

**OFFICE OF
INSPECTOR GENERAL
U.S. Department
Of Transportation**



**Semiannual
Report to the
Congress**

October 1, 2001 - March 31, 2002





OCTOBER 1, 2001—MARCH 31, 2002

OFFICE OF INSPECTOR GENERAL

U.S. Department of Transportation

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Never before has the Department confronted as many formidable challenges on multiple fronts as it has over the last 6 months. While transportation security issues have been paramount, the Department has also had to address a host of other programmatic and budgetary issues.

We, too, have been profoundly affected and have had to adjust our priorities to reflect the post-September 11 world and remain responsive to the Secretary and Congress. We delivered 14 testimonies before Congress and issued 23 audit reports with more than \$1.1 billion in financial recommendations. Our investigative work resulted in almost \$13.5 million in fines and recoveries and 90 convictions.

Some highlights during this reporting period follow:

- **Security.** The task of building the Transportation Security Administration (TSA) from scratch is one never before undertaken on a scale of such magnitude. Since September 11, we have testified seven times regarding this undertaking, advising Congress that TSA's overriding goal must be to provide tight, effective security in a manner that minimizes waste and ensures taxpayer dollars are well spent. There are many opportunities to build in cost efficiencies, and it is important for TSA to address them during its formative stages before many issues are set in stone.

We informed Congress that the costs to implement the Aviation and Transportation Security Act and the requirements to hire and train a large federalized workforce of screeners will be enormous, sharply exceeding prior estimates. Significant cost drivers are the mid-November deadline for deployment of a qualified Federal workforce and the December 31st date for screening all checked baggage for explosives.

TSA estimates that, in addition to the \$2.4 billion already appropriated, it will need about \$4.4 billion in supplemental funding for FY 2002. The estimated size of TSA's workforce started at 30,000 and now could approach 70,000. We identified a number of cost-saving opportunities, which DOT is considering.

At the President's direction, we performed undercover audits to test airport security operations. We also participated in law enforcement sweeps resulting in approximately 250 arrests at 8 airports, where our special agents focused on finding employees who use illegal means to gain employment and security badges, which allow access to secure areas of the airport and airplanes.

- **NAFTA and Truck Safety.** Congress directed us to determine whether the Department has an adequate safety and inspection regimen in place for opening the southern border to Mexican commercial motor carriers. We have made recommendations to the Department, and it is taking action.

Fraud in the testing and licensing of commercial drivers has been identified in an increasing number of states. Investigations by our special agents with other law enforcement officials have resulted in 38 guilty pleas and 35 sentencings in a variety of commercial driver's license scams in 12 states.

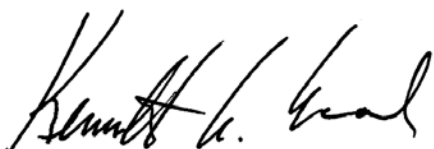
- **Financial Management.** We issued our audit of DOT's FY 2001 consolidated financial statements, in which the Department earned a "clean" audit opinion. With an FY 2002 budget of \$64 billion, it is extremely important that DOT properly manage its resources and maintain adequate fiscal controls. To maintain a clean audit opinion, DOT must implement a state-of-the-art financial management and accounting system. We found deficiencies with DOT's new financial management system, Delphi, which warranted immediate attention. DOT is working hard to correct them.

-
- **Coast Guard.** The Coast Guard is adjusting its missions in the wake of 9–11, while embarking on the most expensive acquisition in its history—Deepwater, upgrading the National Distress System (NDS) for mariners, and closing serious weaknesses in the Search and Rescue Program. At a cost of more than \$10 billion, the Deepwater project involves replacing or modernizing all Coast Guard planes and ships critical to missions 50 miles or more offshore. Given its acquisition approach, Coast Guard will not know what assets will be modernized or replaced until after a contractor is selected. NDS’s deficiencies include more than 88 communication gaps covering 21,500 square nautical miles where mariners’ calls for help cannot be heard.
 - **Passenger Rail.** We testified before Congress and issued an assessment which concluded that Amtrak will not make its operating self-sufficiency deadline and has run out of sustainable options. Congress will have to consider a stopgap measure if it does not reauthorize Amtrak this year. The underlying problem for any future intercity passenger rail system is access to capital. Stakeholders should share the funding for continued rail service, weighing the importance of service against national, regional, and state priorities.
 - **Stewardship Over Highway and Transit Projects.** We identified major, unexpected funding problems in highway and transit programs and a compelling need for stronger Federal and state stewardship over taxpayer dollars. We issued audit reports on the nation’s largest and most expensive highway project—the Central Artery/Tunnel Project, in Boston, at more than \$14 billion—and the nation’s most expensive transit project—the Tren Urbano Rail Transit Project in San Juan, PR, at more than \$2 billion. We found the October 2001 Finance Plan for Central Artery had improved over prior plans, but \$162 million in additional costs needed to be shown in the project’s cost estimate. With Tren Urbano, we recommended the Federal Transit Administration not approve the finance plan until cost estimates, schedules, and other problems are corrected.

Addressing fraud is a top priority. We have seen marked increases in our fraud investigation caseload, including several of the largest cases in highway/transit program history. One involved the Scalandre brothers, who used fictitious minority business enterprise contracts to defraud the Government for over \$40 million. Another resulted in a \$30 million civil settlement from Inland Steel of Chicago and Contech Construction Products for substitution of substandard pipe on highway construction projects in Louisiana.

- **TREAD Act.** NHTSA is responsible for implementing the TREAD Act, designed to prevent future Firestone tire incidents. We issued an audit report in which we recommended that to be successful NHTSA must: (1) complete TREAD Act rules; (2) formalize a peer review process to ensure investigations are opened and prioritized in a consistent manner; and (3) ensure that the effort to develop a new defect information management system will be cost-effective. The Department is acting on our recommendations.

We very much appreciate the support and responsiveness of Secretary Mineta, Deputy Secretary Jackson, and the Congress for our work.



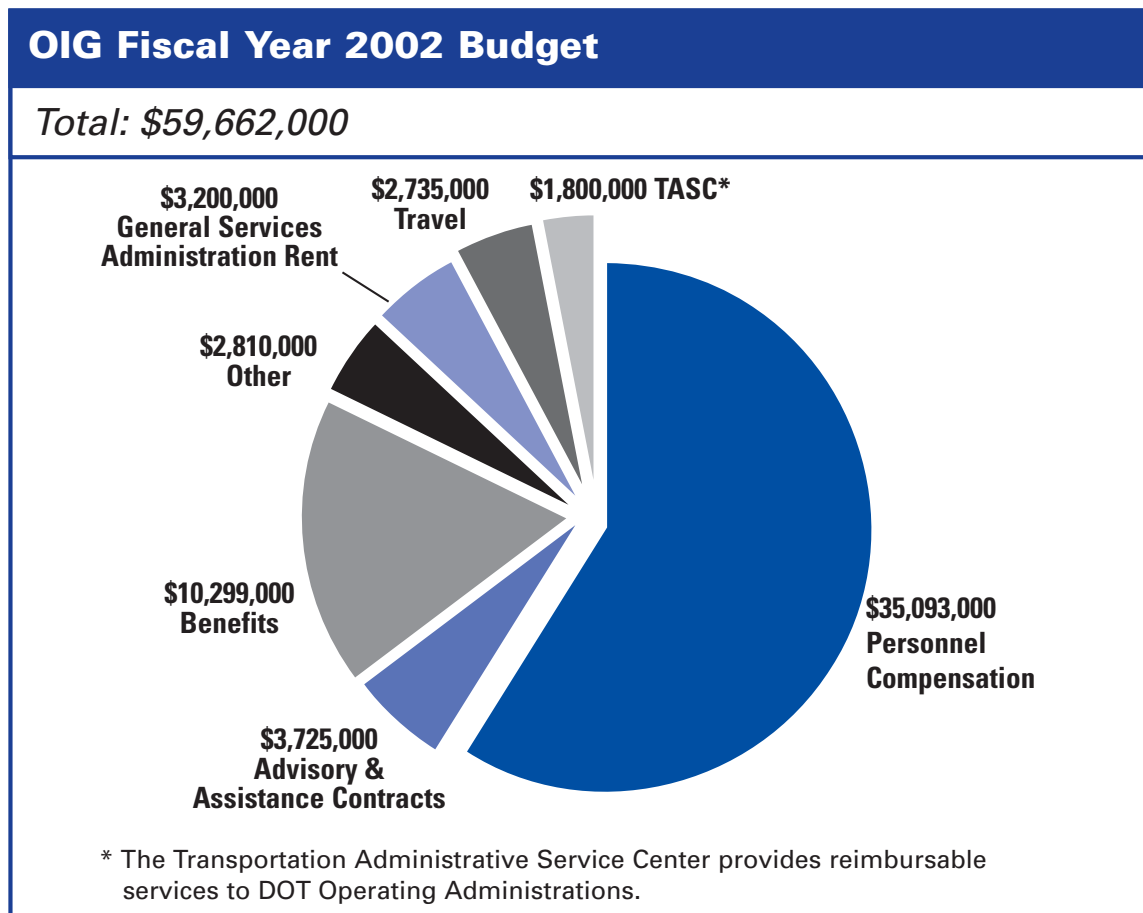
Kenneth M. Mead
June 2002

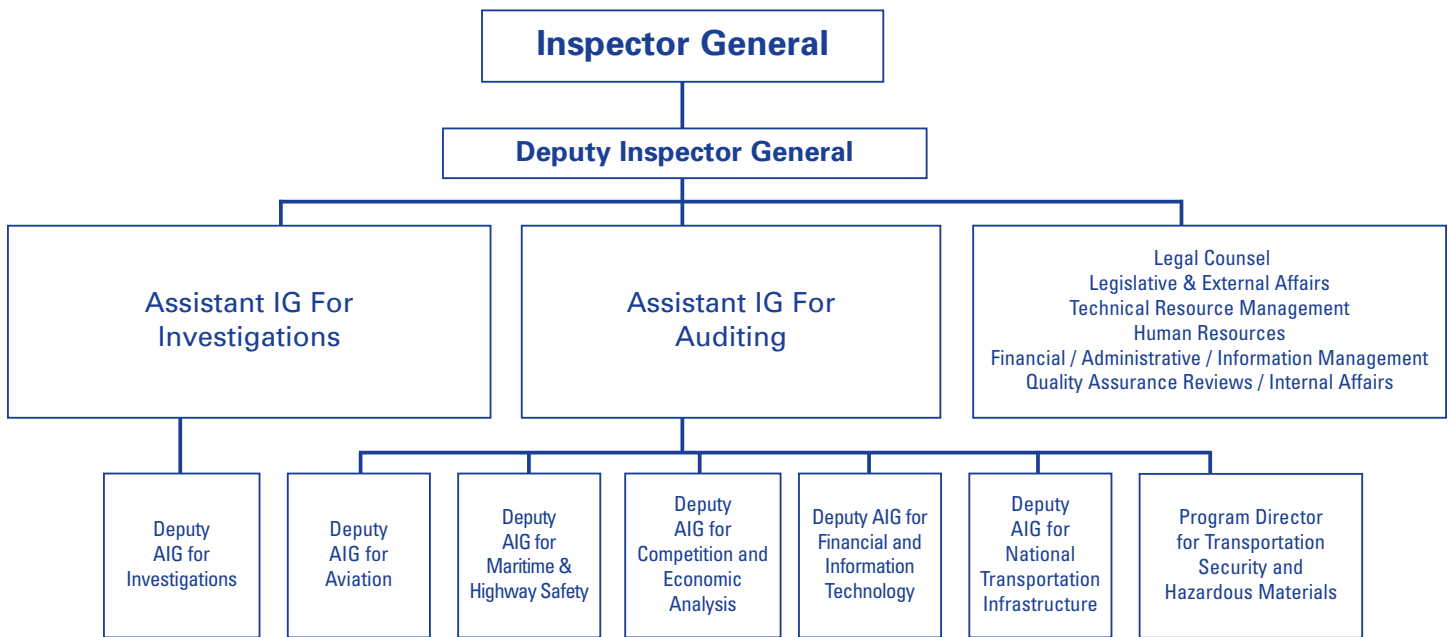
MISSION, ORGANIZATION, & CONTACTS

The Office of Inspector General for the Department of Transportation (DOT) was created by Congress through the Inspector General Act of 1978 (Public Law 95-452). The act sets several goals for OIG:

- To conduct or supervise objective audits and investigations of DOT's programs and operations;
- To promote economy, effectiveness, and efficiency within DOT;
- To prevent and detect fraud, waste, and abuse in the Department's programs;
- To review existing and proposed laws or regulations affecting the Department and make recommendations about them;
- To keep the Secretary of Transportation and Congress fully informed about problems in departmental programs and operations.

OIG is divided into two major units and six support units. The major units are the Office of Assistant Inspector General for Auditing and the Office of Assistant Inspector General for Investigations. Each has headquarters staff and field staff. The support units are the Office of Legal Counsel; the Office of Legislative and External Affairs; the Office of Technical Resource Management; the Office of Human Resources; the Office of Financial, Administrative, and Information Management; and the Office of Quality Assurance Reviews/Internal Affairs.





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OIG website: <http://www.oig.dot.gov>

WORK PLANNED AND IN PROGRESS

The Office of Inspector General (OIG) receives requests from the President, members and committees of Congress, and departmental officials to conduct audits, reviews, and investigations and provide testimony on departmental programs. In developing our work plan for the next 6 months, our priorities are to (1) continue to follow through on the President's directive to conduct undercover security audits at airports nationwide; (2) respond to congressional requests on a wide variety of subjects; and (3) provide information to assist key decision makers in addressing the top management challenges at the Department, including strengthening transportation security following the events of September 11, promoting safety in all modes of transportation, and ensuring effective oversight of Federal dollars used in major Departmental acquisitions and large transportation infrastructure projects.

OIG's work plan currently includes the following projects:

Transportation Security



- Conduct undercover audits of security performance at airports nationwide to detect lapses in security systems and ensure strict compliance with security standards.
- Conduct a series of audits of the Transportation Security Administration's (TSA) strategies to deploy advanced security technologies, including the budgeting, purchasing, and deploying of technologies used in screening passengers, checked and carry-on baggage, and cargo.
- Conduct a series of audits on TSA's policies, procedures, and practices for hiring and training the airport screening workforce.
- Review TSA's budget for fiscal years 2002 and 2003, including salaries, staffing, equipment, contract support, administration, and overhead.
- Identify and categorize aviation security technologies available for deployment now and those needing further research, engineering, and development. Present recommendations on those technologies offering the best promise for immediate deployment or development.

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- Review and report on TSA’s progress in implementing provisions of the Aviation and Transportation Security Act, including those which deal with baggage screening, such as positive passenger bag match, criminal background checks of ground crews who have access to secure areas of the airport, and other provisions with no statutory deadlines.
 - Evaluate the Federal Aviation Administration’s (FAA) repair stations for security controls of aircraft and repair facilities, and verify that foreign civil aviation authorities conducting inspections on FAA’s behalf ensure that aircraft are adequately safeguarded.
 - Evaluate the Federal Air Marshal program in ensuring in-flight security of domestic and foreign air carrier flights.

Aviation Audits

- Review FAA’s progress in reducing runway incursions and operational errors.
- Evaluate the development and deployment of the Local Area Augmentation System (LAAS), including program cost and schedule. LAAS augments the Department of Defense’s Global Positioning System for civil aviation and will provide airports with all-weather approach and landing capability.
- Determine the effectiveness of FAA’s oversight of the National Airspace System Implementation Support contract.
- Assess the proposed cost, milestones, and critical path issues for achieving the Operational Evolution Plan, FAA’s new blueprint for enhancing capacity over the next decade.
- Evaluate FAA’s plan and requirements for upgrading or replacing long-range radars.



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- Evaluate FAA's oversight of the Workers' Compensation Program within the air traffic line of business to ensure that workers' compensation cases are properly managed to prevent unnecessary costs.

Financial and Information Technology Audits

- Review the continued implementation of the Department of Transportation's (DOT) new Delphi financial management system to determine compliance with the Federal Financial Management Improvement Act and other regulations.



- Review data quality, user privacy protection, and system vulnerabilities associated with DOT's web-based services for e-government implementation.
 - Determine whether the FAA Air Traffic En-Route Center operations are adequately secured to ensure the integrity, confidentiality, and availability of critical systems used to direct high-altitude air traffic.
 - Perform the annual independent evaluation of DOT's information security program as required by the Government Information Security Reform Act.
- Review DOT's capital planning efforts for selecting and managing information technology investments.
 - Determine the validity of the Transportation Administrative Service Center's total amounts reported for fiscal year 2001, the accuracy of revenue and cost balances as shown by service activity, and the adequacy of internal controls.
 - Determine whether the National Transportation Safety Board has made progress implementing and improving internal controls over its financial management practices.

National Transportation Infrastructure Audits

- Continue monitoring cost estimates, funding, and scheduling for the top highway and transit projects. For 2002, total transportation

funding was \$32 billion for highways and \$7 billion for transit.

- Review oversight of management and financial issues for the Woodrow Wilson Bridge Project in the Washington, DC, metropolitan area, the Springfield, VA, Interchange Construction Project, and the Central Artery/Tunnel Project in Boston, MA.
- Review the progress to date in deploying integrated Intelligent Transportation Systems technologies in the nation's largest metropolitan areas. This will include reviewing progress in the development of national and related regional architectures and standards for communications.
- Review the Federal Transit Administration's oversight of the management practices of grantee bus fleets to assess the benefits of standardizing bus purchases.

Maritime and Highway Safety Program Audits



- Establish whether safety and inspection elements mandated by law are in place before the North American Free Trade Agreement's cross-border trucking provisions are implemented.
- Review Coast Guard's small boat station search and rescue program to follow up on prior OIG audit findings regarding staffing, training, and equipment, and to determine whether the \$14.5 million in additional FY 2002 funding is being used to expand the program's level of effort as Congress intended.
- Determine whether the Coast Guard's container inspection program adequately ensures the safety and security of hazardous material freight containers shipped through U.S. seaports.
- Review the Maritime Administration's handling of the American Classic Voyages Co.'s Title XI loan guarantee and determine whether procedures for submitting, reviewing, approving, and monitoring selected loan guarantees comply with laws and regulations to protect the interests of the United States.



- Assess the National Highway Traffic Safety Administration’s management of the occupant protection program, including efforts to increase seat belt use, allocation of funds to partnerships and demonstration programs, and technical assistance provided to state and local governments.
- Review the Department’s efforts to improve the safety of railroad/highway grade crossings and assess the progress toward achieving the Department's goals to reduce rail-highway crossing accidents and fatalities.

Competition and Economic Analysis

- Evaluate the Office of the Secretary's procedures to implement the compensation payment provisions of the Air Transportation and System Stabilization Act and the reasonableness of air carrier compensation claims.
- Provide information to Congress and executive branch officials as they deliberate the future of intercity rail, funding for Amtrak's operational and capital needs, and development of high-speed corridors around the country.
- Review the accuracy of the Federal Railroad Administration's safety inspection reports and database and determine whether the database information is used appropriately to calculate defect ratios.
- Continue to monitor air transportation and essential air services to small communities.

**IG Testifies on Security Before
House Aviation Subcommittee**

OCTOBER 11

The Inspector General testified before the House Transportation and Infrastructure Aviation Subcommittee regarding the deployment and use of advanced security equipment and technology. In the short term, the proficiency of aviation screeners needs to be improved, available advanced security equipment needs to be effectively deployed and utilized, and use of explosives detection equipment needs to be increased. Over the long term, advanced security equipment capable of screening all passengers, passenger carry-on and checked baggage, airline crews, and others with access to aircraft for all threat objects (knives, guns, explosives, etc.) must be developed and deployed.

**Coast Guard Great Lakes Icebreaker
Capability Replacement Project**

OCTOBER 17



Coast Guard icebreaker *Mackinaw*, which is scheduled for replacement.

At the request of the Senate Appropriations Committee, we conducted a review to determine whether the design specifications and requirements in the request for proposals (RFP) for Coast Guard's Great Lakes Icebreaker Replacement Project would preclude full and fair competition. We concluded that the RFP, issued on December 21, 2000, allowed for full and fair competition. Coast Guard's acquisition procedures were consistent with Federal Acquisition Regulations, and the specifications and requirements in the RFP would allow broad participation by shipyards, including those not on the Great Lakes or without experience in icebreakers. We did not make any recommendations.

Importation of Freon Leads to Arrest

OCTOBER 19

Mahamad Almhchie, owner of American One Automotive & Oil Co., Hayward, CA, was arrested for importing Freon gas in violation of Federal law governing the transport of hazardous materials and the



Some of the 106 freon containers seized by OIG special agents.

Clean Air Act. Freon was once widely used as a refrigerant in air conditioning and cooling systems. Under 1990 amendments to the Clean Air Act, it became a felony to knowingly produce and import Freon, a gas that depletes the Earth's protective ozone layer. The 106 Freon cylinders, which originated in Mexico, were seized during a search following Almhchie's arrest. Investigators have not yet determined how the tanks entered the U.S. OIG investigated this case with the U.S. Environmental Protection Agency's (EPA) Criminal Investigations Division and the U.S. Customs Service.

Subcontractor Pleads Guilty to Bribery in Public Corruption Case

OCTOBER 19

Alfred Lenoci, Jr., president of United Environmental Redevelopment, LLC, in Bridgeport, CT, agreed to pay \$104,000 in restitution after pleading guilty in U.S. District Court in New Haven, CT, to charges of mail fraud and bribery as part of an ongoing investigation of public corruption in Bridgeport. Between October 1999 and June 2000, Lenoci, whose company was a subcontractor, received \$104,000 in Federal Transit Administration grant funds through the city of Bridgeport. The payment was for removing and disposing of contaminated soil allegedly from the construction site of a municipal hockey arena and parking garage.

Lenoci conspired with Fales Trucking, a subcontractor hired to truck contaminated soil from the site, to lie about the amount of soil removed, thereby inflating the bill to the City of Bridgeport. Approximately 1,860 tons of soil from sites in Norwalk, CT, and New York City were added to the amount removed from the garage/arena site. Lenoci was responsible for creating the claim package, containing false documents and erroneous amounts, submitted to the city for payment. Fales Trucking also pleaded guilty in August 2001 for participation in the scheme, acknowledging creation of fictitious manifests, truck tickets, and dump receipts. The company's sentencing is pending. OIG investigated the case with the FBI, the IRS's Criminal Investigation Division, and the Defense Criminal Investigative Service.

Amtrak's FY 2003 Budget and the Future of Intercity Rail

With Amtrak approaching its congressionally mandated December 2002 deadline for operating self-sufficiency, we issued our annual assessment on its financial performance and provided testimony to aid Congress as it debates the railroad's future. In three testimonies—before the Senate Commerce Committee on March 14 and the Senate and the House Transportation Appropriations Subcommittees, on March 7 and February 27, respectively—the IG said Amtrak could not meet its congressional mandate for operating self-sufficiency.

Amtrak's passenger revenues and ridership showed marked growth, but growth in expenses more than kept pace since its congressional mandate. For every \$1 Amtrak realized in additional revenue, cash expenses increased by \$1.05.

Echoing the findings of our fourth annual assessment of Amtrak, released in January, the IG testified that Amtrak's operating loss was \$1.1 billion in 2001—\$129 million higher than the 2000 loss and the largest in Amtrak's history. Cash losses, which are the measure of Amtrak's progress toward self-sufficiency, were \$585 million in 2001—\$24 million more than those in 1998, the first year of Amtrak's self-sufficiency mandate. Given Amtrak's losses, the Administration's FY 2003 Amtrak budget request of \$521 million is not sufficient to provide the needed capital for the railroad.

We reported that any system of passenger rail, despite its potential profitability, will require substantial and continuing capital. The most critical issue, then, is not Amtrak's ongoing need for operating assistance but how much capital investment will be needed to sustain a system of intercity passenger rail. Capital needs will require substantial external assistance even if Amtrak or a successor succeeded in operational self-sufficiency.

In the short term, we recommended that Congress provide capital funding for Amtrak's security and life safety improvements, require that the funds be earmarked for specific projects, and hold Amtrak accountable for their use. As Congress continues its efforts to reauthorize intercity passenger rail service, we recommended that strong oversight provisions should accompany any infusion of capital funding to Amtrak or a successor.

Amtrak at Risk Of Shutdown

\$521 Million Budget Won't Sustain System, DOT Warns

By DON PHILLIPS
Washington Post Staff Writer

Amtrak would have to shut down if the national passenger train system receives only the \$521 million requested by the Bush administration in next year's budget, the Transportation Department's inspector general said yesterday.

Kenneth M. Mead, the inspector general, said that even Amtrak President George Warrington's plan to end all long-distance service Oct. 1 unless he gets double that amount would not stop the unraveling of the whole system. Savings from ending most other train service around the country would be only "chump change" compared with the needs of the Northeast Corridor from Washington to Boston, he said.

After paying necessary railroad retirement payments, interest on burgeoning loans and other mandatory expenses, Mead said, Amtrak would be left with only \$9 million.

"It's not possible to do it," Mead testified to the House Appropriations Committee's subcommittee on transportation. "The system cannot continue to operate."

In the past, Mead has not been among those sounding alarms about whether Amtrak could continue to operate, although he has warned frequently that Amtrak had failed to cut costs and was not getting enough money for capital expenditures.

Several witnesses at the hearing said Amtrak had mortgaged everything it could to remain in business over the past few years, and no more loans are possible. Amtrak has halted all but required maintenance, put off \$175 million in planned capital expenditure, and begun major layoffs of station personnel nationwide, leaving many stations with no



THE PHOTO BY BEN LUSTIG—THE WASHINGTON POST
Kenneth M. Mead, inspector general for the Department of Transportation, says the Bush budget falls well short.

baggage checking or services for the handicapped. Those savings may not be enough to get the corporation through this fiscal year, according to sources in the Transportation Department, Amtrak and Congress.

"We've run out of tools in the toolbox to keep the service together," said a subdued Warrington, who only a year ago spoke of reaching "operational self-sufficiency" and spreading high-speed rail to many parts of the country outside the Northeast.

Mead and other witnesses, including Warrington, said that even Amtrak's requested \$1.2 billion would barely keep the wheels turning while Congress decides what to do about the passenger train service. Mead called it "a limping budget to get them through [fiscal] 2003."

Subcommittee Chairman Harold Rogers (R-Ky.) criticized both the administration and the House Transportation and Infrastructure Committee for failing to come up with a plan to restructure the national passenger train system and a funding method to meet a rising demand from the states for more higher-speed passenger rail service.

"It may very well depend on this subcommittee," Rogers said. "So be it."

Washington Post, February 28, 2002

Aircraft Mechanic Jailed for Falsifying FAA Documents

OCTOBER 22

Michael Sandic was sentenced in U.S. District Court in Phoenix, AZ, to 2 years in jail and permanent restriction from employment in the airline and aircraft maintenance industries after pleading guilty to charges that he falsified his aircraft mechanic certificate. Sandic was charged on February 24, 2001, with presenting a falsified aircraft mechanic certificate to four separate companies in Arizona. On August 9 he was also charged with falsely stating to his employers, British Aerospace Systems in Lancaster, CA, and Lockheed Martin in Springfield, MA, that he had an airframe and power plant mechanic rating. Sandic was also ordered to repay \$4,646 for blank checks stolen from a former employer.

Owner Convicted of Manslaughter, Mariner Sentenced in Ferry Boat Fatality

OCTOBER 22

Joseph Mitlof, owner of Hudson Valley Waterways, in Valley Cottage, NY, was convicted by a U.S. District Court jury in White Plains, of manslaughter in a fatal ferry accident on the Hudson River on August 23, 1998, and falsely advertising on the web that his company operated Coast Guard-certified vessels. In fact, Mitlof's three-boat fleet failed to obtain Coast Guard certification, required for any vessel carrying more than six passengers. The indictment charged that the boat lacked required authorization to operate on the Hudson River and was unfit to carry passengers. Mitlof is scheduled for sentencing on May 7.

Daniel Sheehan, a licensed U.S. Merchant Marine Officer, was fined \$3,000 by a U.S. District Court judge in White Plains, NY, for his role in the accident. Sheehan was piloting a water taxi with 29 passengers on board, from Nyack to Tarrytown, NY, when the boat capsized and one passenger drowned. Both Sheehan and Mitlof were charged under a Federal law that applies to owners and captains of vessels. OIG investigated this case with the U.S. Coast Guard and the New York State Park Police.

Ft. Lauderdale Airport Worker Guilty of Faking Security Badge

OCTOBER 23

Heberth Hernandez, a former cabin service agent at the Ft. Lauderdale-Hollywood International Airport, pleaded guilty in U.S. District Court in Fort Lauderdale, FL, to charges that he falsified an application for a security badge and used a Social Security number that did not belong to him. The falsified badge gave Hernandez illegal access to secure areas of the airport. He was sentenced January 3, 2002, to time served and ordered deported.

Planned Labor Distribution Reporting for FAA's Air Traffic Services

OCTOBER 30



Our audit found the Federal Aviation Administration (FAA) is making good progress toward its September 30, 2002, target for implementing a labor distribution system in its Air Traffic Services line of business. An integral part of a cost-accounting system, labor distribution is the process of tying labor costs to activities and projects by requiring personnel to itemize their time by activity. However, we found significant weaknesses in the system employees use to sign in and out and to record controllers' work time when they are not directing air traffic. The Cru-X software being used allows controllers to override the computer's internal clock and record any start or stop time, regardless of actual arrival or departure times. FAA concurred with the need to improve sign-in and sign-out procedures, but did

not agree to our recommendation to change the Cru-X software programs used to record the exact time employees work.

Flight School Owner Indicted for Lying About U.S. Citizenship

NOVEMBER 1

Egyptian citizen Ahmed Elashmouny, who resides in Lindenhurst, NY, and owns Delta Aviation Flight Academy, a flight training school in

Farmingdale, NY, was indicted in U.S. District Court in Central Islip, NY, on charges of lying about his citizenship on an FAA aircraft registration and on an application renewal for an FAA airman's certificate. Elashmouny was arrested by OIG agents on October 23. A superceding indictment was made on March 14, adding charges of false representation as a certified flight instructor for instrument training, insurance fraud, and illegal use of credit card account numbers and authorization codes. No trial date has been set. OIG and the FBI investigated this case, with assistance from the U.S. Immigration and Naturalization Service (INS).

Aircraft Parts Manufacturer Guilty of Inspection Fraud

NOVEMBER 6

High Quality Machine Shop, an aircraft parts manufacturer in San Antonio, TX, pleaded guilty in U.S. District Court in Raleigh, NC, to falsely representing to the U.S. Coast Guard (USCG) Aircraft Repair and Supply Center in Elizabeth City, NC, that it had inspected a bellcrank

spacer sleeve—a critical part for USCG helicopters—when it had not. The company was fined \$5,000, ordered to pay \$1,476 in restitution, and has been proposed for debarment from Federal contracts.

IG Testifies on Status of Aviation Security Since September 11

NOVEMBER 14

The IG testified regarding the status of airline security since September 11 at a joint hearing of the Senate Committee on Governmental Affairs and the Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia. The IG said that FAA and the Department have taken steps to tighten security.

The IG noted, however, there are still alarming security lapses and some systemic vulnerabilities that need to be closed. We recommended the Department take the following corrective actions: (1) ensure that air carriers maximize the use of bulk explosives detection machines for

THE WALL STREET JOURNAL THURSDAY, NOVEMBER 15, 2001 A11

Security Gaps Remain at U.S. Airports, Transportation Official Tells Senators

By GREG HITT

WASHINGTON—A top transportation official warned Congress of lingering security gaps at the nation's airports, as lawmakers stepped up negotiations over legislation that addresses the problem.

Despite efforts by the Bush administration to improve safety in the wake of the Sept. 11 terrorist attacks, security provided by the commercial airlines and their private contractors remains flawed, said Kenneth Mead, inspector general of the Transportation Department.

The problems include failures by workers at security checkpoints to identify dangerous items such as knives, and uneven use of explosive-detection devices used to screen checked baggage.

The airlines are required to keep the explosive-detection systems in "continuous use," Mr. Mead said, but recent spot checks by investigators found 73% of the machines weren't fully operational. In one case, a screener was seen falling asleep.

"There are still alarming lapses," Mr. Mead told the Senate Governmental Affairs Committee at a hearing yesterday. "Fundamental changes are needed."

As of the end of September, there were 142 machines to screen for explosives in use at 47 airports nationwide. Use of such machines, which cost \$1 million apiece and hundreds of thousands of dollars more to install, would be expanded to all 419 airports with commercial service under compromise airport-security legislation being hammered out this week by key members of the House and Senate.

Both the GOP-led House and Democratic-controlled Senate agree that the current security system needs to be scrapped, and there is bipartisan consensus for proposals to strengthen cockpit doors and boost the number of air marshals on commercial flights, among other things.

But the two chambers differ sharply on how to improve the screening of passengers and carry-on bags. The Senate voted to put the government in charge of all screening, while the House would allow private companies to do the work under federal supervision. One potential compromise that emerged yesterday among negotiators would create a national work force, as favored by the Senate, but give local airports a limited period of time to "opt out" of the system, so long as they meet federally mandated security standards.

"That has momentum," said Sen. John Breaux (D., La.). "This is a concept that is very helpful, and will allow us to get an agreement by the end of the week."

Whatever the new system eventually looks like, greater inconvenience and slower travel appear to be the likely price of increased security. "Everybody is prepared for that," said Sen. Olympia Snowe (R., Maine). "There are going to be some changes." One proposal under consideration, for example, would require passengers making connecting flights to pass through security checkpoints—even though they had already been checked for the first flight. The detail is among the many issues being debated behind closed doors. But amid the disputes, there was still hope for a deal. Said Sen. John Kerry (D., Mass.), "The climate is there."

screening passengers' checked baggage; (2) issue the final rule on certification of screening companies to improve the screening of passengers, baggage, and cargo; (3) establish standards for measuring security screener performance based on computer-assisted testing and unannounced testing of screeners by FAA; (4) strengthen controls to prevent access to secure areas of the airport by unauthorized individuals; (5) conduct criminal history checks of all individuals, including current employees, who have unrestricted access to secure areas of the airport; and (6) strengthen controls in cargo security, particularly the process for certifying indirect air carriers (freight forwarders) and assessing indirect air carriers' compliance with cargo security requirements.

Furthermore, the IG found that given the scope, complexity, and dynamics of the security challenge, coupled with long-standing problems with the aviation security program, fundamental changes are needed to enhance the effectiveness of the aviation security system. These changes include creating a single entity responsible for the aviation security system and correcting existing weaknesses in the system, such as inadequate training and performance standards for screeners. This organization must also work toward 100-percent screening of checked baggage and cargo.

Taxi Driver Fined \$27,000 for Defrauding FTA Handicapped Rider Program

NOVEMBER 27

James Garcia, a Yellow Cab driver in Chicago, IL, was ordered by a U.S. District Court judge in Chicago to pay \$27,000 in restitution for taking part in a conspiracy to defraud the Chicago Transit Authority. Garcia teamed with a disabled person to purchase the individual's subsidized taxi vouchers and then, without giving any rides, claimed the \$10 subsidy for each voucher along with the \$2 administrative handling fee. The disabled person later cooperated with OIG investigators. The Federal Transit Administration (FTA) subsidizes taxi rides for disabled individuals who are unable to use public transportation.



Highway Construction Company Foreman Convicted

DECEMBER 4

Christ Miner, foreman of Hardrives Paving & Construction, Inc., of Cleveland, OH, a Federal highway contractor, pleaded guilty in U.S. District Court in Cleveland, to submitting fraudulent invoices to Mahoning County, OH, for asphalt that was never produced or used. Separately, Renee Smith, owner of Tone Crack Seal & Supply, Youngstown, OH, was charged by a Federal grand jury for fraudulently obtaining more than \$515,000 on four highway paving contracts set aside for minority businesses by misrepresenting her company as a disadvantaged business enterprise.

As part of his guilty plea, Miner admitted that he and Smith took part in a conspiracy in which Tone Crack served as the minority front company, through which Hardrives won contracts to do work. Hardrives owner James R. Sabatine pleaded guilty to racketeering in August. OIG investigated the case with the FBI and the Department of Labor OIG. Sentencing has not yet been scheduled.

Irregularities in FAA Investigation of Missouri Air Crash

DECEMBER 4

At the request of Representative Roy Blunt, we reviewed an FAA investigation relating to the December 1999 crash involving the former director of aviation at College of the Ozarks, who was killed along with five others while piloting a college aircraft. FAA was initially asked by Representative Blunt to investigate allegations that FAA harassed the pilot during the months prior to the crash. National Transportation Safety Board investigations cited stress caused by FAA as a contributing factor in the crash.

Our review found a number of irregularities with FAA's internal investigation, including (1) the FAA team leader's alleged statement that investigators had to protect the reputations of local FAA inspectors who were being investigated; (2) FAA's failure to include conflicting statements of witnesses in its report; and (3) one investigator's dissenting report highlighting FAA deficiencies in the investigation.

Airline Worker Pleads Guilty to Illegally Trying to Ship 300 Pounds of Fireworks

DECEMBER 4

Clement (Sonny) Mateo Reyes, Jr., an airline customer service representative, pleaded guilty to trying to ship more than 300 pounds of fireworks falsely labeled as light bulbs and light fixtures. A representative of a Hawaii-based air cargo company discovered the Class 1.3 G explosives after opening the shipment to verify its contents. Under Federal regulations, this type of fireworks is prohibited from shipment aboard passenger or cargo aircraft. They could be legally shipped by sea or ground if properly declared and labeled. No sentencing date has been scheduled.

Fuel Excise Tax Evasion Results in Jail Term

DECEMBER 5

Gregory Federico, owner of Capital Fuels, Mountainside, NJ, was sentenced by a U.S. District Court judge in Newark, NJ, to 6 years in jail for his role in a scheme to evade motor fuel excise taxes. Capital Fuels provided false invoices to strings of nonexistent (daisy chain) operators to hide the tax liability of transactions involving bootleg fuel. Federico also received payments from bootleg operators in return for use of his company in the schemes. Federico pleaded guilty to criminal conspiracy to commit tax evasion for the 1994 tax year.

FAA Operational and Supportability Implementation (OASIS)

DECEMBER 7

We estimated cost savings of nearly \$500 million over a 7-year period if FAA were to consolidate automated flight service stations now while a new computer system known as "OASIS" is in the early stages of deployment. The savings could be allocated to other agency missions that have become more critical in light of the events of September 11. We found that consolidating the 61 automated flight service stations is possible without sacrificing safety or service; since: (1) users now have access to on-line flight services; (2) FAA has already consolidated over 315 flight service stations into the current 61 without harming safety or service; (3) FAA studies conclude that 61 sites are not necessary to meet

current and future demand for flight services; and (4) users do not object to consolidation, provided that automated technologies, such as OASIS, are in place to maintain existing levels of service. FAA's automated flight service stations provide general aviation pilots with information and services, such as preflight and in-flight weather briefings, assistance in flight planning, notices to aviators, and emergency assistance.

Florida DBE Fraud Conspirators Fined, Imprisoned

DECEMBER 7

Tarand Transport, Inc., of Land O'Lakes, Florida, one of four defendants involved in disadvantaged business enterprise (DBE) fraud on an Interstate construction project, was fined \$60,000 by a U.S. District Court judge, in Tampa, FL. Owners Randy W. and Tammy J. Blankenship were sentenced to 28 months in prison and \$12,500 in fines each. Howard L. Glover, of Mulberry, FL, doing business as the certified disadvantaged business enterprise H.J. Trucking, was sentenced to 14 months in prison and fined \$5,000. Glover acted as a front to obtain a subcontract to haul material for the I-4 highway construction project in Hillsborough County, FL, during 1996-1998. As a result of the investigation, the Federal Highway Administration (FHWA) is considering debarment of the defendants. OIG investigated this case with the Florida Department of Transportation OIG and the Florida Department of Law Enforcement.

Conrail Pays \$3.5 Million to Settle N.E. Corridor Track Use Dispute

DECEMBER 7



Conrail agreed to pay \$3.5 million to Amtrak in a settlement agreement with the U.S. Attorney's Office in Philadelphia, PA. The freight railroad admitted to underreporting track usage miles for its use of Amtrak's Northeast Corridor track. Amtrak owns the track and leases it to freight carriers. In 1986, Conrail and Amtrak entered into an agreement in which Conrail agreed to pay Amtrak on a per-car, per-mile basis for use of Amtrak's Northeast Corridor track, which extends from Washington, DC, to Boston, MA. OIG investigated this case with the Amtrak OIG.

Aviation Security

OIG has devoted considerable resources to aviation security over the last 6 months. Our undercover audits of security procedures continue at airports nationwide, as directed by President Bush last November. We also continue to conduct sweeps of airports to identify employees who illegally have security badges, which give them access to secure areas of the airport (see page 42 for an article on security badges).



In the period following September 11, we provided Congress with information about our prior reviews of aviation security and recommendations on how to improve security. The IG testified on seven occasions that the Department has taken steps to tighten security, but there are still alarming security lapses and some systemic vulnerabilities that need to be closed.

In our testimonies we recommended a number of corrective actions, including: ensuring that air carriers maximize the use of bulk explosives detection machines for screening passengers' checked baggage; issuing the final rule on certification of screening companies to improve the screening of passengers, baggage, and cargo; establishing standards for measuring security screener performance; strengthening controls to prevent access to secure areas of the airport by unauthorized individuals; conducting criminal history checks of all individuals who have unrestricted access to secure areas of the airport; and strengthening controls in cargo security.

When the Aviation and Transportation Security Act was signed into law on November 19, 2001, creating the new Transportation Security Administration (TSA), we began work to help the new agency as it became operational. The IG testified twice before Congress on the challenges and key issues facing TSA in implementing the act, citing the significant efforts that lie ahead in installing explosives detection systems to screen all checked baggage; hiring a workforce; and having sound budget and accounting operations to provide Congress with accurate figures and to control costs.

The IG testified in February that TSA will need a supplemental appropriation to pay for the higher-than-anticipated cost of heightened security. The request has been submitted to Congress. In that testimony, we also proposed metrics to measure TSA's progress toward meeting the deadlines of November 19, 2002, when it must have enough staff to screen all passengers and baggage; and December 31, when it must deploy enough explosives detection systems to screen all checked baggage.

In addition, we have been reviewing proposed technologies to improve aviation security. In an audit initiated January 4, we are (1) identifying and categorizing those aviation security technologies available for deployment now and those needing further work and development and (2) identifying which technologies offer the best promise for immediate deployment or development.

continued

Aviation Security (continued)

Most recently, we initiated an audit of TSA's screener security program in April. Specifically, we are evaluating (1) prescreening and hiring of the workforce, including screeners, screener supervisors, and law enforcement officers; (2) controls over screening service contracts; and (3) initial and on-the-job screener training programs.

We also began a series of audits regarding the deployment of advanced security technologies since September 11, 2001. The objective of these reviews is to evaluate TSA's strategies for budgeting, purchasing, and deploying advanced security technologies used in screening passengers, checked and carry-on baggage, and cargo. Our initial audit will review TSA's plans for meeting the December 31, 2002 deadline to screen all checked baggage using explosives detection systems or alternate screening methods; and (2) evaluate TSA's strategies for purchasing and deploying the equipment necessary to meet the deadline.

Finally, we are responding to congressional requests to review TSA's efforts on positive passenger bag match, plans for implementing sections of the Transportation and Aviation Security Act that do not have legislative deadlines, and actions to establish budgets for FYs 2002 and 2003 and control costs.

FAA Permanent Change of Station Moves at Atlanta TRACON

DECEMBER 10

A local agreement between FAA and the National Air Traffic Controllers Association is in conflict with the national collective bargaining agreement and may cost the Government as much as \$1 million in permanent change-of-station expenses. The local agreement allowed 44 Air Traffic employees who were transferring to the new Atlanta Terminal Radar Approach Control (TRACON) eligibility for paid permanent change-of-station moves that, under the national agreement, would not have been permitted. Because of our concern that the local agreement may establish a precedent at other locations being consolidated—such as the Potomac and Northern California TRACONs—we recommended that Air Traffic Services ensure that similar agreements are not developed.

FAA Flight Service Stations Cost-Accounting Practices

DECEMBER 11

Our audit found that the FAA's cost-accounting practices for flight service stations did not assign \$71 million to the stations as required. The improper assignments occurred because cost-accounting and related automated systems were not designed to apportion a fair share of total costs to each flight service station. Federal accounting standards require that costs for services be accurately assigned to the responsible organization. We recommended that FAA program its cost-accounting system to distribute costs among each of its flight service stations and improve data accuracy. FAA agreed to take corrective action.

FAA's Oversight of Aircraft Maintenance

DECEMBER 12

We found that FAA has placed limited emphasis on air carriers' Continuing Analysis and Surveillance Systems (CASS). CASS is the system air carriers use to monitor the effectiveness of their aircraft maintenance and inspection programs. While FAA inspectors reviewed air carriers' ongoing aircraft maintenance, CASS reviews were either not conducted or they were conducted in an ineffective manner, perpetuating a system where FAA relies on its own inspections to ensure carriers maintain their aircraft in an airworthy condition. This system is ineffective because FAA does not have sufficient resources to physically inspect every aircraft. While it is clearly the responsibility of air carriers to ensure the day-to-day safe operation and maintenance of their aircraft, FAA must be more proactive in identifying deficiencies in air carriers' CASS and ensuring those problems are corrected. FAA concurred with our recommendations for enhancing its CASS oversight of air carriers.



FAA’s Use of Credit Hours to Settle Grievances

DECEMBER 14

We issued a memorandum to FAA’s Associate Administrator for Air Traffic Services recommending that the managers discontinue the practice of granting time off as a way to settle grievances and other complaints. This practice is in violation of the 1998 collective bargaining agreement between FAA and the National Air Traffic Controllers Association because work was not performed to earn the credit hours. We found that Air Traffic managers in three regions engaged in the practice. For example, in September 2000, managers in one region gave approximately 104 credit hours to each of 112 union members, a total of 11,648 credit hours.

FAA Free Flight Phase 1 Technologies

DECEMBER 14

We found that the Free Flight Program is comparatively well managed, due in part to its limited nature and its “build a little, test a little, deploy a little” approach. We also found that new Free Flight Phase 1 systems have made modest improvements in capacity at some locations, and one automated controller tool is proving to be far more difficult and costly to develop than anticipated. Because important questions exist about how to move forward with Free Flight and the Operational Evolution Plan (FAA’s new blueprint for enhancing capacity over the next decade), we recommended that the agency review Free Flight and the Operational Evolution Plan to assess budgetary priorities and project milestones, and determine whether project priorities or design need to be changed in light of September 11. FAA should also review security risks associated with the ultimate goal of Free Flight and determine how those risks will be mitigated.

FAA Oversight of Subcontracted Tower Operations

DECEMBER 14

At the request of Senator Richard Shelby, Ranking Member of the Senate Appropriations Subcommittee on Transportation, we evaluated the oversight of subcontract tower operations by FAA and its primary contractor to ensure subcontracted towers are comparable



in safety to FAA and contract towers. We found that subcontract towers are held to the same standards and receive the same level of oversight as other contract and FAA-operated towers. Nonetheless, since 17 of the 22 locations have operated under subcontracts for less than 1 year, we noted it is too early to assess the program's potential long-term effects. We encouraged FAA to continue to closely monitor subcontract tower operations.

Former Airport Employee Sentenced for Making False Security Badge; 12 Others Admit to Using False Documents to Get Security Passes

DECEMBER 19

Cedric Floyd Mitchell, of Miami, a former Miami International Airport employee, was sentenced in U.S. District Court, in Miami, to 300 hours of community service and 3 years' probation for using his position at the airport to make a false security identification badge. Mitchell pleaded guilty in June 2001 to charges that he assisted in producing the fake badge for another person. OIG investigated this case with the FBI, with assistance from FAA and the Miami-Dade Aviation Department.

In a case initiated prior to September 11, 12 arrest warrants were issued against non-U.S. citizens who attempted to obtain security badges at Miami International Airport. All of the workers have pleaded guilty; 10 are being processed for deportation, one is awaiting an INS appeal, and the other is a resident alien. The 12 undocumented foreign nationals were charged with using false Social Security cards and/or INS registration cards to obtain security passes necessary to gain admittance to secure areas at the airport, including the airport tarmac ramp and baggage areas. U.S. Customs Service officials detected the falsifications when the defendants applied for badges to gain access to Customs secure areas.

Sentencing in Long Island Motor Fuel Tax Evasion Scheme

JANUARY 4

David Guido, former owner and operator of Omni Petroleum Trading Corp., West Hurley, NY, was sentenced to 5 years' probation by a U.S. District Court judge in Central Islip, NY, for his role in a motor fuel tax evasion scheme. Guido is one of 15 defendants who pleaded guilty in May 1994 to criminal charges for evading payment of more than \$34 million in gasoline excise taxes over a 3-year period. The defendants facilitated a series of sham gasoline transfers in order to conceal their tax liability. Federal excise taxes provide revenue for the Highway Trust Fund. Guido is the latest defendant to be sentenced as a result of investigations conducted by the Long Island Motor Fuel Task Force. Three defendants remain at large. The task force comprises the OIG, Department of Justice, IRS, FBI, and New York State Department of Taxation and Finance.

Counterfeit Aircraft Parts Dealer Ordered Jailed for 56 Months

JANUARY 9

Bo Baker, president and owner of 3D Industries, Dallas, TX, was sentenced to 56 months in prison and ordered to pay \$198,268 in restitution by a U.S. District Court judge in Dallas, for misrepresenting counterfeit aircraft parts as approved parts. Baker told the FAA that inner combustion shells for Lear Jets were shipped directly to 3D by the authorized manufacturer, General Electric Engine Services, when in fact, they were fakes. Failure of a combustion shell could result in crumbling shell pieces falling into the turbine, which could cause engine failure. Baker pleaded guilty in August 1999. While she was waiting for a report date to prison, she was arrested again on January 17 in another scheme (see page 20). A second defendant, Richard M. Teubner is scheduled for sentencing on April 19, 2002. OIG investigated this case with the FBI. FAA's Dallas Flight Standards District Office assisted in the investigation.

DOT Consolidated Financial Statements

In FY 2001, with an operating budget totaling \$62 billion, the Department made significant progress to overcome major obstacles in its financial information and reporting systems to earn its “clean” audit opinion. Improvements in FAA’s property-accounting system were the major step in achieving the improved rating. The Department received a qualified opinion on its FY 2000 statements, primarily due to weaknesses in accounting over FAA property and equipment. This was the second time in the past 3 years that OIG was able to issue a clean opinion on the Department’s financial statements.



We also gave FAA and the Highway Trust Fund (HTF) unqualified, or “clean,” audit opinions on their FY 2001 statements. Our annual audits of the consolidated financial statements for the Department, FAA, and HTF were issued on February 26 and 27, showing how the three entities spend and account for their funds.

Our audit also revealed a dramatic drop in FY 2001 revenues to the HTF and the Airport and Airway Trust Fund as a result of high gasoline prices, a sluggish economy, and the September 11 attacks. The health of the HTF has a direct impact on future projects, so DOT and the states will need to make significant adjustments to planned projects for FY 2003 unless legislative action is taken. In addition, there are similar repercussions affecting the Airport and Airway Trust Fund, with the result that FAA will require much larger contributions from the General Fund than in past years.

For DOT, FAA, and the HTF, we identified several issues involving internal control weaknesses and compliance with laws and regulations. While important, the issues did not affect our audit opinion.

The Department’s audit also included the results of a study of the actuarial model the U.S. Coast Guard uses to estimate its liabilities for pay and medical benefits to retired employees. The Hay Group, which conducted the study for us, concluded the methodology used to calculate the liabilities and annual actuarial activity was reasonable and reliable.

Finally, the Saint Lawrence Seaway Development Corporation’s financial statements for FY 2001 also received a “clean” opinion. We reviewed the audit work performed by Daniel Eke and Associates, P.C., of Silver Spring, MD, and determined it complied with applicable standards.

Our annual audits of the consolidated financial statements are required by the Chief Financial Officers Act of 1990. The audits include reviews of consolidated balance sheets, statements of net cost, statements of changes in net position, and combined statements of budgetary resources and statements of financing. Starting with FY 2001, the Office of Management and Budget is requiring comparative financial statements that cover 2 years.

Status Assessment of FAA's Cost-Accounting System

JANUARY 10

As required by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, we reported to Congress on our second annual assessment of the status of FAA's cost-accounting system. While FAA continues to progress in developing an effective cost-accounting system, we recommended that the agency (1) revise the date for fully functional cost-accounting and labor distribution systems to allow for their integration with "Delphi," the Department's new financial management system; (2) establish financial and performance measures, using benchmarks to determine progress and performing analyses to highlight areas for increased efficiency and cost savings; (3) modify the cost-accounting system to distribute headquarters administrative overhead costs using a total cost base; and (4) prepare a comprehensive handbook of its cost-accounting procedures and internal controls. FAA agreed with our recommendations.

Departmental Oversight for Transportation of Nuclear Waste

JANUARY 10

We found DOT must take steps to be fully prepared as the Department of Energy (DOE) ramps up its program for transferring nuclear waste from temporary to permanent storage. We recommended that DOT (1) designate a focal point to timely and effectively address budget, resource, regulatory, coordination, infrastructure, routing, environmental, and safety issues that may arise with increased shipments of nuclear waste, and (2) establish and maintain senior-level coordination with DOE regarding transportation of nuclear waste. DOT agreed with the recommendations.

Trucking Company and Owner Convicted of Illegal Dumping

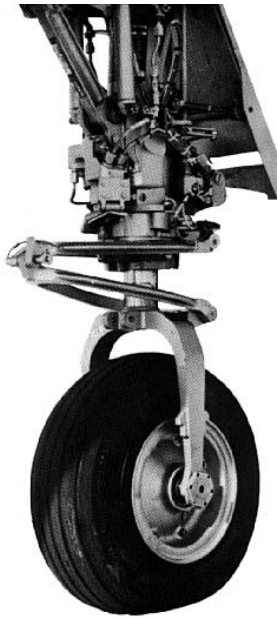
JANUARY 14

Emi-Sar Trucking & Equipment, Inc., of Pahokee, FL, and its owner Emilio A. Perez were convicted by a jury in U.S. District Court in West Palm Beach, FL, on three felony counts of illegally discharging wastes into 17 acres of protected wetlands in violation of the Clean Water Act and

causing damage to land belonging to the Army Corps of Engineers next to Lake Okeechobee. Some of the waste was hazardous material. OIG investigated the case with EPA's Criminal Investigations Division, the U.S. Army Corps of Engineers, and the Palm Beach Sheriff's Office.

FAA Repair Station and Its Manager Fined \$250,000

JANUARY 16



Airplane landing gear.

Ozone Industries, Inc., an FAA-certificated overhaul and repair station in East Lyme, CT, and Richard Critelli, its former station manager, were fined by a U.S. District Court judge in New Haven, CT, for failing to perform required checks on aircraft landing gear. Ozone was ordered to pay approximately \$150,000 in fines and Critelli \$100,000 in fines. Ozone and Critelli pleaded guilty in October 2001 that between 1995 and 1999 they failed to perform required compression checks on the strut portion of commuter aircraft landing gear, and failed to maintain the proper paperwork and produce it for the FAA, although they reported they had. In a related administrative proceeding before FAA, Ozone was required to pay a \$47,000 civil penalty.

Repair Station Owner Pleads Guilty to Making Illegal Repairs on Military Planes

JANUARY 17

John J. Dimattei, owner of Mohawk Aviation, Ft. Lauderdale, FL, pleaded guilty in U.S. District Court in West Palm Beach, FL, to charges of falsifying documents involving repairs to military aircraft. A designated engineering representative overseen by FAA, Dimattei falsely portrayed Mohawk as an FAA-certified repair station and completed repairs to FMS 800 switching units on military aircraft. In fact, Mohawk was not a certified repair station and was not authorized to do the repairs. The switching units allow upgrades to the aircrafts' flight management system, including the global positioning satellite system and its navigation capabilities. Sentencing has not been scheduled. OIG investigated this case with DCIS.

Convicted Aircraft Parts Distributor Arrested Again in \$1 Million Counterfeit Scheme Before Reporting to Prison

JANUARY 17

Bo Baker, president and owner of 3D Industries, Dallas, TX, was arrested in Ft. Worth, TX, on charges of attempting to sell more than \$1 million in counterfeit aircraft parts to three Houston investors. Baker had previously been sentenced to 56 months in prison on January 9, 2002, and ordered to pay \$198,268 in restitution by a U.S. District Court judge in Dallas for selling counterfeit aircraft parts. She was waiting for a report date to prison when OIG learned she had engaged in this latest scheme. Baker was subsequently arrested by OIG agents.

Former Avionics Technician Sentenced for Selling Fraudulent Parts

JANUARY 22

Former avionics technician Stephen M. Walker of Windsor, CA, was sentenced by a U.S. District Court judge in Oakland, CA, for selling aircraft parts with fraudulent Airworthiness Approval Tags to unsuspecting customers over eBay, the web auction site. A search of Walker's residence found unapproved aircraft parts, the fraudulent tags, and e-mail correspondence between Walker and the victims. The parts were recovered before they were installed in a plane. Because he was a first-time offender and cooperated in the case, Walker was sentenced to 1 month of home confinement, 2 years' probation, and a \$700 fine. OIG investigated the case jointly with the FBI.

Project Management Oversight Reports on Status of Major Transit Capital Projects

JANUARY 23

This summary provides key status information, including outstanding issues, for all major transit capital projects receiving FTA funding. It includes baseline and current cost, schedule, and funding information and describes outstanding procurement, technical, budget, and legal issues that could affect each project. OIG prepared the summary because, by providing a snapshot of the current status of each project, it provides useful comparative information that the Secretary, Congress, and senior FTA executives can use to monitor the progress of major

projects. We recommended that FTA prepare this summary monthly to help busy executives routinely review key information on all projects and quickly focus on those requiring their attention or action.

IG Testifies Twice on Implementation of the Aviation and Transportation Security Act

JANUARY 23 AND FEBRUARY 5



The IG testified on two occasions regarding key issues facing the Transportation Security Administration in implementing the Aviation and Transportation Security Act—on January 23 before the House Transportation and Infrastructure Aviation Subcommittee and on February 5 before the Senate Committee on Commerce, Science, and Transportation. The IG said the agency is making progress but faces significant challenges in the following areas: installing explosives detection systems to screen all checked baggage; hiring and training a workforce; and meeting financing requirements of the act.

Airport Security Company Pleads Guilty to Security Violations

JANUARY 23

Garrison Protective Services, Inc., a New York corporation, pleaded guilty in U.S. District Court in Miami, FL, to falsely certifying from June 1, 1997 through July 31, 1998 that it had completed background checks on employees working in security positions at Miami International Airport. Garrison hired more than 100 airport security screeners and cargo handlers without completing the FAA-required verification of employment and criminal history checks. Sentencing has not been scheduled. OIG investigated this case with the Miami-Dade Aviation Department and was assisted by the FAA.

Defendant Jailed for Operating a Chop Shop

JANUARY 25

Keith Elden Helms, Seattle, WA, owner of Pac Auto Sales, was ordered by a U.S. District Court judge in Seattle to repay \$286,372 and serve 9 months in jail for operating a "chop shop," in which he purchased stolen motor vehicles and parts, switched the vehicles' identification numbers, and shipped the stolen goods across state lines. Helms is the last of seven defendants charged with criminal violations as a result of a task force established to investigate and prosecute individuals involved in interstate transportation of stolen vehicles and stolen property, mail fraud, and other Federal and state violations. The task force consisted of agents from OIG, FBI, Coast Guard Investigative Service, INS, and Washington State Patrol.

Former FAA Employee Pleads Guilty to Submitting More Than \$74,000 in Fake Purchase Orders

JANUARY 28

David L. Abrass, a former FAA environmental technician, pleaded guilty in U.S. District Court, in Seattle, WA, to submitting false invoices to the FAA totaling more than \$74,000, including using his Government credit card to buy almost \$17,000 in software for his personal business, Mindpower Networks. Abrass resigned in December 1999, prior to initiation of the investigation.

Coast Guard's National Distress and Response System Modernization Project

FEBRUARY 4

FEBRUARY 24, 2002 BOSTON SU

The Coast Guard's 'mayday'

Funds are sought to ensure reception of distress calls

By Jim Geraghty

WASHINGTON — In what it calls the "dead zones" of the sea, the Coast Guard cannot hear "mayday" cries for help. It wants more than a half-billion dollars to address the problem.

The Coast Guard is asking Congress for \$90 million this year as the first part of a \$580 million multiyear project to upgrade equipment that dates to the 1960s. The goal is to eliminate these dead zones, offshore areas where the Coast Guard cannot hear mayday radio signals.

The Transportation Department's inspector general, Kenneth M. Meind, has voiced concern that the proposed replacement system may not patch all of the holes in the system. Under the Coast Guard's plan, New England's six dead zones would not be tack-

Radio gaps

There were at least six gaps in "mayday" coverage off New England as of September 2001.

- Boston
- East of Eversole 17 square nautical miles
- Woods Hole 19 square nautical miles
- East of Chatham 19 square nautical miles
- South of Sparbrocket 25 square nautical miles
- South of New Shoreham 28 square nautical miles
- Southwest Harbor, Maine
- Bar Harbor 34 square nautical miles
- Calais 387 square nautical miles

Currently, Coast Guard vessels

Coast Guard reduced or eliminated capabilities in the revised system that it initially considered essential," Meind said. "The revised system will still contain gaps in communication coverage."

The Coast Guard will not be able to further determine the number, size, and location of the gaps until a contractor's system is selected. The decision is expected in May.

Under the Coast Guard's proposed schedule for installing new equipment, work at the four New England stations — Southwest Harbor, Portland, Boston, and Woods Hole — would be completed in 2005.

The Coast Guard is facing a cash crunch as the fleet tackles increased port safety and security measures following Sept. 11, in addition to its usual duties of drug interdiction, fisheries enforcement, and immigration law enforcement.

bouters can hear you, and one of them is going to reach us. If you use a cellular, the only one who can hear you is the one you're trying to call."

The National Distress and Response System (NDS) is more than 30 years old and has many deficiencies, including more than 88 communication gaps totaling 21,490 square nautical miles along the U.S. coastline where the Coast Guard cannot hear mariners. Our audit found that plans to deploy a modernized NDS by 2006 which eliminates current deficiencies may be jeopardized because the Coast Guard revised system specifications to lower costs from an estimated \$1 billion to \$580 million. While capabilities under the revised system will exceed those of the existing NDS, Coast Guard eliminated or

reduced capabilities it originally considered essential. For example, the revised system will still contain gaps in communication coverage and will not pinpoint the location of a mariner in distress. These capabilities may have to be added at some point in the future. We recommended that Coast Guard develop a final NDS acquisition plan that contains estimates for lost capabilities and obtain the Department's approval before obligating any funds for the procurement contract in the fourth quarter of FY 2002.

Dulles Airport Passenger Fined \$1,000 for Concealing Knife

FEBRUARY 5

Thomas W. Brown, of Sterling, VA, was sentenced in U.S. District Court in Alexandria, VA, to a \$1,000 fine and 1 year's probation for attempting to board an aircraft with a concealed knife and violating security procedures at Dulles International Airport. Brown was arrested on October 13 by an OIG special agent who was monitoring security checkpoints at Dulles in response to Secretary Mineta's Zero-Tolerance Policy for aviation security lapses. Brown pleaded guilty on November 14 to the criminal charges. During probation, he is not allowed to possess any dangerous weapons.

Former FAA Employee Convicted of Lying on his Airman's Medical Exams

FEBRUARY 6

David J. Kuraner, of Haymarket, VA, a former FAA electronics engineer, was convicted in U.S. District Court, in Alexandria, VA, for falsely stating on his airman's medical examinations in 1996, 1998, and 2000 that he had no health problems. In fact, he suffered from a problem that would have disqualified him from flying. Prior to the investigation, the FAA administratively removed Kuraner from his position in September 2000 because he failed to report for work.

Contractor Guilty of Making False Statements on Payrolls for Federal Highway Projects

FEBRUARY 6

Steve Salke, owner and president of Aztec Landscape Engineering, in Woodland Hills, CA, pleaded guilty in U.S. District Court, in Los Angeles, CA, to making false statements on certified payrolls for federally funded highway projects, in violation of the Davis-Bacon Act. Salke, who was awarded Federal highway landscaping contracts in California worth more than \$2 million, was required under the act to pay his employees the prevailing wage, as determined by the Department of Labor. Salke paid his employees the correct amount by check, but then demanded they return two-thirds of their wages to him. Salke signed and sent certified payrolls to the State of California DOT certifying that he paid his employees at the prevailing rate. OIG investigated this case with the Department of Labor OIG and the FBI.

Student Pilot Sentenced for Flying Without ATC Clearance

FEBRUARY 6

Gary James Gottfried, a former student pilot, was sentenced by a U.S. District Court judge in Billings, MT, for creating a safety hazard when he piloted his unregistered Cessna into Class C airspace over Billings Logan International Airport in Montana without clearance from the air traffic control tower. Class C airspace is controlled airspace around an airport that requires use of a specific transponder and two-way communication with the control tower. Gottfried, who took off from Chester, MT, was flying with an expired student pilot's certificate. Gottfried was given pretrial diversion, which defers his prosecution for a year. During this period, he cannot pilot an aircraft and must enter a drug and alcohol program, since he was in possession of illegal drugs when arrested. OIG investigated this case with FAA's assistance.

FHWA Contractor Pleads Guilty to Bribery of State Inspector

FEBRUARY 8

Abotorob Rafi, president of Merit Contractors, Fairfax, VA, pleaded guilty to charges of attempting to bribe a state inspector on a federally

funded road improvement project and was sentenced by a U.S. District Court judge to a year in jail and a \$3,000 fine. Rafi was to pay the inspector \$1,850 in exchange for approving \$19,194 worth of work that had not been performed, in connection with the road work under a Virginia Department of Transportation contract.

Coast Guard Employee Pleads Guilty to Embezzlement Charge

FEBRUARY 8

Yolanda Davis, a civilian clerk employed by the U.S. Coast Guard, pleaded guilty to one count of embezzlement in U.S. District Court in Manhattan, NY. Davis admitted to stealing at least \$70,000 in fees paid to the Coast Guard for merchant mariner licenses. Davis, while working at the Coast Guard's Regional Examination Center, repeatedly kept fees tendered to her in cash by license applicants, rather than turning the payments over to the office's cashier. Davis has been suspended from her job pending further action by the Coast Guard. She will be sentenced in June. This was a joint investigation by OIG and the U.S. Coast Guard.

Airman Convicted of Obstruction of Accident Investigation

FEBRUARY 11

Terry Hoard was convicted in U.S. District Court, Portland, OR, for obstructing Federal proceedings and lying to the FAA, in connection with an FAA investigation of an aircraft accident at Portland International Airport. Hoard, who was the pilot-in-command of the twin-engine jet involved in the accident, told FAA investigators that Sam Schnall was acting as the second pilot for the aircraft. In fact there was no second-in-command, as required. Hoard then asked Schnall to confirm his story when questioned, even though Schnall was not on board at the time of the accident. Hoard also lied to investigators when he said the cause of the accident was due to an engine failure during the take-off roll, when he knew that he had intentionally attempted to take off with only one engine. Hoard was fined \$1,000 and ordered to pay \$475 in restitution. He was also ordered to surrender his airman's certificate and cannot seek to renew it during the term of probation. This case was investigated by OIG, with assistance from FAA.

Airline Employee Pleads Guilty to Stealing American Eagle Aircraft Parts

FEBRUARY 12



One of the stolen aircraft parts seized by OIG special agents.

Alvin Randolph, an American Eagle airline employee at the Columbus, OH, airport pleaded guilty in U.S. District Court in Columbus to violating the Suspected Unapproved Parts law and Federal firearms charges. Randolph was arrested by special agents of OIG and the Bureau of Alcohol, Tobacco, and Firearms after selling numerous stolen aircraft parts to an undercover agent in exchange for cash and machine guns. Randolph claimed to an undercover agent that he could obtain a variety of stolen aircraft parts along with documents falsely certifying the parts met the highest quality standards. False statements regarding the origin of aircraft parts are a longstanding problem in the aviation industry and a significant threat to aviation safety. One of the items sold was a cockpit/cargo key stolen by Randolph, which reportedly would work on all American Airlines aircraft, posing a significant risk to aviation security. No sentencing date has been set.

THE HIAWATHA LINE



Hiawatha Corridor Light Rail Transit Project

FEBRUARY 12

We released our audit of the status, cost, and completion schedule of the Hiawatha Corridor Light Rail Transit Project in Minneapolis, MN. We found that the project, which was about 30 percent complete, was on schedule and within budget and had not encountered any significant construction problems. We also identified several issues that could affect the project. Responding to a draft of our report, FTA and the Metropolitan Council of Minneapolis-St. Paul, the Federal grantee, agreed to:

- Adopt a cash flow management plan to ensure funds would be available to cover costs;
- Establish a task force to closely monitor project schedules; and
- Closely monitor factors affecting operations and maintenance activities and develop a plan to fully fund reserves.

Implementing the TREAD Act

In the wake of 103 deaths and over 400 injuries associated with tread separations on Firestone tires, Congress passed the TREAD Act. Among its provisions, the act established early warning reporting requirements for vehicle manufacturers so the National Highway Traffic Safety Administration (NHTSA) is aware of potential defects as soon as possible. In hearings on the Firestone tire problem before the act was passed in October 2000, Congress questioned why NHTSA, Firestone, and Ford did not act sooner to prevent the deaths and injuries associated with the defective tires. Congress found that NHTSA had insufficient data regarding the problems with Firestone tires and did not use data it already had to spot trends related to tire failures.

At the request of Senator John McCain, Ranking Member of the Senate Committee on Commerce, Science, and Transportation, we initiated an audit concerning NHTSA's implementation of the act. In our audit report, released in January 2002, we focused recommendations on ensuring timely completion of the act's requirements and improving NHTSA's operations. More specifically, our recommendations advised NHTSA to adhere to rulemaking deadlines, improve the process for identifying potential defects and opening investigations, improve the quantity and quality of data on potential defects, and mitigate the risks associated with developing a new defect information system. We reiterated our concerns and recommendations in testimony before the House Committee on Energy and Commerce Subcommittee on February 28.

Last December, NHTSA submitted a required report to Congress on the status of implementation of the law. Because only 3 of the 15 required rulemakings were complete, we recommended that NHTSA begin reporting to Congress on a routine basis the milestone dates, budget estimates, and actions required to complete the TREAD Act rules.

In our audit, we found instances where NHTSA did not open an investigation even though the circumstances—number of complaints, period of time, alleged defect, and potential consequences—were similar to those where investigations had been opened. We also found that only one or two NHTSA staff decided whether or not to open an investigation, the basis for their decisions to not open investigations was not readily apparent, and there was no documentation to support these decisions. As a result, we recommended that NHTSA establish a peer review panel to ensure that data used to identify potential defects are thoroughly analyzed and that investigations are opened and prioritized in a consistent manner. NHTSA agreed with this recommendation and has already begun using a panel to determine whether potential defects should be investigated.

The success of the TREAD Act ultimately depends on the quality and usefulness of the early warning data and the capacity of the new system to process the high volume of data generated by early warning requirements. Two factors currently hamper NHTSA's ability to successfully implement a new defect information system: (1) the quality of the data in the current defect database and (2) the risks associated with NHTSA's systems development efforts.

continued

Highway Safety Agency Faulted on Probes

Internal Study Calls NHTSA System for Collecting Data 'Seriously Flawed'

CAROLINE E. MATTA
Washington Post Staff Writer

Federal highway safety regulators need to make major improvements in detecting and analyzing data about potential auto defects to avoid another debacle like the Firestone tire episode, the Transportation Department's internal watchdog unit said Tuesday.

A report by the department inspector general's office faulted the national Highway Traffic Safety Administration for using what it called a "seriously flawed system" of incomplete and often inaccurate data in deciding whether to open an investigation. Hundreds of people were killed and injured before 10 million Firestone tires were recalled starting in August 2000.

The report also questioned whether the agency is equipped to carry out a new law passed in response to a Firestone recall. The report said NHTSA "still faces several challenges in fully implementing the new law and improving its ability to identify potential safety defects."

It noted, for example, that the agency's Office of Defects Investigation (ODI)—which launches investigations that can lead to safety recalls—receives about 34,000 complaints a year, but auto manufacturers, and it requires manufacturers to pass consumer complaints on to the agency.

NHTSA Administrator Jeffrey W. Runge defended the agency's past actions. "We believe that the process currently used by the ODI to identify potential safety defects . . . (has) worked well," he wrote to the inspector general. "We do believe that very few, if any significant safety defects have escaped detection."

Runge's comments drew a sharp dissent from the inspector general's office. "We strongly disagree with this statement," the report said. "The Firestone tire incident . . . and the case examples in our report clearly illustrate that ODI's process and procedures need major improvements."

The report echoes criticism safety advocates have made for years about weaknesses at NHTSA. Clarence M. Dilow, executive director of the Center for Auto Safety, said the report "shows the ODI program over the years has been at best, haphazard." He added: "We're glad someone looked under the hood, and we need continued oversight to bring NHTSA up to speed on auto defects."

The year-long review was requested by Sen. John McCain (R-Ariz.), the ranking minority member of the Senate Commerce Committee, which held hearings on the Firestone

Washington Post, January 10, 2002

Implementing the TREAD Act (continued)

We found NHTSA's contract with the Volpe National Transportation Systems Center to replace its current database with the new system by the fall 2002 was significantly at risk of not meeting quality, cost, and schedule goals. While NHTSA describes its new information system effort as one of acquiring commercial off-the-shelf software, the software will require modifications and involve systems development work.

In response to our report, NHTSA has obtained the services of an independent entity to validate and verify the progress of the system development contractor, reduce development risk, and advise NHTSA of its findings. NHTSA also intends to review and edit the data in the defect database for accuracy and completeness before transferring it to the new information system. The key will be effective implementation and follow-through on both efforts.

IG Testifies on DOT FY 2003 Budget Before House Transportation Appropriations Subcommittee

FEBRUARY 13

The IG testified before the House Appropriations Subcommittee on Transportation regarding the Department's fiscal year 2003 budget. His testimony focused on responding to the events of September 11 and other departmental issues, including supporting the nation's aviation system, deciding the future of intercity rail passenger service, improving motor carrier and vehicle safety, balancing Coast Guard's missions and budget requirements, and improving the Department's stewardship and accountability over Federal funds.

Deputy Assistant IG Testifies on Pipeline Safety Program

FEBRUARY 13

The Deputy Assistant IG for Competition, Economic, Rail, & Special Programs testified before the House Transportation Subcommittee on Highways and Transit regarding reauthorization of the pipeline safety program. He addressed six issues where the Research and Special Programs Administration, the agency with jurisdiction over pipelines, faces additional work: (1)



unfulfilled, long-overdue congressional mandates on "integrity management" of natural gas transmission pipelines and mapping of the pipeline system; (2) the need to expand safety research and development to detect certain pipeline defects before failures occur; (3) incomplete improvements in pipeline accident data collection and analysis; (4) pipeline inspectors who have not been trained in using internal inspection devices and interpreting test results; (5) completing baseline inspections by 2008 for all hazardous liquid and natural gas transmission pipelines; and (6) need to develop actions plans for security roles among agencies.

Three Arrested Under Racketeering Law in Household Moving Scheme

FEBRUARY 13

Moving Company Owners Accused of Racketeering

Suspects allegedly held customers' furniture as ransom

By Herbert Lowe

STAFF WRITER

The owners of five unlicensed moving companies in Richmond Hill were arrested yesterday and hit with racketeering charges, accusing them of taking advantage of customers by holding their furniture for ransom.

The companies stole hundreds of thousands of dollars from more than 60 customers by demanding large cash payments to complete moves nationwide, authorities said.

When customers refused to pay, the movers drove away with their belongings, kept them in locked storage and refused to release them without additional cash payments, according to investigators.

The companies baited customers with "low-ball" estimates and then on moving day demanded cash payments between \$2,000 and \$5,000, they said.

"Moving one's belongings is never a pleasurable experience for anyone," Queens District Attorney Richard Brown said at a news conference. "But for many customers of these defendants, it turned into an absolute nightmare."

Authorities found more than \$500,000 worth of property in the companies' warehouse at 131-11 Atlantic Ave., but it was unclear how much of the property was being held hostage.

Dubbed "Operation Moving Day," the probe may be the first in which moving firms and their owners were charged with racketeering under the state's organized crime laws, Brown said.

The defendants, who were awaiting arraignment last night, are Daniel Mantoza, 37, and his wife, Ronit Mantoza, 35, both Israeli immigrants, of 148-47 67th Road, Flushing; and Morad Alfar, 32, of 196-36 50th Ave., Fresh Meadows.

They were charged with enterprise corruption, grand larceny, criminal possession of stolen property and other offenses and, if convicted, face up to 25 years in prison.

The probe started in September after police and the state Department of Transportation began looking into complaints involving the moving companies.

Investigators found the five companies — Allstate Moving and Storage, On Budget Van Lines, Eilid Moving and Storage, Online Moving and Storage and In & Out Moving and Storage — all operated from Atlantic Avenue, Brown said.

The multiple corporate identities allowed the defendants to mislead customers about service complaints and protected them against claims or judgments, Brown said.

Ramon Fernandez said he and his wife hired the defendants to move their belongings from Bayside to North Carolina in September. On moving day, however, the defendants refused to make delivery unless the couple first paid the \$3,800 balance in cash, money he had to borrow, Fernandez said yesterday.

"It was a terrible experience," Fernandez said from the temporary apartment in Queens, where he and his wife are staying. "I'm very happy that they [the authorities] got to them."



Newsday Photos/Alan Rife
From top, Alfar, Daniel Mantoza and Ronit Mantoza

Newsday, February 13, 2002

The owners of five New York moving companies were arrested on charges of racketeering, grand larceny, criminal possession of stolen property, and other offenses after they allegedly repeatedly lured customers with "low ball" moving estimates, only to hold their household goods hostage unless an additional payment was made in cash. In scores of instances, these demands allegedly raised moving costs by several thousand dollars more than estimated. Those charged were Daniel Mantoza, his wife Ronit Mantoza, and Morad Alfar, of Queens, NY, who controlled On Budget Van Lines, Eilid Moving and Storage, and other companies in Deer Park, NY. The investigation, known as "Operation Moving Day," employed New York's Organized Crime Control Act against the owners of moving companies. This investigation was performed by a task force consisting of the OIG, NYPD, the Queens County District Attorney's Office, and New York State DOT, with assistance from the Federal Motor Carrier Safety Administration (FMCSA).

Federal Highway Contractor and Its President Sentenced for Bribery

FEBRUARY 13

C&F Construction Company, Landover, MD, and its president, Florentino Gregorio, were sentenced in U.S. District Court in Washington, DC, after pleading guilty to bribery charges in multiple schemes to defraud the District of Columbia under an FHWA-funded highway paving contract. In a deal with C&F, a District of Columbia public works inspector who oversaw C&F's work inflated costs more than \$70,000 by falsifying paperwork and accepting false paperwork from C&F for concrete that was never laid. Another scheme involved C&F's purchasing more than \$10,000 worth of landscaping equipment for the inspector's side business and then receiving a kickback for the sum from the inflated job costs. The judge ordered Gregorio to pay \$41,000 in restitution and placed the company on probation for 1 year. The companies are subject to debarment. Gregorio and C&F pleaded guilty on December 7, 2001. This investigation was conducted by OIG and the FBI, with assistance from FHWA.

Supervisor Pleads Guilty to Forcing Subordinates to Lie for SIDA Badges

FEBRUARY 14

Wesley Rose, a former station manager for Miami Aircraft Support, Inc., an airline cargo loader based in Miami, FL, pleaded guilty to directing employees to falsify their applications for Security Identification Display Area (SIDA) badges at the Sacramento, CA, International Airport. At Rose's direction, employees indicated on their applications that the required verification and background checks had been completed, even though they had not. Rose also ordered the employees to provide the falsified applications to FAA. Investigators found the company did not verify employment history or conduct background investigations on new employees before they applied for SIDA badges. This is an ongoing case, which is being investigated by the OIG and TSA. No sentencing date has been set.

IG Testifies Twice on Coast Guard Budget and Management Issues

FEBRUARY 14 AND MARCH 19

In two congressional testimonies, the IG identified the need to balance Coast Guard's missions and budget needs in light of September 11 as one of the top ten management challenges facing the Department. Testifying before the Senate Appropriations Subcommittee on Transportation on February 14 and the Senate Commerce Subcommittee on Oceans, Atmosphere, and Fisheries on March 19, the IG addressed Coast Guard's efforts to balance enhanced port security requirements with other missions, resolve serious weaknesses in the Search and Rescue Program, overhaul the National Distress and Response System for mariners, and launch the Deepwater Project, which represents the largest acquisition in Coast Guard history.

Woman Pleads Guilty to Embezzling \$138,250 from FAA

FEBRUARY 20

Sharon E. Alston, of Greensboro, NC, pleaded guilty in U.S. District Court in Washington, DC, to embezzling more than \$138,250 from the FAA in a contract conspiracy-kickback scheme involving a former FAA contracting officer. Alston's company, Alston Enterprises, was awarded a \$138,250 contract for computer equipment based on false documentation allegedly submitted by her co-conspirator, the former FAA employee. False invoices authorized FAA's payment to Alston's company, even though Alston never ordered or delivered the equipment. After depositing the \$138,250 check, Alston kicked back \$64,000 to the co-conspirator and spent \$41,000 herself on a new Ford Expedition. OIG is working with the FBI on this ongoing case.

SIDA Badge Investigations

Since September 11, OIG special agents have conducted joint investigations with INS, the Social Security Administration OIG, and several Federal, state, and local law enforcement agencies to identify airport employees who illegally obtained airport badges giving them access to secure areas of airports. These cases involved checking employees' immigration records, verifying Social Security numbers, and reviewing criminal histories. At the end of the reporting period, 244 people had been charged at eight airports.

Many of those charged and arrested allegedly gave false information to obtain employment that requires SIDA (Security Identification Display Area) badges, which allow access to secure areas of the airport. The charges generally included making false statements, using fraudulent Social Security numbers, and using false alien registration information. The workers were employed primarily by private

companies that provide services at airports such as food services, aircraft fueling, baggage handling, cleaning and housekeeping inside the airport and on airplanes, and ground crew operations.

Arrests Made October 1, 2001–March 31, 2002

- Salt Lake City Airport, UT, 69 arrested on December 11; to date 19 have pleaded guilty, 19 awaiting trial, 18 cases have been dismissed, and 13 are at large.
- Portland International Airport, OR, 30 arrested on December 21; to date 9 charged, 22 deported.
- Sea-Tac Airport, Seattle, WA, 20 arrested on January 18; all to be deported. On February 5, two additional employees who once worked at the airport were arrested; they have since been deported to their native countries.
- Charlotte-Douglas International Airport, NC, 66 charged, 49 arrested on March 8.
- McCarran International Airport, Las Vegas, NV, 27 indicted on February 6; to date, 19 arrested and 4 have turned themselves in.
- Logan International Airport, Boston, MA, 20 charged on February 28, 19 arrested so far.
- Hartsfield International Airport, Atlanta, GA, 5 arrested on February 20; all 5 remain in custody.
- Sacramento, CA, International Airport, 1 pleaded guilty on February 14 to directing employees at the airport to falsify their SIDA badge applications. Another was charged on March 8, and a third was ordered jailed on March 5.

Salt Lake Tribune, December 12, 2001



At a news conference Tuesday, U.S. Attorney Paul Warner announces the arrests of 69 people at Salt Lake City International Airport. At left are Tim Campbell, Salt Lake City airports director, and Mayor Rocky Anderson.

Three Operators of Household Moving Companies Arrested in Extortion Scheme

FEBRUARY 20

Three men who head four Brooklyn, NY, moving companies were arrested on conspiracy charges based on allegations that they repeatedly lured customers with artificially low moving estimates, only to threaten to hold their household goods hostage until large additional payments were made. Those charged were Avinoam Damti, Barry Minsky, and Ofer Yosef, all residents of the New York metropolitan area, who allegedly head On-Time Van Lines Moving and Storage, Newstart Moving Inc., Starving Students Moving and Storage, and Official Moving and Storage. The investigation also disclosed web sites the defendants allegedly used to attract customers, including flatpricemove.com, goodmovers.com, interstatemoving.com, newstartmoving.com, and officialmoving.com. The investigation was conducted by OIG and the FBI, with assistance from FMCSA.

Status Report on FAA's Major Acquisition Projects

FEBRUARY 22

We issued a status report covering 20 major FAA projects, including development of satellite navigation systems; replacing air traffic controller displays at facilities that serve large hub airports; and acquiring new technologies to prevent accidents on crowded runways. Our work shows FAA has made progress with a number of acquisitions, including Free Flight Phase 1, which has introduced new automated controller tools.

However, cost and schedule problems persist and several programs bear watching. Among these are the (1) Wide Area Augmentation System, a new satellite navigation system; (2) Standard Terminal Automation Replacement System; (3) Automatic Dependent Surveillance-Broadcast, a key Free Flight technology that can help pilots land in bad weather and help prevent runway accidents; and (4) Operational and Supportability Implementation System, which provides weather and flight planning information to general aviation pilots.

Supplier Attempting to Sell Aviation Parts Overseas Pleads Guilty to Violating Arms Export Control Act

FEBRUARY 27

Gunter Kohlke, owner of Aircraft Components, Zurich, Switzerland, pleaded guilty in U.S. District Court in New York, NY, to violating the Arms Export Control Act when he attempted to sell military helicopter shafts to a buyer in Iran. A middleman, Kohlke purchased substandard military helicopter parts from Mike Turner, president of Air Technology, in Naples, FL, and attempted to resell them, advertising the rebuilt parts as factory-new. When the buyer wouldn't accept them because they failed to pass inspection, Kohlke complained to an OIG special agent that Turner sold him substandard aviation parts. In the plea agreement, he agreed not to contest the forfeiture of \$107,000, the cost of the parts. OIG was aided in this investigation by the U.S. Customs Service.

Two Indicted for Falsifying Aircraft Logbooks Before Selling Planes

FEBRUARY 28

Christian E. Esquino, San Diego, CA, and Lance Z. Ricotta, San Marcos, CA, were arrested in Carlsbad, CA, on 38 counts of fraud for falsifying aircraft logbooks so that buyers would not know the actual operating hours and condition of the aircraft before purchase. Esquino and Ricotta bought aircraft from the Mexican government, falsified the aircraft logbooks to include engine maintenance and inspections, and sold the aircraft in the U.S. Esquino and Ricotta were charged with selling ten Cessna 310 aircraft, eight Cessna 210s, one Piper Cherokee, and one Jet Commander. Trial is scheduled for June 18. OIG, the FBI, and the Drug Enforcement Administration investigated the case, with assistance from the FAA.

FAA's Acquisition of Weather and Radar Processor

FEBRUARY 28

We reviewed FAA's progress with acquiring the Weather and Radar Processor (WARP), which will give meteorologists, air traffic managers, and air traffic controllers more accurate and reliable information to lessen the effects of bad weather. We found that FAA has experienced



significant problems managing the development and deployment of WARP on controller displays—mostly due to human factors and technical problems. We also found the program’s current cost baseline of \$276.8 million is not realistic and the schedule is at risk. Since we issued our report, FAA has resolved many of the technical issues and installed WARP at the first site. FAA still needs to resolve controller concerns and clearly define the maintenance strategy.

Subcontractor Fined for Bribing Former Miami-Dade Aviation Official to Keep Job

MARCH 4

Marilyn J. Parker, owner of Engineering and Construction Services, Miami, FL, was ordered by a U.S. District Court judge in Miami to repay \$145,000 to Miami-Dade County and was fined \$500 for bribing a Miami International Airport (MIA) official to continue her subcontract. Parker was solicited by Ricardo Mendez, a former assistant director with the Miami-Dade County Aviation Department, to provide computer simulations for a construction project at MIA. Parker then began paying bribes to Mendez and his wife, Mirta. Parker pleaded guilty on August 3, 2001. The Mendezes are awaiting trial, tentatively set for June 2002. OIG conducted the investigation jointly with the IRS Criminal Investigation Division, Florida State Attorney’s Office, and Miami-Dade Police Department.

Jury Finds Final Defendant Guilty in Major Contract Fraud Case

MARCH 8

In the largest contract fraud case in DOT history involving substandard construction products, Richard E. Wall, St. Louis, MO, regional sales manager for Inland Steel of Chicago, was convicted of mail fraud and conspiracy by a Federal jury in Baton Rouge, LA. The conviction ended a 5-year investigation into the substitution of substandard metal pipe on state and Federal highway construction projects in Louisiana from 1992 to 1997. Wall was found guilty of concealing the unapproved pipe from state and Federal inspectors and conspiring to falsely label the substandard steel so it looked like approved steel. The pipe is used in

culverts to carry runoff water under highways and roads. The lifespan of the unapproved pipe is estimated to be as brief as 20 years, compared with 70 years for the approved polymer-coated pipe. In January 2001, a \$30 million civil settlement was reached with Ispat-Inland Inc. (formerly Inland Steel of Chicago) and Contech Construction Products of Middletown, OH. A sentencing date for Wall and the other four defendants has not been set. OIG conducted this investigation jointly with the FBI and the civil fraud investigation staff of the U.S. Attorney's Office in Baton Rouge.

MARAD Fleet Superintendent Pleads Guilty to Accepting a Gratuity

MARCH 11

Former Beaumont Ready Reserve Fleet Superintendent Frederick P. Splinter pleaded guilty to billing a Maritime Administration (MARAD) contract for \$6,300 worth of electrical work done at his residence from an electrical contractor, Gold Crest Electric, Inc. The plea stemmed from a 20-count superseding indictment filed in November 2001 that charged Splinter with conspiracy, bribery, money laundering, false claims, and theft in connection with rigging bids and awarding MARAD contracts to favored contractors in exchange for cash bribes and construction work on his residence. As part of the plea agreement, Splinter will forfeit \$50,000 to avoid losing his residence. He also faces up to 2 years in prison and \$250,000 in fines and restitution. MARAD suspended Splinter without pay until his sentencing, which is scheduled in the summer of 2002. OIG conducted the investigation jointly with DCIS and the FBI.

Report Issued on October 2001 Finance Plan for Central Artery Project

MARCH 11



Overview of construction at the Central Artery/Tunnel Project in Boston.

We reviewed the October 2001 Finance Plan for the Central Artery/Tunnel Project, in Boston, MA. We found that presentations of cost, funding, schedule, cash flow, and other factors have improved over previous finance plans and generally meet FHWA's guidance. Overall, we found that, in the last 2 years, senior management has improved the project's financial management and

reporting. However, we found several material items related to the costs, funding, and schedule that need to be adjusted:

- cost presentations need to reflect \$150 million in insurance costs and \$12 million in rent for replacement space when the project headquarters is sold;
- revenue sources, including excess income from an insurance trust fund, need to be identified and properly characterized as Federal or state funds; and
- the plan needs to provide more information about project schedule risks.

The project agreed to make those adjustments. Because the project indicated they intended to pay the rental costs out of contingency funding, we concluded that the estimated cost of the project should be \$14.625 billion.

Four Sentenced in Gray Market Vehicle Scheme MARCH 11

Four of six defendants were sentenced in U.S. District Court in Miami, FL, for smuggling more than \$1.5 million worth of luxury cars into the U.S. and selling them. The defendants imported the 45 vehicles under



Luxury vehicles smuggled into the U.S. in the Florida gray market scheme.

the "foreign national exception," which allows short-term visitors to bring their cars into the country without paying taxes on them. The defendants fraudulently titled and sold the vehicles without bringing them into compliance with DOT safety or EPA environmental standards or paying U.S. Customs duties. The sentences are as follows: Kai Stadler, Ft. Lauderdale, FL, 12 months in jail and restitution of \$375,000; Individual Automobile Imports, Inc., Ft. Lauderdale, \$60,000 fine and restitution of \$75,000; Thomas Kahnt, Ft. Lauderdale, 8 months

in prison and restitution of \$165,000; Alpe Eke of Miami, restitution of \$90,000. The two remaining defendants will be sentenced in April. The investigation was conducted jointly by OIG, EPA's Criminal Investigations Division, and the U.S. Customs Service, with technical assistance from NHTSA.

'Huge' Budget Shortfall Looms for FAA

JOHN CROFT/WASHINGTON

House lawmakers and the Transportation Dept.'s Inspector General are warning that airline ticket tax revenues are likely to be 20% short of expectations next year, forcing deep cuts in safety-critical FAA functions unless the agency reins in its spending habits.

"We're heading into a huge problem," said House Appropriations transportation subcommittee Chairman Harold Rogers (R-Ky.), at an FAA hearing Mar. 13. "This is going to require that there be some enormous cost control measures."

Inspector General Kenneth Mead, testifying alongside FAA Administrator Jane Garvey, said the \$12.9 billion in ticket taxes the agency had planned to collect next year will likely dwindle to \$10.3 billion,

the Federal Highway Administration—vie for \$12-16 billion in extra funding.

Without a general fund boost, the agency could have serious problems paying air traffic controllers, inspectors and other critical employees linked to its operations budget, which, by law, has the lowest budget priority. As dictated by Air-21, the FAA is required to fund airport improvements first, followed by facilities and equipment and lastly, operations. The "leftovers," Mead said, go to the "people running the system."

MEAD WAS ALSO UNSURE whether the FAA would ultimately be responsible for reimbursing more than 400 airports an estimated \$2-2.5 billion needed to modify terminals for screening systems necessary

IG Testifies on FAA's FY 2003 Budget Request

MARCH 13

The IG testified before the House Transportation Appropriations Subcommittee regarding FAA's FY 2003 budget request. His testimony focused on:

- Finance. FAA will require a substantially larger contribution from the General Fund than it has in the past 5 years, due largely to growth in its operating costs and reductions in Aviation Trust Fund revenues.
- Safety. Despite progress, the number of runway incursions is still much too high, and operational errors made by controllers reached a record high of almost 1,200 incidents in FY 2001. Two audits of aviation safety inspection programs found FAA is not ensuring that airlines monitor their own maintenance programs, and has not finished implementing its new Air Transportation Oversight System.
- Airport Improvements. New security requirements could severely stress plans for using airport funds to make capacity-related improvements.
- Air Traffic Control Modernization. FAA needs to control costs and ensure that multibillion-dollar modernization projects remain on schedule and within budget.

Four Sentenced in Household Moving Scam

MARCH 18

Four men, working under the company name Ego Line Moving & Storage were sentenced in U.S. District Court in San Jose, CA, for fraud by luring customers with artificially low moving estimates and then holding the household goods hostage until exorbitant additional payment was made. Eilon Blankier, owner/manager of the company, was sentenced to 24 months in jail and ordered to pay \$200,000 in restitution; David Gabay, of Oakland, CA, to 4 months in prison; Yair Arviv, of Los Angeles, to 8 months detention in a corrections center; and Yosef Ben-Harosh, of San Jose, to 36 months' probation. OIG investigated the case with the FBI.

OIG Investigation of Argenbright Holdings, Ltd.

OIG reviews found ongoing problems at 14 airports with the hiring practices of the large airport security firm Argenbright Holdings, and on October 11, 2001, the U.S. Attorney's Office in Philadelphia went to court to revoke Argenbright's probation. A year earlier Argenbright had been placed on 3 years' probation as a result of our investigations. In that case, a U.S. District Court judge in Philadelphia also ordered the firm to pay over \$1.5 million in fines and restitution for lying to the FAA about the training, testing, and background verification of its security screeners.

On October 23, 2001, in response to the U.S. Attorney's motion, a U.S. District Court judge in Philadelphia increased the firm's probation from 3 to 5 years, ordered nationwide fingerprint checks of all current and new Argenbright employees, and doubled the number of court-ordered compliance reports from two to four per year. The ruling finalized Argenbright's agreement to settle Justice Department allegations that the company violated a court order by, among other things, continuing to hire airport screeners with criminal records.

Secretary Mineta decided that the Transportation Security Administration (TSA) would not do business with Argenbright. TSA assumed responsibility for airport passenger screening in February this year.

OIG's involvement with Argenbright dates back to January 1999, when we began an investigation of the company after receiving allegations from FAA inspectors that the company falsified background investigations of screeners at Philadelphia International Airport.



Two Sentenced in Theft of Aviation Parts Blueprints

MARCH 19

Two men, one an owner of two aviation parts manufacturing companies and the other an employee of a third parts manufacturer, were sentenced by a U.S. District Court judge in Springfield, MO, for using stolen proprietary blueprints to manufacture aviation parts. Michael O. Goodrich, an employee of Textron-Lycoming, Williamsport, PA, stole parts and blueprints from his employer and sold them to Larry J. Sullivan, owner of Air Support International, Inc. and Air Sport, Inc., of Springfield. After submitting the blueprints to FAA to obtain parts

manufacturing authority, Sullivan used them to manufacture parts at his companies. Sullivan was ordered to pay \$275,000 in restitution, a \$10,000 fine, and sentenced to 12 months in jail and Goodrich to \$70,000 restitution. Each of the two companies was placed on 2 years' probation and fined \$10,000.

Report on Audit of the Tren Urbano Rail Transit Project

MARCH 20

We released our audit of the Tren Urbano Rail Transit Project in San Juan, PR. We found that:

- FTA has exercised stronger oversight of the project, including withholding some Federal funds until the Puerto Rico Highway and Transportation Authority (HTA) implemented a recovery plan.
- The scheduled completion date of September 2003 is unlikely to be achieved due to slow progress and interruptions in installing Tren Urbano's track work.
- The cost to complete Tren Urbano is likely to increase beyond HTA's current estimate of \$2.036 billion if the September 2003 completion date is not met.
- The project's cost increases and schedule delays have adversely affected HTA's ability to fund other planned transportation improvements.
- The long-term safety and operability of the project will remain at risk until HTA corrects all quality problems.



Station on the Tren Urbano line in San Juan, PR.

We recommended that FTA neither amend the project's full funding grant agreement nor accept or approve the updated finance plan until it is satisfied that HTA has (1) revised the project's integrated master schedule to reflect attainable project milestones, (2) submitted a cost estimate consistent with a supportable project completion date, and (3) established and adhered to a timetable to resolve significant construction quality problems.

Trucking Company Dispatcher Confined in Hours-of-Service Case

MARCH 25

Gary Chamberlain, the chief dispatcher and a driver for Northern Gas Transport, Inc. (NGT), of Lyndonville, VT, was sentenced to 2 years' probation, 4 months' home confinement, and fined \$1,000 by a U.S. District Court judge in Burlington, VT, for helping NGT conceal records which disclosed that NGT drivers were driving in excess of hours permitted. As a truck driver, Chamberlain falsified his own logs and as dispatcher, forced drivers to drive beyond the permissible time limits. The remaining defendants in this case—NGT and two other officials—will be sentenced April 19, 2002. The company and the three defendants pleaded guilty in U.S. District Court, in Rutland, on December 7, 2001, to charges related to falsifying drivers' logbooks. A hauler of hazardous materials such as propane gas, NGT and Bruce Grant, the company owner and president, pleaded guilty to conspiring to make false statements and obstructing justice during a 1999 Federal compliance review. Safety Manager Brad Grant pleaded guilty to obstruction of justice.

Summary of Performance

10/1/01—3/31/02

Reports issued	87
Recommendations issued	181
Congressional testimonies	14
Total financial recommendations	\$1,139,942,940
—That funds be better used	\$1,007,515,355
—That questioned costs	\$ 132,427,585
Referrals for prosecution	294
Cases accepted for prosecution	287
Indictments	265
Fines, restitutions, and recoveries	\$ 3,455,632
Convictions	90
Debarments and suspensions	0
Actions affecting DOT employees	5

Completed OIG Reports

10/1/01—3/31/02

Estimated Amounts, Dollars in Thousands*

Type of Review	Number of Reports	Number of Recommendations	Questioned and Unsupported Costs†	Funds to Be Put to Better Use
<i>Internal Audits</i>				
Program/functional	14	50	\$ 126,000	\$ 938,500
Chief Financial Officer				
financial statements	6	7	\$ 0	\$ 69,015
<i>Other OIG Internal Reports</i>	3	5	\$ 0	\$ 0
Total Internal Audits and Reports	<u>23</u>	<u>62</u>	<u>\$ 126,000</u>	<u>\$1,007,515</u>
<i>Grant Audits</i>				
Audits of grantee under				
Single Audit Act	64	119	\$ 6,428	\$ 0
TOTAL	<u>87</u>	<u>181</u>	<u>\$ 132,428</u>	<u>\$1,007,515</u>

* The dollars shown are the amounts reported to management. The actual amounts may change during final resolution.

† There were no recommendations with unsupported costs.

Note: Department of Transportation programs and operations are primarily carried out by the Department's personnel and recipients of Federal grants. As a result, audits by DOT's Office of Inspector General fall into three categories: (1) internal audits of departmental programs and operations; (2) internal reviews of departmental programs and operations; and (3) audits of grant recipients. The table shows OIG's results in the three categories for the 6 months covered by this report.

Management Decisions Regarding OIG Recommendations

10/1/01—3/31/02

Dollars in Thousands

Description	Number of Reports	Number of Recommendations	Questioned and Unsupported Costs*	Funds to Be Put to Better Use
Unresolved as of				
October 1, 2001	45	145	\$ 8,078	\$ 49,702
Audits with findings				
during current period	<u>75</u>	<u>181</u>	<u>\$ 132,428</u>	<u>\$1,007,515</u>
Total to Be Resolved	120	326	\$ 140,506	\$1,057,217
Management Decisions				
Prior period†	31	97	\$ 3,781	\$ 0
Current period†	<u>42</u>	<u>101</u>	<u>\$ 128,437</u>	<u>\$ 513,015</u>
Total Resolved	73	198	\$ 132,218	\$ 513,015
Unresolved—				
Less than 6 mos. old	36	80	\$ 3,990	\$ 494,500
6 mos.–1 year	9	27	\$ 3,911	\$ 0
1 year–18 mos.	4	12	\$ 386	\$ 48,000
18 mos.–2 years	2	3	\$ 0	\$ 0
Over 2 years old	<u>2</u>	<u>6</u>	<u>\$ 0</u>	<u>\$ 1,702</u>
Total Unresolved, as of March 31, 2002‡	53	128	\$ 8,287	\$ 544,202

* Rounding of dollars may affect totals.

† Includes some reports and recommendations where costs were both allowed and disallowed.

‡ Considered unresolved if management decisions have not been made on all report recommendations.

OIG Reports Recommending Changes for Safety, Economy, or Efficiency

10/1/01—3/31/02

Reports	Number of Reports	Number of Recommendations
A For which no management decision was made by the start of the reporting period*	42	127
B Which were issued during the reporting period	<u>64</u>	<u>149</u>
Total A+B	106	276
C For which a management decision was made during the reporting period	61†	163
D For which no management decision was made by the end of the reporting period	49†	113

* Revised from previous report to show corrected numbers.

† Includes reports where management both made and did not make a decision on recommendations.

OIG Reports with Recommendations That Funds Be Put to Better Use

10/1/01—3/31/02

Dollars in Thousands

Reports	Number of Reports	Number of Recommendations	Dollar Value
A For which no management decision was made by the start of the reporting period	2	2	\$ 49,702
B Which were issued during the reporting period	<u>5</u>	<u>7</u>	<u>\$1,007,515</u>
Total A+B	7	9	\$1,057,217
C For which a management decision was made during the reporting period	4	6	\$ 513,015
—that management agreed to	4	6	\$ 513,015
—that management did not agreed to	0	0	\$ 0
D For which no management decision was made by the end of the reporting period	3	3	\$ 544,202

OIG Reports with Recommendations That Questioned Costs

10/1/01—3/31/02

Dollars in Thousands

Reports	Number of Reports	Number of Recommendations	Questioned Costs*
A For which no management decision was made by the start of the reporting period	10	16	\$ 8,078
B Which were issued during the reporting period	<u>18</u>	<u>25</u>	<u>\$ 132,428</u>
Total A+B	28	41	\$ 140,506
C For which a management decision was made during the reporting period	20	29	\$ 132,219
—dollar value of disallowed costs	14 †	19 ‡	\$ 160,613
—dollar value of costs not disallowed	11 †	14 ‡	\$ 1,655
D For which no management decision was made by the end of the reporting period	10	12	\$ 8,287

* There were no recommendations with unsupported costs.

† Includes reports where costs were both allowed and disallowed.

‡ Includes recommendations where costs were both allowed and disallowed.

Status of Unresolved Recommendations Over 6 Months Old

<i>Cited in Semiannual Report for Reporting Period—</i>	Report No.	Date Issued	Status
October 1, 1998–March 31, 1999			
Deployment of Explosives-Detection Systems	AV-1999-001	10-05-98	Passage of the Aviation and Transportation Security Act transfers responsibilities for aviation security technology to the Transportation Security Administration (TSA). Working with FAA and TSA to resolve open issues satisfied by the act.
October 1, 1999–March 31, 2000			
Airport Access Control	AV-2000-017	11-18-99	Working with TSA to resolve open issues.

<i>Cited in Semiannual Report for Reporting Period—</i>	Report No.	Date Issued	Status
April 1, 2000–September 30, 2000			
Contract Towers: Observations on FAA’s Study of Expanding the Program	AV–2000–079	04–12–00	Awaiting additional information from FAA.
Survey of the Federal Aviation Administration’s Integrated Product Development System	AV–2000–110	08–29–00	Working with FAA to resolve open issues.
October 1, 2000–March 31, 2001			
Airport Noise Compatibility Program	AV–2001–012	12–14–00	Awaiting additional information from FAA.
Castle Joint Powers Authority	QC–2001–022	02–14–01	Working with grantee to resolve issues.
Gary Public Transportation Corporation	QC–2001–027	02–16–01	Working with grantee to resolve issues.
Efforts to Develop and Deploy the Standard Terminal Automation Replacement System	AV–2001–048	03–30–01	Working with FAA to resolve open issues.
April 1, 2001–September 30, 2001			
State of Louisiana	QC–2001–049	04–02–01	Working with grantee to resolve issues.
State of Indiana	QC–2001–052	04–11–01	Working with grantee to resolve issues.
Government of the United States Virgin Islands	QC–2001–053	04–17–01	Working with grantee to resolve issues.
Commonwealth of Massachusetts	QC–2001–054	04–23–01	Working with grantee to resolve issues.
Compensation Issues Concerning Air Traffic Managers, Supervisors, and Specialists	AV–2001–064	06–15–01	Working with FAA to resolve open issues.
Despite Significant Management Focus, Actions Are Needed to Reduce Runway Incursions	AV–2001–066	06–26–01	Working with FAA to resolve open issues.
Status Report on the Standard Terminal Automation Replacement System	AV–2001–067	07–03–01	Working with FAA to resolve open issues.
Small Boat Station Search and Rescue Program	MH–2001–094	09–14–01	Working with USCG to resolve open issues.
Further Delays in Implementing Occupational Safety and Health Standards for Flight Attendants Are Likely	AV–2001–102	09–26–01	Working with FAA to resolve open issues.

Office of Inspector General Published Reports

10/1/01—3/31/02

Operating Administration/ Type of Report	Report Number	Date Issued	Title	Focus of Report/ Recommendations
United States Coast Guard				
Internal Audits: Program/Functional—2 reports				
	MH-2002-001	10-11-2001	Great Lakes Icebreaker Capability Replacement Project	Requirements allow for full and fair competition
	MH-2002-076	02-04-2002	Planning Process for the National Distress and Response System Modernization Program	High cost estimates prompt contract performance reductions
Internal Audits: Chief Financial Officer Financial Statement—1 report				
	FI-2002-079	02-25-2002	Actuarial Estimates for Retired Pay and Medical Benefits	Reasonable and reliable methodology used to calculate liabilities and actuarial activity
Federal Aviation Administration				
Internal Audits: Program/Functional—8 reports				
	FI-2002-016	10-30-2001	Air Traffic Services Planned Labor Distribution Reporting	Weaknesses in recording controllers' work time
	AV-2002-064	12-07-2001	Automated Flight Service Stations: Significant Benefits Could Be Realized by Consolidating AFSS Sites in Conjunction with Deployment of OASIS	Put \$494,500,000 to better use
	FI-2002-065	12-11-2001	Flight Service Stations Cost-Accounting Practices	\$71,000,000 questioned
	AV-2002-066	12-12-2001	Oversight of Aircraft Maintenance, Continuing Analysis and Surveillance Systems	FAA placed limited emphasis on oversight of air carriers' aircraft maintenance
	AV-2002-067	12-14-2001	Free Flight Phase 1 Technologies: Progress to Date and Future Challenges	Program well managed, but automation tools are costly and show limited improvements

10/1/01—3/31/02

Operating Administration/ Type of Report	Report Number	Date Issued	Title	Focus of Report/ Recommendations
FAA— Internal Audits: Program/Functional <i>continued</i>				
	AV-2002-068	12-14-2001	Subcontracting Issues of the Contract Tower Program	Subcontracted towers need to be closely monitored by FAA
	FI-2002-072	01-10-2002	2001 Status Assessment of Cost-Accounting System and Practices	\$55,000,000 questioned; put \$368,000,000 to better use
	AV-2002-084	02-28-2002	Acquisition of the Weather and Radar Processor	Credible cost and schedule baselines needed to resolve human factors and technical problems
Internal Audits: Chief Financial Officer Financial Statement—2 reports				
	QC-2002-080	02-25-2002	Quality Control Review of Property, Plant, and Equipment	Unqualified opinion on financial statements
	FI-2002-082	02-27-2002	Financial Statements for Fiscal Years 2001 & 2000	Unqualified opinion on FY 2001 financial statements; qualified opinion on FY 2000 financial statements; put \$58,640,355 to better use
Grant Audits: Audits of Grantee Under Single Audit Act—14 reports				
	QC-2002-006	10-23-2001	City of Fort Lauderdale, FL	Improve grantee oversight
	QC-2002-008	10-23-2001	Lander County, NV	Improve grantee oversight
	QC-2002-010	10-24-2001	City of Delaware, OH	Improve grantee oversight
	QC-2002-011	10-24-2001	Richland-Lexington Airport District, SC	Improve grantee oversight
	QC-2002-014	10-24-2001	State of Hawaii, Department of Transportation, Airports Division	Improve grantee oversight
	QC-2002-020	10-30-2001	Carson City, NV	Improve grantee oversight
	QC-2002-031	10-31-2001	City of King, CA	Improve grantee oversight
	QC-2002-033	11-01-2001	Miami-Dade County, FL	\$292,500 questioned
	QC-2002-035	11-01-2001	City of Lee's Summit, MO	Improve grantee oversight
	QC-2002-053	11-06-2001	City of Colorado Springs, CO	Improve grantee oversight
	QC-2002-054	11-06-2001	City of Kingman, KS	\$13,482 questioned
	QC-2002-058	11-07-2001	City of Watford City, ND	Improve grantee oversight

10/1/01—3/31/02

Operating Administration/ Type of Report	Report Number	Date Issued	Title	Focus of Report/ Recommendations
FAA—Grant Audits <i>continued</i>				
	QC-2002-063	11-07-2001	Tunica County, MS	Improve grantee oversight
	QC-2002-070	12-19-2001	Regional Airport Authority of Louisville and Jefferson County, Louisville, KY	Improve grantee oversight
Federal Highway Administration				
Internal Audits: Program/Functional—1 report				
	IN-2002-086	03-11-2002	October 2001 Finance Plan for the Central Artery/Tunnel Project	Put \$76,000,000 to better use
Internal Audits: Chief Financial Officer Financial Statement—1 report				
	FI-2002-081	02-26-2002	Financial Statements for Fiscal Years 2001 and 2000	Unqualified opinion on financial statements
Grant Audits: Audits of Grantee Under Single Audit Act—18 reports				
	QC-2002-003	10-18-2001	Association of State Highway and Transportation Officials, Washington, DC	Improve grantee oversight
	QC-2002-009	10-23-2001	City of St. Charles, MO	Improve grantee oversight
	QC-2002-017	10-30-2001	State of Ohio	Improve grantee oversight
	QC-2002-022	10-30-2001	State of Delaware	Improve grantee oversight
	QC-2002-023	10-30-2001	State of Mississippi	Improve grantee oversight
	QC-2002-024	10-31-2001	State of Rhode Island	\$1,256,225 questioned
	QC-2002-025	10-31-2001	State of Oklahoma	Improve grantee oversight
	QC-2002-026	10-31-2001	State of Florida	\$2,621,531 questioned
	QC-2002-029	10-31-2001	State of Illinois	Improve grantee oversight
	QC-2002-030	10-31-2001	State of Minnesota	Improve grantee oversight
	QC-2002-032	10-31-2001	State of Indiana	\$32,100 questioned
	QC-2002-036	11-01-2001	State of Iowa	Improve grantee oversight
	QC-2002-037	11-01-2001	City of Elk River, MN	\$56,178 questioned
	QC-2002-039	11-01-2001	State of Wisconsin	Improve grantee oversight
	QC-2002-049	11-16-2001	Michigan Department of Transportation	Improve grantee oversight
	QC-2002-050	11-06-2001	Department of Transportation—Highway Division, State of Hawaii	Improve grantee oversight

10/1/01—3/31/02

Operating Administration/ Type of Report	Report Number	Date Issued	Title	Focus of Report/ Recommendations
FHWA—Grant Audits <i>continued</i>				
	QC-2002-051	11-06-2001	Government of the United States Virgin Islands	Improve grantee oversight
	QC-2002-052	11-06-2001	City of Austin, TX	Improve grantee oversight
Federal Railroad Administration				
Other OIG Internal Reports—1 report				
	CR-2002-075	01-24-2002	2001 Assessment of Amtrak's Financial Performance and Requirements	Amtrak will not meet self-sufficiency deadline
Federal Transit Administration				
Internal Audits: Program/Functional—2 reports				
	IN-2002-078	02-12-2002	Hiawatha Corridor Light Rail Transit Project	Completion date and cost estimate reasonable; temporary cash flow shortfalls possible
	IN-2002-085	03-05-2002	Tren Urbano Rail Transit Project	Cost increases and schedule delays likely
Other OIG Internal Reports—1 report				
	IN-2002-074	01-23-2002	Status of Major Transit Capital Projects	Status information for major transit projects
Grant Audits: Audits of Grantee Under Single Audit Act—32 reports				
	QC-2002-002	10-18-2001	Alameda Contra Costa Transit District, CA	Improve grantee oversight
	QC-2002-004	10-18-2001	Alameda Corridor Transportation Authority, CA	Improve grantee oversight
	QC-2002-005	10-22-2001	Los Angeles County Metropolitan Transportation Authority, CA	Improve grantee oversight
	QC-2002-007	10-23-2001	Lafayette City-Parish Consolidated Government, LA	Improve grantee oversight
	QC-2002-012	10-24-2001	Bi-State Development Agency, St. Louis, MO	Improve grantee oversight
	QC-2002-013	10-24-2001	City of Tulsa, OK	\$936,524 questioned

10/1/01—3/31/02

Operating Administration/ Type of Report	Report Number	Date Issued	Title	Focus of Report/ Recommendations
FTA—Grant Audits <i>continued</i>				
	QC-2002-015	10-29-2001	North County Transit District, Oceanside, CA	Improve grantee oversight
	QC-2002-018	10-30-2001	City of Port Arthur, TX	\$49,593 questioned
	QC-2002-019	10-30-2001	State of Maine	\$238,362 questioned
	QC-2002-021	10-30-2001	Milford Transit District, CT	Improve grantee oversight
	QC-2002-027	10-31-2001	Downtown Waycross Development Authority, GA	Improve grantee oversight
	QC-2002-028	10-31-2001	State of Connecticut	Improve grantee oversight
	QC-2002-034	11-01-2001	Greater Portland Transit District, ME	\$16,020 questioned
	QC-2002-038	11-01-2001	Mass Transportation Authority, Flint, MI	\$200,000 questioned
	QC-2002-040	11-01-2001	State of Vermont	Improve grantee oversight
	QC-2002-041	11-02-2001	Metropolitan Transit Authority of Black Hawk County, IA	Improve grantee oversight
	QC-2002-042	11-02-2001	Washington Metropolitan Area Transit Authority, Washington, DC	Improve grantee oversight
	QC-2002-043	11-05-2001	City of Gadsden, AL	\$13,342 questioned
	QC-2002-044	11-05-2001	Pee Dee Regional Transportation Authority, SC	\$1 questioned
	QC-2002-045	11-05-2001	Luzerne County Transportation Authority, Kingston, PA	Improve grantee oversight
	QC-2002-046	11-05-2001	Sunline Transit Agency, CA	\$200,000 questioned
	QC-2002-047	11-05-2001	Suburban Mobility Authority for Regional Transportation, Detroit, MI	Improve grantee oversight
	QC-2002-048	11-05-2001	Central Ohio Transit Authority, Columbus, OH	Improve grantee oversight
	QC-2002-055	11-06-2001	Cumberland-Dauphin-Harrisburg Transit Authority, Harrisburg, PA	Improve grantee oversight
	QC-2002-056	11-06-2001	Lifestream Behavioral Center, Incorporated, Leesburg, FL	\$70,758 questioned

10/1/01—3/31/02

Operating Administration/ Type of Report	Report Number	Date Issued	Title	Focus of Report/ Recommendations
FTA—Grant Audits <i>continued</i>				
	QC-2002-057	11-06-2001	County of Lackawanna Transit System Authority, PA	Improve grantee oversight
	QC-2002-059	11-07-2001	City of Tucson, AZ	Improve grantee oversight
	QC-2002-060	11-07-2001	Worcester Regional Transit Authority, Worcester, MA	Improve grantee oversight
	QC-2002-061	11-07-2001	Park City Municipal Corporation, UT	\$430,969 questioned
	QC-2002-062	11-07-2001	Berks Area Reading Transportation Authority, Reading, PA	Improve grantee oversight
	QC-2002-069	12-19-2001	San Diego Metropolitan Transit Board, CA	Improve grantee oversight
	QC-2002-087	03-29-2002	Palm Beach County, FL	Improve grantee oversight
National Highway Traffic Safety Administration				
Internal Audits: Program/Functional—1 report				
	MH-2002-071	01-03-2002	Office of Defects Investigation	Challenges remain to fully implement the TREAD Act and improve safety defects detection
Office of the Secretary of Transportation				
Internal Audits: Chief Financial Officer Financial Statement—1 report				
	FI-2002-083	02-27-2002	Consolidated Financial Statements for Fiscal Years 2001 and 2000	Unqualified opinion on FY 2001 financial statements; qualified opinion on FY 2000 financial statements; put \$10,375,000 to better use
Other OIG Internal Reports—1 report				
	CR-2002-073	01-10-2002	Department Oversight for Transportation of Nuclear Waste	Preparations needed for future radioactive waste shipments

Office of Inspector General Published Reports

continued

10/1/01—3/31/02

Operating Administration/ Type of Report	Report Number	Date Issued	Title	Focus of Report/ Recommendations
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Saint Lawrence Seaway Development Corporation

Internal Audits: Chief Financial Officer Financial Statement—1 report

QC-2002-077	02-08-2002	Quality Control Review of Fiscal Year 2001 Audited Financial Statements	Unqualified opinion on financial statements
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Office of Inspector General Congressional Testimonies

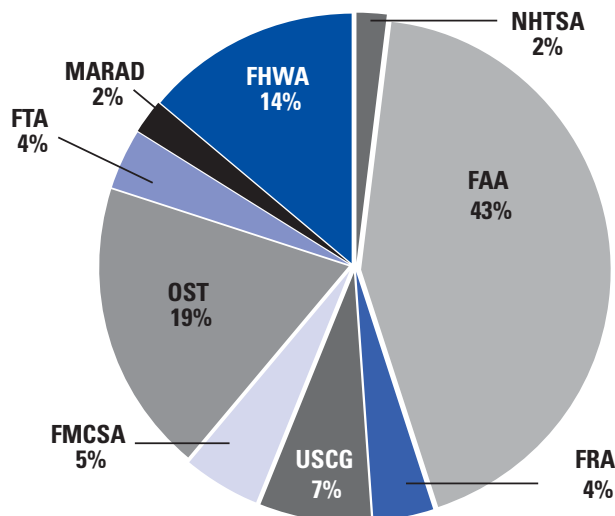
10/1/01—3/31/02

Control No.	Testimony Date	Subject	Congressional Body
CC-2002-007	10-11-2001	Deployment and Use of Security Technology	Committee on Transportation and Infrastructure, Subcommittee on Aviation, U.S. House of Representatives
CC-2002-029	11-01-2001	Amtrak's Security, Safety, and Financial Issues	Committee on Commerce, Science, and Transportation, U.S. Senate
CC-2002-038	11-14-2001	Status of Airline Security After September 11, 2001	Joint Hearing Before the Committee on Governmental Affairs and the Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia, U.S. Senate
CC-2002-088	01-23-2002	Challenges Facing TSA in Implementing the Aviation and Transportation Security Act	Committee on Transportation and Infrastructure, Subcommittee on Aviation, U.S. House of Representatives
CC-2002-098	02-05-2002	Key Issues Concerning Implementation of the Aviation and Transportation Security Act	Committee on Commerce, Science, and Transportation, U.S. Senate
CC-2002-102	02-13-2002	Department of Transportation Budget for Fiscal Year 2003	Committee on Appropriations, Subcommittee on Transportation, U.S. House of Representatives

10/1/01—3/31/02

Control No.	Testimony Date	Subject	Congressional Body
CC-2002-103	02-13-2002	Reauthorization of the Pipeline Safety Program	Committee on Transportation and Infrastructure, Subcommittee on Highways and Transit, U.S. House of Representatives
CC-2002-104	02-14-2002	U.S. Coast Guard Budget and Management Issues	Committee on Appropriations, Subcommittee on Transportation, U.S. Senate
CC-2002-112	02-27-2002	Amtrak's Performance, Budget, and Passenger Rail Service Issues	Committee on Appropriations, Subcommittee on Transportation, U.S. House of Representatives
CC-2002-110	02-28-2002	Progress and Challenges in Implementing the TREAD Act	Committee on Energy and Commerce, Subcommittee on Commerce, Trade, and Consumer Protection, U.S. House of Representatives
CC-2002-116	03-07-2002	Amtrak's Performance, Budget, and Passenger Rail Service Issues	Committee on Appropriations, Subcommittee on Transportation, U.S. Senate
CC-2002-125	03-13-2002	FAA's Fiscal Year 2003 Budget Request	Committee on Appropriations, Subcommittee on Transportation, U.S. House of Representatives
CC-2002-122	03-14-2002	Amtrak's Performance, Budget, and Passenger Rail Service Issues	Committee on Commerce, Science, and Transportation, U.S. Senate
CC-2002-131	03-19-2002	U.S. Coast Guard Budget and Management Issues	Committee on Commerce, Science, and Transportation, Subcommittee on Oceans, Atmosphere, and Fisheries, U.S. Senate

Application of Audit Resources by Operating Administration October 1, 2001—March 31, 2002



Note: Resources shown for FAA include aviation security issues, which in the future will be recorded under the Transportation Security Administration.

Resources shown for OST include time spent performing audits of the DOT consolidated financial statement (which includes all Operating Administrations), Air Transportation Safety and System Stabilization Act-Air Carrier Compensation Payments, Loan Guarantees for Airline Industry, and Air Transportation and Essential Air Service.

Time expended on the Research and Special Programs Administration, St. Lawrence Seaway Development Corporation, National Transportation Safety Board, and Surface Transportation Board was less than 1 percent.

Required Statements

The Inspector General Act requires explanations of reasons for significant revisions to management decisions made during the reporting period. OIG follows up on audits reported in earlier Semiannual Reports. During this reporting period, there were no significant revisions of departmental management decisions reported to OIG.

The Inspector General Act requires this report to describe any significant management decisions with which the OIG disagrees. At the close of this reporting period, there were no significant management decisions with which OIG disagreed.

The Inspector General Act requires a summary of reports made on instances where information or assistance was unreasonably refused or not provided. At the close of the reporting period, there were no instances where information or assistance was unreasonably refused or not provided.

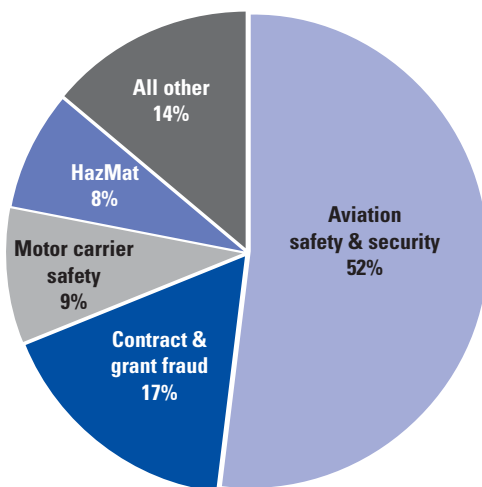
Profile of Pending Investigations

10/1/01—3/31/02

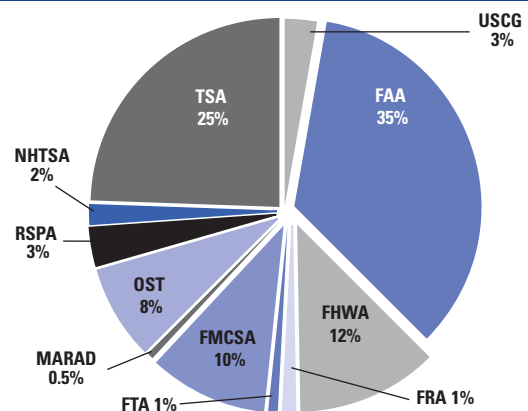
Types of Cases

Operating Administration	Number of Cases	Contract/ Grant Fraud	Employee Integrity	Aviation Safety & Security	Motor Carrier Safety	HazMat	Other
Federal Aviation Administration	202	25	38	106	0	13	20
Federal Highway Administration	99	86	3	0	0	1	9
Federal Motor Carrier Safety Administration	99	0	0	0	73	16	10
Federal Railroad Administration	10	3	0	0	0	6	1
Federal Transit Administration	14	14	0	0	0	0	0
Maritime Administration	6	5	1	0	0	0	0
National Highway Traffic Safety Administration	11	0	3	0	0	0	8
Office of the Secretary	6	2	1	0	0	0	3
Research and Special Programs Administration	30	2	3	0	0	25	0
Transportation Security Administration	43	0	0	43	0	0	0
U.S. Coast Guard	<u>52</u>	<u>11</u>	<u>16</u>	<u>5</u>	<u>0</u>	<u>13</u>	<u>7</u>
TOTAL	572	148	65	154	73	74	58
Percent of total	100	26	11	27	13	13	10

**Investigative Resources by Priority Area
October 1, 2001—March 31, 2002**



**Investigative Resources by Operating Administration
October 1, 2001—March 31, 2002**



FAA wedge includes the resources devoted to aviation security (14.23 percent) before establishment of the Transportation Security Administration on November 19, 2001.

May not equal 100 percent due to rounding.

The reporting period opened with a pending caseload of 533. Over the 6 months, 132 cases were opened and 110 were closed, leaving a pending caseload of 555. In addition, 294 cases were referred for prosecution, 287 were accepted for prosecution, and 17 were declined. As of March 31, 2002, 45 cases were pending before prosecutors.

Judicial and Administrative Actions

10/1/01—3/31/02

Indictments	265*
Administrative actions	
Employee suspensions	1
Employee terminations	2
Resignations/retirements	2
Convictions	90
Years sentenced	38
Years probation	124
Years supervised release	64
Hours of community service	1,250
Fines	\$ 513,970
Restitutions/civil judgments	\$ 3,295,757
Federal recoveries	\$ 9,645,275
State recoveries	\$ 630
TOTAL	\$13,455,632†

* Includes indictments from airport security sweeps.

† Recoveries include fines, restitution, civil judgments or settlements, and Federal and state recoveries. Federal recoveries go to the U.S. Treasury; state recoveries are retained by the states.

Each year, the Inspector General holds a ceremony to recognize employees and teams who have excelled in their fields. Through their talent and dedication to the task at hand, OIG was able to provide valuable congressional testimony, uncover criminal activity, and provide many critical recommendations to improve program effectiveness affecting the safety of the public and the integrity of the Department of Transportation.

The 2001 awards ceremony was held November 1, 2001, at DOT Headquarters in Washington, DC.

Secretarial Awards

Award for Meritorious Achievement

Sarah E. Batipps

For exceptional leadership and professionalism in auditing transit mega-projects nationwide.

Scott K. Macey

For outstanding leadership and significant contributions in evaluating airlines' efforts to improve customer service.

Award for Excellence

Christina H. Lopez

For consistent high-quality administrative support to the Office of Inspector General.

Victoria D. Zirzow

For outstanding administrative support to the Office of Inspector General.

Award for Volunteer Service

Rodolfo E. Perez

For outstanding community service to increase Hispanic Americans' participation in transportation planning efforts.

Secretary's Team Award

Flight Delay Audit Team

**Mark R. Dayton, David A. Dobbs,
Darren L. Murphy, Matthew E. Hampton,
Fidel Cornell, Jr., Petra Swartzlander,
Sandra M. DeLost, Randy D. Rohwer,
Jeffrey Mortensen, Michael P. Dunn,
Deborah A. Kloppenburg, Earl G. Kindley,
Michele O. Paratte, Krystal L. Patrick,
Susan M. Zimmerman**

For outstanding work in helping improve the Department's tracking and reporting of flight delays, cancellations, and their causes.

Amtrak Assessment Team

**Mark R. Dayton, Stuart A. Metzger,
Leila D. Kahn, William H. Wuehler,
Lauralyn J. Remo, Michael W. Rodgers**

In recognition of outstanding efforts over 4 years in monitoring Amtrak and reporting to Congress on Amtrak's capital needs and progress in improving financial viability.

OIG Awards

Marguerite Christensen Award for Excellence in Administration

Marisol Vasquez

This award recognizes individual professionalism, technical excellence, and dedication in providing administrative support to the Office of Inspector General, U.S. Department of Transportation.

Exceptional Civilian Service

Michael D. Gullede

In recognition of superior leadership and significant contributions to OIG's work on highway mega-projects.

Rebecca C. Leng

In recognition of continuous outstanding work on DOT's Information Technology and Computer Security Programs.

James L. Muhlenkamp

In recognition of exemplary service in conducting priority investigations of great significance to the Office of Inspector General, the Department, and the Congress.

Superior Achievement Awards

George E. Banks IV

In recognition of outstanding performance on the audit of FAA property.

David J. Johnson

In recognition of dedication and outstanding investigative work in airport security matters in south Florida.

Richard A. Kaplan

In recognition of outstanding leadership and significant contributions, which included producing multiple reports and testimonies that improved aviation safety and FAA operations.

Administrative Professional of the Year

Jeannette M. Brown

In recognition of outstanding support of the Region 10 staff over the last year.

Olivia B. Ewart

In recognition of outstanding support of the investigative staff nationwide.

Lisa G. Matlock

In recognition of dedication and excellence in providing service to both audit and investigative employees.

Joyce K. Mayeda

In recognition of continued dedication and outstanding administrative support to the Office of Inspector General's San Francisco office.

Sandra M. Roper

In recognition of dedication and outstanding performance in supporting the criminal and civil investigative programs of the Office of Inspector General.

Florence H. Scheiner

In recognition of outstanding support of the Regional Office administrative operations.

New Employee Award

Cecilia M. Barela

In recognition of outstanding work as a new employee on complex financial issues.

Tina Candella

In recognition of superior achievements and performance in conducting investigations and related activities for the DOT OIG since March 2000.

Madeline M. Chulumovich

In recognition of exceptional leadership and high-quality work on reviews of Coast Guard, the National Highway Traffic Safety Administration, and Department-wide programs.

Robert F. DeAntonio

In recognition of outstanding performance and superior achievement on the review and testimony for FAA's Standard Terminal Automation Replacement System.

Scott A. Floresk

In recognition of outstanding work in redesigning and deploying the OIG website.

Robert A. Romich

In recognition of outstanding performance in auditing air traffic pay issues in the Federal Aviation Administration.

Cynthia F. Tims

In recognition of outstanding computer security work.

Vivian M. Vega

In recognition of outstanding contributions to the OIG's criminal investigations program.

Manager of the Year Award

Keith L. Cospers

In recognition of outstanding leadership on cost accounting and contract issues within the U.S. Department of Transportation.

Robin K. Hunt

In recognition of exceptional leadership in planning, directing, and managing high-visibility assessments of airline customer service and aviation security.

Darren L. Murphy

In recognition of outstanding leadership in helping improve the Department's tracking and reporting of flight delays, cancellations, and their causes.

Harry Schaefer

In recognition of outstanding leadership of the investigative program of the U.S. Department of Transportation, Office of Inspector General.

Supervisor of the Year Award

John W. Long

In recognition of outstanding dedication to duty and superior supervisory and investigative skills.

Anne V. Longtin

In recognition of outstanding performance in developing, executing, and supervising the congressionally mandated review of airline customer service.

Michelle T. McVicker

In recognition of outstanding performance, supervision, and leadership of the investigative staff in Region 9.

Kevin B. Perkins

In recognition of outstanding performance in managing the OIG's audit of the \$2.4 billion Woodrow Wilson Bridge Reconstruction Project.

Daniel R. Raville

In recognition of exemplary contributions to the Office of Inspector General in supervising audits of Federal Aviation Administration programs and operations.

Employee of the Year

NormaLyn Anderson

In recognition of outstanding investigative work and demonstrated superior expertise. Your efforts this year in the contract grant/fraud priority area resulted in an \$8.2 million recovery on a complex investigation.

Craig S. Furey

In recognition of superior service and performance in conducting significant safety-related investigations concerning fraudulent unapproved aircraft parts.

Thomas K. Lehrich

In recognition of sound legal advice and analysis which contributed significantly to the advancement of the mission of the Office of Inspector General.

LaKarla Lindsay

In recognition of major contributions in evaluating the new DOT financial management system.

William M. Obinger

In recognition of exemplary performance and dedication in identifying deficiencies in and remedies to motor carrier safety programs.

Timothy N. Parker

In recognition of outstanding contributions and dedication in the Contract/Grant Fraud Program.

Rodolfo E. Perez

In recognition of significant engineering contributions to several audits of transit and highway mega-projects.

Randy D. Rohwer

In recognition of outstanding audit work in the area of flight delays and new runway projects.

Dr. Ping Zhong Sun

In recognition of outstanding technical leadership on DOT Information Technology Programs.

William H. Wuehler

In recognition of outstanding efforts, dedication, and contributions to Amtrak reports and testimonies.

Edwin J. Wynn

In recognition of outstanding performance in conducting investigations for the U.S. DOT Inspector General.

Team Awards

Atlas Bulk, Inc., Investigation Team

Michelle T. McVicker, Angel R. Jimenez, Donald Carr, Amy Hope

For outstanding teamwork in the investigation of Atlas Bulk, Incorporated, which resulted in criminal convictions of four individuals for violations of the Hazardous Materials Transportation Act.

*Automated Flight Data Processing System
Investigation Team*

**Craig S. Singleton, Rebecca C. Leng,
Jacquie M. Wentz**

For outstanding effort in the investigation and prosecution of an FAA employee who intentionally erased a critical flight program developed for FAA.

Cost-Accounting Audit Team

**Keith L. Cospser, Terrence J. Letko, Paul F. Barry,
Monica J. Hayden, Michael J. Veverka**

For outstanding performance to improve DOT's cost-accounting system and practices.

Delphi Audit Team

**Earl C. Hedges, Leonard F. Meade,
Michael S. Ralph, Keyanna L. Frazier,
LaKarla M. Lindsay**

For an outstanding evaluation of DOT's new financial management system.

Garcon Point Bridge Investigation Team

Jose F. Molina, Brett Simpson (U.S. Coast Guard)
For dedication and outstanding partnership and teamwork in conducting the investigation of environmental crimes committed during the construction of Garcon Point Bridge in Pensacola Bay.

Hotline Database Team

**Mary Ann Taylor, Gail L. Browne,
Steven T. Soggin, Curt Vaughan,
Keith A. Bonanno**

For exceptional efforts in developing and implementing the Contact Identification Database, which has significantly enhanced OIG's capabilities for recording, processing, and tracking hotline complaints.

Maritime Corruption and Theft Investigation Team

James T. Cennamo, Joseph M. Zschesche

For outstanding teamwork in conducting investigations of the maritime industry.

Runway Incursion Team

**Richard A. Kaplan, Kevin Dorsey,
Robert L. Drake, John T. Crowson**

For outstanding contributions in evaluating and improving FAA's Runway Incursion Program.

Search and Rescue Audit Team

**Edward M. Stulginsky, Richard T. Johnson,
George C. Hardin, Paul M. Streit,
David S. Engelen, Todd O. Kath**

For outstanding teamwork and dedication in conducting a very thorough audit of Coast Guard's Search and Rescue Program.

Wilson Bridge Evaluation Team

**Michael D. Gulledge, Rodolfo E. Perez,
Kevin B. Perkins, Francis H. Ochs,
Susan R. Carnohan, Kristen S. Massey,
Jennifer M. Supernaw**

For exceptional work and perseverance in assisting the Office of the Secretary of Transportation in improving the cost estimate and funding plans for the \$2.4 billion Woodrow Wilson Bridge Reconstruction Project.

AIG	Assistant Inspector General
CASS	Continuing Analyses and Surveillance System
CDL	Commercial Driver’s License
DBE	Disadvantaged Business Enterprise
DCIS	Defense Criminal Investigative Service
DOE	Department of Energy
DOT	Department of Transportation
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FBI	Federal Bureau of Investigation
FHWA	Federal Highway Administration
FMCSA	Federal Motor Carrier Safety Administration
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
HTA	Highway and Transportation Authority
HTF	Highway Trust Fund
IG	Inspector General
INS	Immigration and Naturalization Service
IRS	Internal Revenue Service
MARAD	Maritime Administration
NDS	National Distress and Response System
NHTSA	National Highway Traffic Safety Administration
NYPD	New York Police Department
OIG	Office of Inspector General
RSPA	Research and Special Programs Administration
SIDA	Security Identification Display Area
TASC	Transportation Administrative Service Center
TRACON	Terminal Radar Approach Control
TREAD Act	Transportation Recall Enhancement, Accountability, and Documentation Act of 2000
TSA	Transportation Security Administration
USCG	United States Coast Guard

U.S. Department of Transportation

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