIG Components .....	84
Referred to DOL Program Management.....	683
Referred to Other Agencies.....	715
<b>Total .....</b>	<b>1,482</b>

