



**U. S. Department of Justice**  
*United States Attorney*  
*Eastern District of Washington*

## **PRESS RELEASE**

FOR IMMEDIATE RELEASE  Monday, April 06, 2009	FOR INFORMATION CONTACT:  Thomas Rice, First Assistant U.S. Attorney (509) 353-2767
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### **“LOCAL MAN PLEADS GUILTY TO LARGEST SINGLE DISABILITY COMPENSATION BENEFITS FRAUD IN VA HISTORY”**

Spokane – James A. McDevitt, United States Attorney for the Eastern District of Washington, announced that James M. Sebero, age 59, a resident of Idaho entered guilty pleas to two crimes related to illegally receiving disability compensation from the United States Department of Veterans Affairs (VA). Specifically, James M. Sebero entered a guilty plea to one count of wire fraud (contained in a District of Idaho Indictment) which was related to the payment of a monthly VA disability compensation benefit and one count of making a false statement (contained in the Eastern District of Washington Indictment) based upon a claim to a VA physician that he continued to be paraplegic. Sentencing is set for July 10, 2009.

The investigation of James M. Sebero disclosed that he was an enlisted member of the United States Air Force between 1969 and 1975. In 1975, Sebero reported to Air Force personnel that he had been injured while unloading a snowmobile. Sebero was treated by military medical personnel. Ultimately, Sebero claimed he had lost all use of his legs and was paraplegic. The VA was advised by the Air Force of its findings and began making disability compensation payments to Sebero based upon 100% disability from the paraplegia and other injuries in 1976.

Almost immediately after receiving his medical retirement from the Air Force and VA disability compensation benefits, Sebero established and operated a business known as Custom Excavation. According to Washington state records James M. Sebero operated that business between 1980 and 1992. From 1992 to the present, James M. Sebero owned and operated an aircraft maintenance facility called Custom Aviation and obtained a pilot’s license without any restrictions based on any disability. FAA records indicate that on each application for various airman’s certificates, Sebero denied any sort of medical problems or disability. He was also a commissioned law enforcement officer with Bonner County, Idaho. Sebero was required to meet certain medical and physical requirements in connection with his position. Bonner County

records indicate he was able to pass all those requirements, showed no evidence of disability and was assigned several tasks during his employment which could not have been accomplished by a person who was paraplegic.

On September 26, 2007, James M. Sebero entered the VA hospital in a wheel chair and was examined by a VA physician. During the course of the examination, the physician asked James M. Sebero if he continued to suffer from paraplegia. James M. Sebero confirmed that he was paraplegic and that he had been unable to walk since his discharge from the Air Force. On the following day, September 27, 2007, James M. Sebero appeared before Magistrate Judge Cynthia Imbrogno to answer to charges concerning an unrelated false statement. James M. Sebero was observed by agents and others as he walked into the Thomas S. Foley Courthouse in Spokane, stood without assistance as he made his appearance before the Judge, walked the stairs to the U.S. Marshal's office for booking after his court appearance and then walked as he departed the Courthouse following his appearance.

James A. McDevitt, U.S. Attorney for the Eastern District of Washington, said, "The successful resolution of this case is due to the cooperative efforts of the U.S. Attorney's office from the District of Idaho and the very thorough and persistent efforts of the Office of the Inspector General, Department of Veterans Affairs. By his actions, Mr. Sebero disgraced the system that compensates all those veterans who are truly disabled and who are fairly compensated for their injuries sustained in service to their country."

Douglas J. Carver, Special Agent in Charge for the Western Field Office, said, "This has been collaborate effort between the VA OIG and the United States Attorney's offices to investigate substantive fraud and prosecute those individuals diverting precious benefits from deserving veterans. I am pleased that this matter was successfully resolved."

A conviction for wire fraud carries a maximum penalty of five years imprisonment, a \$250,000 fine, up to 3 years of court supervision after release and restitution. A conviction for making a false statement carries a maximum penalty of twenty years imprisonment, a \$250,000 fine, up to 3 years of court supervision after release and restitution. In the plea agreement, Sebero agrees to the forfeiture of substantial assets and payment of \$950,000 in restitution.

The investigation was conducted by the Office of Inspector General, Department of Veterans Affairs. This case is being prosecuted by both the United States Attorney's offices in the District of Idaho and the Eastern District of Washington.

The VA, Office of Inspector General, has established a hotline for anyone to anonymously report fraud, waste, and abuse at 1-800-488-8244 or [vaoi hotline@va.gov](mailto:vaoi hotline@va.gov)

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