

Semiannual Report to the Congress

April 1, 2005 – September 30, 2005

Volume 54



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

A Message from the Inspector General

I am pleased to submit this Semiannual Report to the Congress, which summarizes the significant activities and accomplishments of the Office of Inspector General (OIG) for the six-month period ending September 30, 2005. During this reporting period, our investigative work led to 353 indictments, 182 convictions, and over \$182 million in monetary accomplishments. Our audits of Department of Labor (DOL) programs and operations resulted in \$11 million in questioned costs.

One of the most notable achievements during this period was the first-ever civil complaint filed against the International Longshoremen's Association using the Racketeer Influenced and Corrupt Organizations statute. This historic filing seeks to end corruption and mob domination of this important labor union and put its future back into the hands of the rank-and-file members that it was designed to serve.

The OIG's work has identified vulnerabilities and fraud in DOL programs, such as the Foreign Labor Certification program. The recent prosecution of immigration attorney, Maqsood Mir, and his associates ended their scheme to profit by filing fraudulent labor certifications and visa petitions. Mir was sentenced to 78 months in prison and ordered to pay \$25,000 in fines; his firm was ordered to pay \$200,000 in fines.

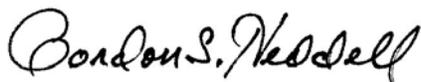
Another significant case in our labor racketeering program led to the prosecution and guilty plea of Peter Wong on charges of insurance fraud and money laundering. Wong controlled a group medical association that failed with over \$18 million in unpaid medical claims. He caused one of the largest health plan failures in Hawaii's history by misappropriating and diverting funds to his family's companies.

We also made significant findings and recommendations through our audit program. Our performance audit of the National Emergency Grant (NEG), which is used to provide interim health insurance coverage cost assistance under the Trade Adjustment Assistance Reform Act of 2002, found that less than 5% of the eligible population participated in the program. The audit also revealed that less than 7% of the appropriated funds were expended. In response to an OIG recommendation, ETA agreed to conduct an immediate needs assessment of NEG funds, and redirect funds as appropriate, for example allowing states with excess funds to redirect such funds to Hurricane Katrina response activities.

Another significant audit revealed that few states are using IRS 1099 data to identify employer misclassification of employees as independent contractors, thereby avoiding proper payment of unemployment insurance taxes.

Responding to a prior OIG evaluation of the Mine Safety and Health Administration's (MSHA) handling of inspections, MSHA issued a proposed rule that would lower the permissible exposure limit of asbestos at several types of mines. This action satisfied a recommendation in our report and is consistent with the Occupational Safety and Health Administration's asbestos standards.

Finally, in keeping with our efforts to prevent and recognize fraud, waste, and abuse in DOL programs, we are working collaboratively with government officials at all levels to provide oversight of funds dedicated to providing relief and recovery to those affected by Hurricanes Katrina and Rita.



Gordon S. Heddell
Inspector General

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Selected Statistics

Investigative recoveries, cost-efficiencies, restitutions, fines and penalties, forfeitures, and civil monetary action	\$182.7 million
Investigative cases opened.....	241
Investigative cases closed	264
Investigative cases referred for prosecution	349
Investigative cases referred for administrative/civil action	173
Indictments.....	353
Convictions	182
Debarments	45
Audit and evaluation reports issued.....	76
Total questioned costs	\$11 million
Outstanding questioned costs resolved during this period	\$10.6 million
Allowed ¹	\$4.3 million
Disallowed ²	\$6.3 million

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

¹ *Allowed* means a questioned cost that the Department of Labor has not sustained.

² *Disallowed* means a questioned cost that the Department of Labor has sustained or has agreed should not be charged to the government.

Significant Concerns

The OIG provides information and assistance to the Department and Congress in achieving efficient and effective management of DOL programs. As part of our effort to focus attention on mission-critical management problems and their resolution, the OIG has identified the following areas that we consider vulnerable to mismanagement, error, fraud, waste, or abuse

Risk of Fraud Related to Hurricanes Katrina and Rita

The devastation created by Hurricanes Katrina and Rita has generated one of the largest relief efforts put forth by the Federal government, over \$63 billion to date. DOL has already awarded over \$233 million in grants and other assistance and has oversight responsibilities for the Department's Unemployment Insurance programs (UI) and Disaster Unemployment Assistance (DUA). In addition, DOL will receive approximately \$21 million from the Federal Emergency Management Agency (FEMA) to support the Occupational Safety and Health Administration's (OSHA) responsibilities for the Worker Safety and Health Support annex of the National Emergency Response Plan. With such a large volume of money available, the opportunity for fraud can be very high. The OIG is concerned about DOL monetary resources being used efficiently and effectively in all phases of this expansive relief effort.

The OIG is working closely with other Inspectors General and the Department of Justice to develop a proactive strategy and ensure a coordinated oversight response. In support of the OIG's primary emphasis on preventing fraud, we have designated audit and investigative staff who have specific experience with the key DOL programs that will be most heavily impacted. The OIG will work with state and local auditors responsible for oversight of Federal funds, as well as conduct our own audits and investigations. The areas of greatest concern for DOL are National Emergency Grants, UI, DUA foreign labor certification, contracting and procurement, and OSHA's activities as part of the National Emergency Response Plan.

The OIG is also concerned with ensuring that effective controls are in place to compensate for authorities that were waived in the disaster areas in order to provide timely relief. The type and amount of DOL resources required will vary as the relief effort moves from immediate relief to longer-term recovery and reconstruction. Proper oversight will reduce the likelihood of fraud, waste, and abuse such as identity theft, undocumented workers, questioned costs, and improper payments.

The Permanent Foreign Labor Certification Program

New regulations, which were effective March 2005, provide for the electronic submission of new permanent foreign labor certification applications to Federal Processing Centers located in Atlanta and Chicago. However, applications submitted before March 28, 2005, must be processed at the Backlog Elimination Centers located in Philadelphia and Dallas. As of August 2005, the Backlog Centers had 312,438 applications pending. Based on a prior audit, we are concerned that in eliminating the backlog, many applications that should be denied are being certified. Our audit projected that 69% of the applications were either misrepresented and/or incomplete. The Department needs to remain diligent in implementing changes so that expediting the processing of backlogged applications does not result in certifying fraudulent applications.

Furthermore, it still stands that additional regulatory changes to the program are needed. For example, although the approved labor certification bears the name of a specific alien worker, that certification may be used to hire another worker. Our investigations have shown that this practice, known as substitution, encourages fraud involving the sale of approved certifications to foreign workers for up to \$20,000. In addition to prohibiting substitution, we believe regulations should limit the life of a certification to 90 days to discourage abuses.

Procurement Concerns

The need to ensure controls are in place for the Department to properly award and manage procurements is of concern to the OIG. The current DOL organizational structure lacks separation of duties between procurement and program functions, which increases the risk of noncompliance with procurement requirements and may result in procurement decisions that are not in the best operating or financial interests of DOL. Prior OIG audits have shown that the more closely the procurement function is aligned with program functions, the greater the risk of misuse or abuse. Therefore, it is important to separate such incompatible functions to the greatest extent possible.

The Service Acquisition Reform Act (SARA) of 2003 addresses a number of issues aimed at improving procurement management, including the requirement for each Federal agency head to establish a Chief Acquisition Officer (CAO) position to be filled by a non-career employee whose primary responsibility is acquisition management. The Department is taking steps to address the lack of separation of duties in its procurement function. On June 6, 2005, a Secretary's Order (Order) was circulated for comment in the Department. The draft Order proposed the establishment of the position of CAO, whose primary duty is acquisition management. While the draft Order is a positive step toward fully implementing SARA, the Department still needs to address the separation of incompatible program and acquisition duties. To

Significant Concerns

that end, the Order should place operational oversight of day-to-day acquisition duties throughout the Department under the direction of the CAO.

The OIG believes that, until procurement and programmatic responsibilities are properly separated and effective controls put in place, DOL continues to be at risk for wasteful and abusive procurement practices.

Workforce Investment Act

The goal of the Workforce Investment Act of 1998 (WIA) is to increase employment, retention, and earnings of participants and, in doing so, improve the quality of the workforce to sustain economic growth, enhance productivity and competitiveness, and reduce welfare dependency. Authorization for WIA ended in 2003, and its reauthorization is pending before Congress.

DOL Involved in Subawards That Did Not Follow Procurement Regulations and Cost Principles

We initiated an audit in response to a hotline complaint that alleged misuse of Department of Labor funds by the Chinatown Manpower Project, Inc. (CMP). CMP was awarded a \$1.1 million contract through the New York State Department of Labor (NYSDOL) under a WIA National Emergency Grant (NEG) to provide training services to workers displaced as a result of the World Trade Center attack. We found the allegations to be without merit; however, during the audit we became aware of potential irregularities in how CMP's subcontractors were identified to receive funds. We expanded our audit coverage to include the propriety of the award of NEG funds to CMP and its subcontractors, as well as CMP's allocation of direct and indirect costs and its verification of participant eligibility.

We found that DOL was substantially involved in arrangements to provide funding for subcontractors under CMP's contract. Specifically, departmental officials identified and recommended service providers and notified individual providers of their selection. These actions led NYSDOL to believe the Department had sanctioned specific organizations to receive the funds earmarked for Chinatown. CMP subsequently entered into subcontracts with those organizations without full and open competition or proper justification of the use of a noncompetitive process because it believed the Department had designated specific groups to participate under the NEG.

We concluded that the Department placed itself in a situation of having contributed to actions NYSDOL and CMP took that ultimately were inconsistent with Federal procurement rules and regulations with which the Department should ensure compliance. Our recommendations included that the roles and responsibilities of key departmental personnel be clearly delineated for grant awards, especially in emergency situations, and that all departmental employees fully comply with and promote the spirit and letter of Federal procurement and ethics laws and regulations.

DOL's written response included a plan to provide specialized training to regional appointees. Because the actions that led to the contract award problems with the NEG were not confined solely to a regional appointee, the Deputy Secretary subsequently agreed to provide such training to all Department employees involved either directly or indirectly in procurement.

In a separate report on CMP's cost allocation and participant eligibility, we found that CMP could not support the amount allocated to the contract for indirect costs and did not have an approved indirect cost rate. Further, CMP could not provide eligibility verification of participants served as required by the NEG.

We recommended that the Employment and Training Administration (ETA) require NYSDOL to:

- obtain an accounting of actual costs incurred under the CMP contract and subcontracts and recover amounts determined to have been claimed in excess of actual costs;
- obtain documentation of a system that properly allocates CMP costs to final cost objectives;
- consider verifying participant eligibility when self-certifications are used to expedite the eligibility process, as required by the grant agreement; and
- ensure that regular eligibility verification is performed on future awards that include self-certification processes.

We also recommended that the Department ensure NYSDOL follow applicable procurement regulations on future awards.

NYSDOL declined to provide written comments other than to say it felt very strongly that overall the program was effective, and that the contract was monitored according to established procedures. Since NYSDOL's response did not specifically address the recommendations and since no additional information was provided, the report findings and recommendations remained unchanged. ([Report 02-05-202-01-001, issued August 25, 2005, and Report 02-05-203-03-390, issued September 2, 2005](#))

States Vary in Implementation of One-Stop System

We conducted audits of the WIA-mandated One-Stop delivery systems in three states (Illinois, Texas, and Washington) to determine if ETA's vision of a seamless service system had been implemented. While WIA gives flexibility to the state and local governments to set up their One-Stops as they determine will best serve their local clients, certain core services must be made available, such as skills assessments, job search and placement assistance, information on training providers, accurate supportive service referrals, and follow-up services. ETA envisions having one overall application process with comprehensive services available on-site with minimal referrals.

We found that the states have captured ETA's vision of a seamless service system but are at varying stages of program implementation. Texas and Washington have effectively implemented a seamless service system of One-Stop providers. Illinois does not have a fully integrated One-Stop management information system, and the memoranda of understanding

(MOUs) that have been established are not meaningful tools in establishing cohesive workforce systems.

We advised ETA of three factors identified in the two Illinois One-Stop centers we audited. These factors are (1) a lack of collaboration and cooperation among all One-Stop partners; (2) a lack of involvement of all partners in developing, implementing, and encouraging participation in a common intake system; and (3) a lack of development of effective and functional MOUs to help facilitate coordination and cooperation among all partners.

In response to our draft report, the State of Illinois indicated that it has already addressed the issues to be resolved in providing a comprehensive seamless service workforce system, and is making numerous enhancements to the service delivery system. ([Report 06-05-007-03-390](#), [Report 06-05-010-03-390](#), [Report 06-05-011-03-390](#), issued September 30, 2005)

Department Should Strengthen Guidance on Use of Incumbent Worker Training Program Funds

In connection with an earlier audit in which we found that Arkansas had improperly paid WIA funds to Nestle Corporation to train newly hired workers under the guise of an incumbent worker training program (Report 06-05-002-03-390, issued March 31, 2005), we issued a management letter to ETA regarding state processes for using WIA incumbent worker funds. Specifically, the management letter discussed two issues:

- Federal incumbent worker training funds are intended to pay for upgrading current workers' skills, not business start-up costs; and
- Federal criteria do not define how long an employer must be in business or an employee must be employed to qualify as an incumbent worker; therefore, a state could decide that any employer or employee could qualify for a WIA-funded incumbent worker program.

We recommended that ETA issue guidance and support inclusion in WIA reauthorizing legislation of the following:

- clarify that incumbent worker training programs are intended to pay for skills upgrading, not start-up training costs for a new business;
- encourage states to establish policies and definitions setting some minimum time period for a company to be in business in a state in order to qualify for incumbent worker training funds; and
- encourage states to set some minimum time for a worker to be employed by his/her current employer in order to qualify as an incumbent worker.

ETA disagreed with the OIG's findings that Arkansas' use of WIA funding for incumbent worker training was contrary to WIA statute and regulations. ETA does not agree with limiting the states' definition of "incumbent workers" and

stated its position is that incumbent worker may include any employed worker. Despite this disagreement, ETA stated that clarity is needed regarding the incumbent worker training policy. ([Report 06-05-020-03-390, issued September 30, 2005](#))

Welfare-to-Work

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

More Than \$2.8 Million in Questioned Costs Identified in WtW Grant Awarded to Savannah

The OIG conducted an audit of the \$7,467,958 in WtW grants provided to the City of Savannah, Georgia, to determine if Savannah complied with regulatory requirements for WtW grants in the areas of managing WtW grant funds and participant reporting. The audit found that Savannah did not adhere to Federal regulations and its own policy and procedures. This resulted in questioned costs totaling \$2,856,430, consisting of:

- \$2,530,934 (the total expenditures of six contracts to grant partners) for which Savannah did not conduct full and open competition; and
- \$325,496 in unauthorized and unsupported costs.

Furthermore, \$729,935 of the \$2,530,934 was also questioned for unauthorized and unreasonable costs related to three of the six contracts. Savannah also submitted inaccurate and unreliable performance data to the Georgia Department of Labor and ETA, thereby failing to comply with participant-reporting requirements.

We recommended that ETA recover the questioned costs and ensure that the State of Georgia and Savannah follow existing controls that ensure the validity of participant data for DOL programs. The State of Georgia and Savannah did not dispute the inaccuracy of participants' performance data; however, Savannah requested that we change to administrative findings all but one finding involving questioned costs. Since Savannah provided no additional information that materially affected the report, the findings and recommendations remain unchanged. ([Report 04-05-004-03-386, issued September 30, 2005](#))

WtW Agreement with Goodwill Industries of Lower South Carolina, Inc.

After receiving an allegation by a former employee of Goodwill Industries of Lower South Carolina, Inc. (GILSC) that the organization claimed excessive matching contributions for technology and job readiness training provided to WtW participants, we conducted an audit of GILSC. The South Carolina Employment Security Commission (SCESC) had authorized the County of Charleston, Grants Administration's (the County's) use of WtW Formula

Grant funds to contract with GILSC to provide a variety of services to eligible program recipients.

Our audit did not substantiate the allegation; however, we identified questioned costs and other problems including:

- reported expenditures exceeding allowable grant funds by \$45,098;
- invoices containing duplicate costs and adjustments of \$24,004;
- unsupported charges for job readiness training totaling \$20,500; and
- one unsigned and two missing modifications between the County and GILSC.

We recommended that the questioned costs in excess of the allowable grant amount (not to exceed \$45,098) be recovered and that the County be required to prepare and implement written policies and procedures to ensure compliance with Federal grant management.

The County and SCESC responded that expenditures for which GILSC was not reimbursed exceeded its matching requirements. Therefore, the County plans to ask ETA to allow GILSC to use the WtW costs for which it was not reimbursed to support the matching requirements. SCESC and the County were unable to substantiate the \$20,500 in unsupported charges and agreed to return that amount to ETA. The County also agreed to establish written policies and procedures to address the issues specified in our recommendation. ([Report 04-05-001-03-386, issued July 7, 2005](#))

Job Corps

Job Corps, established by Congress in 1964 and currently authorized under the Workforce Investment Act of 1998, is recognized today as the nation's largest and most comprehensive residential education and job-training program for at-risk youths ages 16 through 24. More than 65,000 students participate annually in the program. The program is primarily carried out at residential facilities that provide intensive education, vocational training, youth development, counseling, job placement, and follow-up services. For FY 2005, more than \$1.5 billion was appropriated for Job Corps.

San Diego Job Corps Center Overstated Performance Data

We initiated the audit in response to a hotline complaint alleging that San Diego Job Corps (San Diego) center management had ordered staff to tell students to leave their resignation forms undated, which would have allowed San Diego personnel to manipulate student resignation dates to inflate San Diego's reported student attendance as reflected in the student on-board strength (OBS) performance measure. We also expanded our review to four other performance measures reported by San Diego. Job Corps uses various performance and outcome measures, including OBS, as part of a comprehensive management system to assess program effectiveness. Specifically, Job Corps uses OBS to measure a center's capacity utilization and to help monitor program costs.

We found the substance of the allegation to be valid. San Diego staff obtained undated resignation forms/letters from students so that San Diego staff could place students on leave as a way to delay reporting that they had separated from the San Diego center. In fact, San Diego's practice of prolonging student stays was widespread and was not isolated to students who resigned, but also included students who completed a vocation. San Diego's inflation of its OBS may have prevented the responsible ETA regional office from identifying enrollment issues at San Diego, thereby avoiding closer supervision.

We also found that while two other performance measures (60-day commitment date and GED/high school diploma attainment rate) were reliable, the vocational completion rate was not. Training records did not support over 50% of the vocation completions tested. Students either did not complete required tasks at all or completed them with a less-than-proficient rating.

Job Corps had already begun taking action in response to two earlier OIG audit reports on Job Corps performance measures; however, we recommended ETA specifically ensure that Job Corps address the

manipulation of student attendance records and unsupported vocational completions at the San Diego center. ETA agreed with our recommendations. Job Corps had begun taking action to ensure performance data reliability at all its centers. Further, Job Corps obtained a Corrective Action Plan from the center operator specifically for San Diego, and corrective actions have begun. ([Report 09-05-004-03-370, issued September 30, 2005](#))

Foreign Labor Certification

The Department's foreign labor certification (FLC) programs provide U.S. employers access to foreign labor. The Permanent Foreign Labor Certification program allows an employer to hire a foreign worker to work permanently in the United States. Administration of this program is the responsibility of three Federal departments: Labor, Homeland Security, and State. Prior OIG audits have identified vulnerabilities in the FLC program, and our investigations continue to identify fraud against these programs.

Immigration Attorney Sentenced for Visa Fraud

On September 22, 2005, Maqsood Mir, an immigration attorney, was sentenced to 78 months in prison and ordered to pay \$25,000 in fines, after being convicted on visa fraud charges. His law firm was ordered to pay \$200,000 in fines. Mir, Mohammad Bajwa (his associate who was previously convicted), and others conspired to file 144 fraudulent permanent labor certification applications with DOL. Mir directed his staff to file applications without the employers' knowledge and to falsify signatures of both employers and employees. Mir also created fraudulent employer correspondence and work experience documents. Mir paid Bajwa money in exchange for using the name of Bajwa's company on approximately 17 false applications. To date, six employers have been convicted on charges of conspiracy to commit visa fraud. This was a joint investigation with United States Immigration and Customs Enforcement (ICE). *U.S. v. Mir, et al.* (D. Maryland)

Polish Citizen Pleads Guilty in Visa Fraud Scheme

On September 12, 2005, a Polish national, Pavel Preus, pled guilty to all charges for his role in an international employee-leasing fraud scheme and money-laundering conspiracy that netted in excess of \$24 million. In April 2005, Preus and five others were charged with conspiracy to commit visa fraud, wire fraud, mail fraud, money laundering, and tax fraud. The leasing companies, operating under various names, contracted out more than 550 Eastern Europeans to farms, dairies, hotels, and factories. From 1995 to 2003, the defendants conspired to employ the workers, who had entered the United States on tourist visas, at dozens of American companies, thereby circumventing the Department's foreign labor certification process. To hasten the scheme, the defendants altered immigration documents for the workers and misrepresented to their client companies that the workers were authorized as H-2B temporary workers. The investigation was conducted jointly with ICE and the Internal Revenue Service (IRS). *U.S. v. Preus* (S.D. Florida)

Immigration Broker and Associates Caught in Visa Fraud Scheme

On September 9, 2005, an immigration broker and principal defendant, Hans Gouw, was sentenced to 66 months in prison, three years probation, and a forfeiture of \$300,000. He had pled guilty in April 2005 to various conspiracy charges and money laundering involving the submission of more than 200 fraudulent asylum and labor certification applications. To date, 20 defendants have pled guilty and been sentenced for their roles in the scheme. Gouw operated the Chinese Indonesian American Society, one of four brokerages, to prepare fraudulent applications for labor certification on behalf of Indonesian immigrants seeking to remain in the United States. The investigation revealed that much of the information in the applications was false, including the existence of the job, qualifications of the immigrant, and the immigrant's intended U.S. address. This investigation was conducted jointly with ICE, the Department of State, the IRS, the Social Security Administration (SSA) OIG, the Secret Service, the Federal Bureau of Investigation (FBI), and the Fairfax County Police Department. *U.S. v. Gouw, et al.* (E.D. Virginia)

Brazilian Immigrants Sentenced for Creating Counterfeit Visas

Joao Desouza and three other Brazilian immigrants were sentenced on September 8, 2005, for their visa fraud scheme. Desouza, the main defendant, received 57 months in jail after he pled guilty to charges of visa fraud conspiracy in February 2005. The defendants digitally created more than 100 counterfeit H-2B visas and other documents and sold them to illegal aliens for up to \$2,000 each. Desouza then arranged for these illegal aliens to be transported to state and Federal offices to obtain legitimate drivers' licenses and Social Security cards. The joint investigation was worked with ICE and the SSA OIG. *U.S. v. Desouza, et al.* (N.D. Georgia)

Trade Adjustment Assistance

The Trade Adjustment Assistance Reform Act of 2002 (TAARA) established new mechanisms by which certain Trade Adjustment Assistance participants, as well as eligible recipients of pensions administered by the Pension Benefit Guaranty Corporation (PBGC), can receive assistance in covering the cost of health insurance. The primary mechanism for such assistance is a Federal tax credit administered by the IRS, equal to 65% of the amount paid by an eligible individual for qualified health insurance coverage of the individual and certain family members.

Nationwide Participation in Health Coverage Tax Credit Bridge and Gap Programs is Minimal

We conducted a performance audit of the National Emergency Grant (NEG) used to administer the Health Coverage Tax Credit (HCTC) Bridge and Gap programs established by TAARA. TAARA established a Bridge and Gap mechanism to provide interim health insurance coverage cost assistance to eligible individuals during the IRS's HCTC advance credit implementation and enrollment processes. Our objectives were to determine whether a significant number of individuals potentially eligible for the HCTC availed themselves of the program and to identify barriers to participation. We conducted audit work in three participating states covering the period from grant inception through June 30, 2004, for each selected state. We also surveyed Bridge and Gap participants and nonparticipants, as well as participating and nonparticipating states, to determine why participation in the program was low.

As of June 30, 2004, the OIG found that nationwide participant levels were 4.8% of the potentially eligible population, and that expenditure levels were less than 7% of appropriated funds. We identified several barriers to individuals' participation: high premium and up-front costs, effective exclusion of PBGC populations, lack of program awareness, and overall program complexity. Thirty-nine states did not participate primarily due to lack of administrative funding, staffing, and systems to run the program. As a result, the majority of the potentially eligible population did not have the opportunity to avail themselves of the program, since they could not participate unless their states opted into the program.

The OIG made 19 recommendations to ETA aimed at expanding both states' and individuals' participation in HCTC, including:

- conduct an immediate needs assessment of NEG funds and, based on the assessment, redirect funds as appropriate;
- work with states, Federal lawmakers, and other partners to address identified barriers to enhance both state and individual participation;
- clarify guidance pertaining to the use of administrative funds and availability of funds for the development of infrastructure systems; and

- work with the IRS office to implement a consistent system of communication between the states and the IRS and ensure that proper controls are instituted to safeguard Federal funds.

ETA generally agreed with our recommendations and acknowledged that opportunities for improvement exist, including the possibility of allowing states with excess HCTC funds to redirect such funds to Hurricane Katrina response activities. ([Report 02-05-204-03-330, issued September 30, 2005](#))

Performance Data for the Trade Adjustment Assistance Program was Unreliable

We conducted a review of calendar year 2003 Government Performance and Results Act (GPRA) performance data for the Trade Adjustment Assistance (TAA) program to determine the data's completeness and reliability. DOL uses eight data elements to support the performance data comprising its FY 2003 performance goal, "increase the employment, retention, and earnings replacement of workers dislocated in important part because of trade and who receive TAA benefits."

One of eight data elements, date of exit, was not supported by source documentation. The date of exit could not be verified because the anticipated date was recorded instead of the last date of services, as required by the TAA program. Further, the State Workforce Agencies (SWA) did not have source documentation available to verify the date of exit. While we could verify the remaining seven data elements, five were dependent on the date of exit; therefore, those five were not complete or reliable.

We recommended that ETA ensure the TAA program collects and records the participant's actual date of exit according to ETA's written definition and properly manages and maintains source documentation to support the actual date of exit. ETA concurred with the recommendations and has planned corrective actions. ([Report 22-05-007-03-330, issued September 15, 2005](#))

Unemployment Insurance

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

Identity Theft Ringleader Ordered to Pay Nearly \$700,000

On May 16, 2005, Marcelo Marroquin, the leader of an identity theft ring, was sentenced to 21 months in prison and three years probation. He was also ordered to pay restitution of \$697,559 after pleading guilty in February 2005 to charges of conspiracy to commit mail fraud. From April 2002 through March 2004, Marroquin and others perpetrated a scheme to fraudulently obtain UI benefits from the State of California. They accomplished this by using stolen payroll data containing confidential information. The ring then contacted the California Employment Development Department via telephone or the internet in order to file fraudulent UI claims. *U.S. v. Marroquin* (E.D. California)

Defendant Sentenced to Six Years in Prison

On August 19, 2005, former real estate investor, Martti Antila, was sentenced to six years of incarceration and ordered to pay restitution of \$103,023. Antila had operated a fictitious employer UI fraud scheme and defrauded the State of Florida's Taxol Settlement Fund, a settlement fund intended for patients who had used the cancer-fighting drug Taxol.

Antila pled guilty in June 2005 to state charges of grand theft, communications fraud, and criminal use of personal identification information. He created seven fictitious companies and filed 15 claims using names of both former clients and relatives in order to obtain \$110,258 in UI benefits. Antila also defrauded the Taxol fund by creating more than 60 fictitious names, including 11 doctors' names, and by forging signatures to collect more than \$77,000 in benefits. The joint investigation was conducted with the Florida Department of Law Enforcement and the Florida Agency for Workforce Innovation. *State of Florida v. Antila*

Defendant Sentenced to Three Years in Prison for Identity Theft

On August 25, 2005, James Tomasso, a former pizza parlor manager, was sentenced to three years of imprisonment and ordered to pay \$24,791 in restitution. He had pled guilty to state charges of grand theft and identity theft for using stolen identities to defraud the UI program. The investigation revealed Tomasso formulated the scheme from a newspaper advertisement that explained how unemployed Florida hurricane victims could apply for UI benefits. Using the Social Security numbers of former employees from the pizza parlors that he managed, Tomasso filed 141 fraudulent UI claims from his cell phone and via the internet, receiving a total of \$58,070. This joint investigation was conducted with the Florida Department of Law Enforcement and the Florida Agency for Workforce Innovation. *State of Florida v. Tomasso*

Defendants of Identity Theft Scam Plead Guilty

Rogaciano Herrera and his associate, Ismael Lozano, pled guilty in August and May 2005, respectively, to identity theft and mail fraud charges for their roles in a scheme that used more than 200 stolen identities to defraud the UI program. Herrera and Lozano stole the Social Security numbers of applicants who had pursued employment at their fictitious janitorial services business. They then used legitimate employers' names and addresses to file 222 UI claims and obtain more than \$693,000 in UI benefits from February 2001 through February 2005. This was a joint investigation conducted with the United States Postal Inspection Service (USPIS), ICE, and the SSA OIG. *U.S. v. Herrera, et al.* (N.D. Texas)

Obstacles Limit State Workforce Agencies Use of IRS 1099 Data

The OIG conducted an audit to assess the extent of SWAs' use of 1099-MISC Income Data (1099 data) to identify potential employer misclassification of employees as independent contractors, thus avoiding paying UI taxes. Since August 2001, the IRS has permitted SWAs to apply for 1099 data for use in UI field tax audits. The IRS developed a 1099 extract tailored for the SWAs that contained non-employee compensation Federal tax information.

The audit found that, as of December 2004, only nine of 52 SWAs contacted were using the 1099 data. Another 10 SWAs had applied to the IRS for the data but encountered obstacles that prevented them from obtaining and using it. Where SWAs used 1099 data, UI field audits in seven of the nine SWAs resulted in identification of misclassified employees, recovery of underreported UI tax contributions, and adjustment of over reported UI tax

contributions. As of December 2004, the seven SWAs reported that they:

- identified 7,118 misclassified employees;
- recovered \$1,492,521 in underreported UI tax contributions; and
- adjusted \$328,634 for over reported UI tax contributions associated with these workers.

ETA and the IRS conducted telephone conference calls with SWAs to discuss how to overcome obstacles they faced in the application process and in using 1099 data in the UI field tax audits. The IRS reported that 16 additional SWAs have since applied to receive the 1099 data in 2005.

Our recommendations to ETA included that it provide assistance and guidance to the 16 new SWAs that applied for the 1099 data to increase their success in obtaining and using the data; and encourage SWAs to apply for the 1099 data during the 2006 IRS enrollment period and use it in their UI field tax audit programs. ETA agreed with our recommendations and has already initiated corrective action. ([Report 03-05-005-03-315, issued September 30, 2005](#))

New Mexico DOL Improperly Used More Than \$1.6 Million in WIA Funds

We initiated an audit at the request of ETA to determine if the New Mexico DOL (NMDOL) improperly used funds reserved for WIA Rapid Response program activities to help finance NMDOL's UI Claims System Re-engineering Project. The purpose of the WIA Rapid Response program includes providing activities necessary to plan and deliver services to enable dislocated workers to transition to new employment as quickly as possible. States can use these program funds to take a proactive approach in minimizing the time dislocated workers are out of work.

NMDOL's UI Claims System Re-engineering Project was separately funded by ETA, and, as NMDOL implemented several changes to the project, its estimated cost increased to more than twice the amount ETA had funded. As a result, NMDOL had a budget deficit for the project and used WIA Rapid Response funds to fund the deficit.

We concluded that NMDOL improperly charged \$1,648,018 of its UI program costs to the WIA Rapid Response program. This amount comprises:

- \$748,657 of UI personnel compensation costs and other UI program expenses; and
- \$899,361 of its UI Claims System Re-engineering Project costs.

We recommended that ETA disallow and recover from NMDOL, from non-Federal funds, the \$1,648,018 of WIA Rapid Response funds that were improperly used, and require NMDOL to establish controls and procedures to

ensure that costs incurred for one program are not shifted to other programs either through journal voucher adjustments or direct charges.

The State of New Mexico disagreed with our audit conclusions on the basis that a WIA Rapid Response event is a jointly conducted activity, with “access to unemployment insurance” being a shared cost objective that may properly be allocated to WIA Rapid Response funds. However, New Mexico indicated that if the expenditures are disallowed by ETA, it would use its appropriated Reed Act funds to cover the questionable costs. ([Report 06-05-005-03-390, issued September 30, 2005](#))

Employee Benefits Security Administration

Each year, pension and welfare benefit plans generally are required to file an annual return/report regarding their financial condition, investments, and operations. The annual reporting requirement is generally satisfied by filing the Form 5500 Annual Return/Report of Employee Benefit Plan and any required attachments with the Employee Benefits Security Administration (EBSA). The Form 5500 Series is part of the Employee Retirement Income Security Act's (ERISA) overall reporting and disclosure framework, which is intended to assure that employee benefit plans are operated and managed in accordance with certain prescribed standards and that participants and beneficiaries, as well as regulators, are provided or have access to sufficient information to protect the rights and benefits of participants and beneficiaries under employee benefit plans.

EBSA Should Mandate Electronic Filing of Form 5500 to Improve Data Accuracy

The OIG conducted a performance audit of the EBSA ERISA Filing and Acceptance System (EFAST) to determine if EFAST accurately captured data on Form 5500 filings submitted by employee benefit plans. Developed and operated by NCS-Pearson, an EBSA contractor, EFAST is used to meet the legislatively mandated mission to protect the pensions and other employee benefits of the American workforce.

Our audit disclosed that EFAST data from Form 5500s filed on paper, which account for about 99% of the data, have consistently not met all the accuracy standards EBSA established in the contract with NCS-Pearson. Our review of 35 paper Form 5500s found that only 23, or 62%, of the filings tested were accurately input, with 12 of the 35 filings including at least one error in a critical field. Additionally, NCS-Pearson's own quality control testing, for the period of time audited by the OIG, showed that paper filings were not meeting the accuracy standards specified in the contract.

Despite improvements in data accuracy over time, NCS-Pearson continues to be non-compliant. While EBSA has been aware of this lack of compliance and has pressed NCS-Pearson to improve, EBSA has not been able to obtain compliance. EBSA officials stated that, although the contract standards have not been met, the contractor has been making good faith efforts to meet the standards and has been improving overall data accuracy recently. NCS-Pearson agreed in the initial contract to provide the levels of accuracy required by EBSA for the proposed price. For six years, NCS-Pearson has received payment but has not delivered the required accuracy. EBSA continues to work closely with NSC-Pearson to improve and achieve compliance with the data accuracy standards. However, EBSA has had to invest additional staff resources to perform special analyses to correct

EFAST data, and it has contracted for special services to adjust statistical data for EFAST inaccuracies.

In contrast, we found that data from electronically filed Form 5500s were accurate. However, since these data only comprise about 1% of the total Form 5500 data, it did not allow the EFAST data to meet data accuracy standards overall.

The OIG recommended EBSA require electronic filing of 5500 data, which we estimate could save over \$5 million annually in contract costs. We also recommended EBSA strengthen future contracts' performance remedies and withhold payment when current contractual standards are not met. EBSA concurred with all 3 recommendations. Moreover, EBSA welcomed the OIG's support of its efforts to mandate electronic filing of the Form 5500. EBSA also provided information about actions planned to address the remaining recommendations. ([Report 09-05-002-12-121, issued September 30, 2005](#))

Office of Workers' Compensation Programs

The Employment Standards Administration's (ESA's) Office of Workers' Compensation Programs (OWCP) administers four major disability compensation programs, which provide wage replacement benefits, medical treatment, vocational rehabilitation, and other benefits to certain workers or their dependents who experience work-related injury or occupational disease. Two such programs are the Federal Employees' Compensation Act (FECA) program and the Black Lung Benefits program. In the FECA program alone, more than \$2.4 billion in medical and death benefits and wage loss compensation was paid from July 1, 2003, to June 30, 2004, with more than half of those benefits paid to injured employees of the U.S. Postal Service, the Department of the Navy, and the Department of the Army. It is important to note that the removal of a single fraudulent claimant from Federal benefit rolls creates, on average, a \$300,000–\$500,000 savings for the government.

FECA Program Overstated One GPRA Performance Element

We conducted a review of calendar year 2003 GPRA performance data for the FECA program to determine the data's completeness and reliability. The performance data were used to support the six performance indicators comprising FY 2003 Performance Goal 2.2C, "Minimize the human, social, and financial impact of work-related injuries for workers and their families."

We concluded that ESA overstated one of six performance indicators. This indicator related to benefit payment savings generated from resolution of long-term disability cases. ESA incorrectly included savings resulting from claimant deaths, even though this reduction of benefit payments did not result from ESA intervention.

We recommended that ESA ensure the FECA program excludes cases resolved due to claimant deaths from the calculation of savings resulting from ESA intervention. ESA concurred with the recommendation and has planned corrective action to address the recommendation. ([Report 22-05-008-04-431, issued September 27, 2005](#))

FECA Medical Provider Pleads Guilty to Racketeering and Health Care Fraud

On September 2, 2005, Dr. Cecil Knox III, owner of Southwest Virginia Physical Medicine and Rehabilitation, PC, pled guilty to charges of racketeering, illegal distribution of prescription drugs, illegal distribution of marijuana to a patient, and health care fraud. He operated his medical practice to dispense drugs for profit and to defraud insurance companies and

Federal programs, including FECA. The court stripped Knox of his medical license and removed his authority to prescribe controlled medications. From 1997 through 2002, he illegally prescribed medications, distributed marijuana, and filed numerous false medical billings to OWCP, Medicare, and Medicaid. The investigation was conducted with insurance companies in the southwestern Virginia area and more than 20 agencies, including Federal, state, and local law enforcement agencies. *U.S. v. Knox* (W.D. Virginia)

FECA Contractor's Employee Sentenced for Embezzlement

On July 13, 2005, Lamar Pringle, an employee of a FECA contractor, was sentenced to 21 months' imprisonment, three years' probation, and ordered to pay restitution of \$259,196. He pled guilty in April 2005 to charges of theft of government funds. Under his company's DOL contract, Pringle handled the billing of medical treatments and related expenses for FECA claimants in the Tallahassee area. Beginning in June 2004, Pringle used bogus medical providers to submit billings for medical treatment or services to FECA claimants. He later processed the bills for payments sent as U.S. Treasury checks to him. *U.S. v. Pringle* (M.D. Florida)

Former Reservist Ordered to Pay More Than \$550,000

John Lee, former Army reservist and postal employee, was sentenced on July 19, 2005, to two years in prison and two years of probation. He was also ordered to pay \$559,966 in restitution, forfeitures, and fines. Lee was convicted in April 2005 of mail fraud and FECA fraud charges for failing to report the income generated from both his prosthetics company and duty as a U.S. Army reservist. The investigation found that Lee had falsely claimed that he had been an Iraqi prisoner of war during the Desert Storm conflict to obtain benefits for post-traumatic stress disorder. This joint investigation was conducted with USPIS, Defense Criminal Investigative Service, and the U.S. Department of Veterans Affairs OIG. *U.S. v. Lee* (W.D. Texas)

Daughter of Black Lung Beneficiary Defrauds OWCP

Pamela Helmick, daughter of a deceased Black Lung Benefits program beneficiary, pled guilty on September 26, 2005, to charges of theft of government funds. Her mother's monthly survivor benefits, which were electronically deposited into their joint bank account, continued after her mother passed away in June 2000. By not reporting the death, Helmick fraudulently collected \$26,425 until August 2004. SSA received an anonymous complaint about the fraud, and Helmick later admitted her guilt to investigators. She also collected \$37,479 in SSA benefits by the same method. This was a joint case with the SSA OIG. *U.S. v. Helmick* (N.D. West Virginia)

Occupational Safety and Health Administration

The mission of the Occupational Safety and Health Administration (OSHA) is to ensure safe and healthful conditions for workers by authorizing the enforcement of the standards developed under the Occupational Safety and Health Act; to assist and encourage states in their efforts to ensure safe and healthful working conditions; and to provide for research, information, education, and training in the field of occupational safety and health. OSHA is responsible for the safety and health of workers in nearly every workplace in the United States.

Construction Company President Agrees to Pay More Than \$1 Million

On April 21, 2005, Kang Lee, president of Big Apple Construction, pled guilty to charges of committing mail fraud and violating OSHA standards. These charges were brought after a laborer, who was employed by Lee, died in a worksite accident. As part of the plea agreement, Lee agreed to forfeit \$96,551 to settle a prevailing wage offense from a U.S. Postal Service (USPS) construction job at the JFK Airport. He also agreed to: pay \$157,940 assessed in three citations issued by OSHA in connection with the worksite conditions; pay \$55,194 to the Wage and Hour Division to settle overtime wages from the USPS job; and forfeit \$750,000 to settle his past failure to make contributions to a pension plan of the Mason Tenders Union Local 79 on behalf of workers covered by a collective bargaining agreement. This was a joint investigation conducted with ICE, the New York City Department of Investigation, EBSA, Wage and Hour Division, and OSHA. *U.S. v. Lee* (E.D. New York)

Bureau of International Labor Affairs

The Bureau of International Labor Affairs (ILAB) carries out the international responsibilities of the Department of Labor. ILAB works with other U.S. government agencies to create a more stable, secure, and prosperous international economic system in which workers can achieve greater economic security, share in the benefits of increased international trade, and have safer and healthier workplaces where the basic rights of workers and children are respected and protected.

Jesus Cares Ministries Charged over \$156,000 in Costs That Did Not Meet Federal Cost Principles

We conducted an audit to obtain answers to concerns ILAB had regarding Jesus Cares Ministries (JCM) administration of a four-year, \$652,000 cooperative agreement DOL awarded for a program to support combating child labor through education in Zambia, Africa.

The objectives were to determine if JCM: obtained approval from ILAB for program funds used for building construction; used program funds for religious activities; had adequate funding to sustain the program through the cooperative agreement period; and used program funds in accordance with Office of Management and Budget (OMB) Circular A-122 cost principles.

The OIG found that JCM:

- charged \$156,969 in costs that did not meet OMB Circular A-122 cost principle requirements: \$151,216 in administrative costs not properly allocated though more than one funding source benefited; \$2,020 for construction costs not approved; and \$3,733 for costs not adequately documented.
- expended \$741 in unallowable costs for religious activities.
- had expended the majority of DOL funds during the program's first two years, leaving it with inadequate funds to sustain the program for the remaining two years. JCM's goal in the cooperative agreement was to serve 2,040 children and, as of November 2004, JCM reported to ILAB that they served 2,747 children. Also contributing to this funding shortfall was JCM's failure to budget for all its administrative costs or take into account Zambia's high inflation rate.

Our recommendations included that ILAB: direct JCM to develop and submit for approval an allocation methodology for costs that benefited more than one funding source; recover the amount of any administrative costs that JCM overcharged for the cooperative agreement, as well as all identified questioned and unallowable costs from JCM; and direct JCM to become knowledgeable of OMB Circular A-122 principles and develop and implement procedures and controls to ensure compliance.

Both ILAB and JCM generally concurred with our recommendations and have planned or initiated the necessary corrective actions. ([Report 03-05-001-01-070, issued September 8, 2005](#))

Wage and Hour Division

The Wage and Hour Division is responsible for the administration and enforcement of a wide range of laws which collectively cover virtually all private and state and local government employment. Wage and Hour Division activities include obtaining compliance with the minimum wage, overtime, child labor, and other employment standards.

Family Sentenced for Violations Involving Labor Camp

On May 26, 2005, a farm labor contractor, Maria Garcia, and her family were sentenced for violations involving abuse of illegal Mexican workers at their labor camp. Garcia received 46 months in prison. Her son, Elias Botello, received 37 months, and Garcia's husband, Jose, received 14 months. In December 2004, Maria Garcia pled guilty to forced labor charges, and Botello pled guilty to conspiracy to commit forced labor. Two other family members pled guilty to charges of harboring illegal aliens.

From May 2001 through October 2001, their business recruited illegal aliens in Arizona to work for farmers in Orleans and Genesee counties in New York State. By deducting various expenses from their pay, including exorbitant transportation fees, food, housing, and other living expenses, the illegal aliens were kept indebted. The defendants also threatened the aliens with deportation if they tried to leave the overcrowded and unsanitary camps. This was a joint investigation with the SSA OIG, ICE, DOL's Wage and Hour Division, and the New York State Attorney General's Office. *U.S. v. Garcia, et al.* (W.D. New York)

Mine Safety and Health Administration

The Mine Safety and Health Administration (MSHA) administers the provisions of the Federal Mine Safety and Health Act of 1977 and enforces compliance with mandatory safety and health standards as a means to eliminate fatal accidents; to reduce the frequency and severity of nonfatal accidents; to minimize health hazards; and to promote improved safety and health conditions in the Nation's mines.

MSHA Proposes to Revise Asbestos Exposure Limit

In response to a March 2001 OIG evaluation report on MSHA's handling of inspections at the W.R. Grace & Company surface vermiculite mine in Libby, Montana, MSHA issued a proposed rule in the July 29, 2005, Federal Register. The proposed rule would lower MSHA's Permissible Exposure Limit (PEL) at metal and nonmetal mines, surface coal mines, and surface areas of underground coal mines. Our 2001 evaluation report found that, even though laboratory analysis of samples taken by MSHA inspectors were generally under MSHA's PEL, a large number of former Grace employees and family members in Libby contracted asbestos-related illnesses. This occurrence, coupled with current scientific evidence, indicated a need for MSHA to lower its asbestos PEL. MSHA's action satisfied recommendation one of the evaluation report to "lower the permissible exposure limit for asbestos to a more protective level." Further, the proposed MSHA levels are consistent with OSHA's asbestos standards. ([Report 2E-06-620-0002, issued March 22, 2001](#))

Information Technology

The Department operates sensitive systems comprising major applications, general support systems, and mission-critical systems. DOL relies on these critical information systems to monitor and analyze the nation's labor market and economic activities, manage workforce services, and protect and compensate American workers. The Department continues to focus on improving its information security program. For example, the Department was proactive in establishing information technology (IT) security work groups to develop better policies and procedures in logical access control, change control management, and contingency planning.

The OIG notes the Department remains challenged in providing adequate security controls involving certification and accreditation's security control assessments and patch management practices. We will continue to test these areas to determine whether progress has been made.

Despite Progress, Information Security Audits Throughout the Department Show Challenges Remain

As required by the Federal Information Security Management Act (FISMA), the OIG conducted an annual independent evaluation to determine whether the Department's information security program adequately protects data and information systems. In this year's FISMA guidance, OMB requested that the Inspectors General provide a qualitative assessment of their agencies' certification and accreditation process. During this semiannual reporting period, we completed audits of 20 of DOL's 85 sensitive systems and we also audited two states' UI Benefit and Tax systems.

While we found the Department has continued to focus on improving its information security program and progress is being made, our audits have shown that challenges remain in the following areas:

- Security control assessments (SCA) as part of the independent certification and accreditation process – The SCA is the most crucial part of the certification and accreditation process because it tests and verifies that necessary security controls have been properly implemented and are performing effectively.
- Security patch management – DOL needs the capability to apply ad hoc upgrades and patches to defend against continuous and innovative threats and attacks on its information systems.

Specifically, our audits of the certification and accreditation processes for 20 sensitive DOL systems found that 11, or 55%, included SCAs that lacked sufficient testing of technical controls. Upon notification of our findings, some DOL agencies took immediate remedial action; however, at the end of the fiscal year, problems remained in 5, or 25%, of the 20 systems audited.

We identified security patch management weaknesses in all three of the DOL systems to which we applied the National Institute of Standards and Technology Special Publication 800-26 methodology during this period. Two of the three patch management weaknesses we identified were corrected relatively quickly. The controls over patch management will continue to challenge the Department as the software industry continues to struggle to tighten the security and eliminate identified vulnerabilities with each release of new software versions.

Department Needs to Improve Procedures for Sanitizing Electronic Media

We conducted a performance audit of the Department to determine if it is effectively sanitizing surplus electronic media prior to transfer or disposal in order to minimize the risk associated with unintentional release of information.

In our analysis of regional and national offices' sanitization of 46 computer hard drives that were ready to be transferred or disposed of, we found that:

- all 24 of the regional office computer hard drives were properly sanitized; and
- 11 of the 22 national office computer hard drives contained varying degrees and combinations of licensed operating system software, licensed application software, and unencrypted data of a sensitive, personal, and/or confidential nature.

We attributed the unsanitized computer hard drives to weaknesses in the Department's procedures to ensure electronic media are being properly sanitized during the disposal phase of a system's development life cycle. While policies and procedures exist within the Department and its agencies, they allow for inconsistencies and/or bypassing certain steps.

We made four recommendations to the Chief Information Officer (CIO) to ensure that:

- the Department-wide electronic media sanitization policy is uniform and includes testing in its verification procedures;
- IT-specific security training includes proper sanitization of electronic media;
- the information security program includes periodic verification of agencies' sanitization procedures; and
- research of emerging technologies is done to further protect DOL's information assets.

The CIO generally agreed with the report findings and recommendations, and the Office of the Assistant Secretary for Administration and Management has begun taking actions to address the recommendations. (Report 23-05-018-50-598, issued September 30, 2005)

The OIG at the Department of Labor is unique among inspectors general in that it has an “external” program function to conduct criminal investigations to combat the influence of labor racketeering and organized crime in the nation’s labor unions. Labor racketeering is the infiltration, domination, and/or use of a union or employee benefit plan for personal benefit by illegal, violent, or fraudulent means. Organized crime is defined as activities carried out by groups with a formalized structure whose primary objective is to obtain money through illegal activities. Traditionally, organized crime has been carried out by La Cosa Nostra (LCN) groups, also known as the “mob” or the “Mafia.” According to the Department of Justice, however, there has been a rapid rise in transnational organized crime groups engaging in new criminal enterprises. There are now organized crime groups that include people from Asia, Russia, Eastern Europe, Nigeria, and West Africa.

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

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

Our current investigations are finding that nontraditional organized crime groups are engaging in racketeering and other crimes against workers in both union and nonunion environments. Moreover, they are exploiting the Department of Labor’s foreign labor certification and Unemployment Insurance programs. The following cases are illustrative of our work in helping to eradicate both traditional and nontraditional labor racketeering in the nation’s labor unions, employee benefit plans, and workplaces.

Internal Union Investigations

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

Civil RICO Indictment Filed Against Union Officials

On July 6, 2005, a civil complaint was filed that sought to end organized crime's control of the International Longshoremen's Association (ILA), AFL-CIO, and its related benefit funds. The complaint was filed against: the ILA; certain ILA officials from its Executive Board, including president John Bowers; various ILA employee health, welfare, and pension benefit plans; and organized crime members from the LCN Genovese and Gambino families, including mob boss Peter Gotti.

The charges are based on decades of evidence relating to corruption and LCN influence within the union and businesses, including commercial shipping terminals operating on the New York/New Jersey waterfront and the Port of Miami. This is the first prosecution brought against the ILA under the Racketeer Influenced and Corrupt Organizations Act (RICO). It seeks court-ordered relief that will assist in reforming and overseeing the union and its benefit plans, bar current union officials and LCN members from the waterfront, and prevent them from managing or influencing the operations of the union and its benefit funds.

On September 14, 2005, Albert Cernadas, ILA's executive vice president, pled guilty to conspiracy charges and signed a consent judgment pursuant to the complaint, agreeing to resign from all of his positions with the union and its benefit plans. In addition to giving up his union membership, Cernadas also agreed to not associate with any organized crime members or engage in acts of racketeering.

The civil RICO action will seek to appoint a monitor to enforce democratic reforms enabling the ILA to become a corruption-free labor organization. This complaint is the result of a collaborative effort with the FBI, the New York City Waterfront Commission, and the U.S. Attorney's Office for the Eastern District of New York. *U.S. v. ILA, et al.* (E.D. New York)

Benefit Plan Investigations

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

Top Union Officials Charged With Racketeering Conspiracy and Embezzlement

On September 14, 2005, four defendants, including the national president and secretary-treasurer of the American Maritime Officers Union, were charged with racketeering conspiracy, embezzlement from the union and its employee benefit plans, mail fraud, witness tampering, kickbacks, and other violations involving union and benefit plan records. From 1993 to 2005, the defendants allegedly engaged in racketeering activity by using their positions to dominate the operations of the union and its plans. The embezzlement schemes involved vendors, bonuses to union and plan employees for making political campaign contributions, and false receipts.

Defendant Ordered to Pay \$1.3 Million for Health Care Fraud

On June 29, 2005, John Hyde, president of Interstate Services Incorporated, was sentenced to 41 months in prison and three years probation for his leading role in a multiple employer welfare arrangement scheme. He was also ordered to pay \$1.3 million in restitution in lieu of forfeiting his home. Hyde previously pled guilty in September 2004 to charges of money laundering, mail fraud, health care fraud, and forfeiture, because his firm, which marketed health insurance plans to small business owners, failed to purchase the insurance. Thousands of people from California, Texas, and other states were left without health coverage. Hyde diverted the premium revenues to lease expensive cars, buy football tickets, pay salaries to family members, and provide commissions to promoters of the scheme. Hyde had operated similar schemes under different names for more than 15 years. This was a joint investigation with the IRS Criminal Investigation Division (IRS-CID), the FBI, and EBSA. *U.S. v. Hyde* (N.D. California)

Defendant Pleads Guilty in Health Insurance Scheme

Peter Wong, who controlled Pacific Group Medical Association (PGMA), pled guilty on June 14, 2005, to charges of insurance fraud and money laundering. In 1997, PGMA failed with more than \$18 million in unpaid medical claims,

making it one of the largest health plan failures in Hawaii's history. PGMA had provided health coverage for 26,000 people, including members of the United Public Workers Union Local 646. As part of his plea, Wong acknowledged that he falsified financial reports that were submitted to the Hawaii Insurance Commissioner (HIC). He also manipulated PGMA's books and records to understate the claims paid and reflect an absurdly low claims liability, thereby deceiving the HIC and defrauding his customers. Wong misappropriated millions and diverted large sums to other family companies, and used them to make payments toward personal credit cards and other personal expenses, including automobiles and gambling debts. This was a joint investigation with the IRS-CID and EBSA. *U.S. v. Wong* (D. Hawaii)

Defendants Ordered to Pay \$39 Million for Diverting Pension Funds

On August 22, 2005, Robert Boyd, a former Evergreen Securities Ltd. official, was sentenced to 37 months imprisonment and three years probation. On October 3, 2005, Martin Boelens, Jr., another company official, was sentenced to 46 months imprisonment and three years of supervised release. Both were ordered to pay more than \$25 million and \$14 million respectively, in restitution for fraudulently obtaining monies from investors and pension funds to be used for their personal benefit and that of others. Boyd and Boelens pled guilty in May 2002 to charges of securities fraud conspiracy, mail fraud, and wire fraud. Both officials and another associate orchestrated the domestic and international sale of fraudulent, worthless securities.

From May 1991 through January 2001, they devised a scheme to defraud over 2,000 investors and qualified pension plans by selling securities in the form of debt instruments or bonds. Upon obtaining the investor funds and plan monies, the defendants moved the money to offshore bank accounts in the Caribbean and Central America, converting much of the money for their own purposes. The investigation was conducted jointly with the FBI, USPIS, the IRS-CID, and the Florida Comptroller's Office in Tampa, Florida. *U.S. v. Boyd* and *U.S. v. Boelens* (M.D. Florida)

Labor-Leasing Company Officials Ordered to Pay More Than \$100 Million

In April 2005, Dennis Lambka and Ronald Bray, officers of Simplified Employment Services, were sentenced to 54 months and 60 months in prison respectively, and both received three years probation. They were also ordered to pay, jointly and severally, restitution of \$55,136,267. Lambka and Bray previously pled guilty to charges of conspiracy to commit the following offenses: embezzlement from an employee benefit plan; defrauding the United States; and bank fraud. Restitution will be paid to the victims of the embezzlement schemes which resulted in unpaid medical bills. In addition, Lambka and Bray were ordered to set up a payment schedule with the IRS to

pay back \$51.7 million in unpaid Federal employment taxes. From 1996 to 2001, they bilked the company and its plans by applying various schemes, including one that resulted in more than \$32 million in unfunded checks being issued. The money was used to acquire several other labor-leasing companies, which ultimately sent Simplified Employment Services into bankruptcy. This is a joint investigation with the FBI, the IRS, and EBSA. *U.S. v. Lambka* and *U.S. v. Bray* (E.D. Michigan)

Company Owner Sentenced for Defrauding Benefit Fund

On April 8, 2005, Richard Zerth was sentenced to 30 months in prison, while his wife, Barbara, received a two-year term. They were also ordered to pay \$682,926 in restitution and \$5,000 in fines, and will each serve a two-year term of supervised release. In July 2004, the Zerths were convicted on all counts to charges of mail fraud and making false statements in relation to documents required by ERISA.

From September 1994 until December 1998, the Zerths devised a scheme to defraud the Chicago District Counsel of Carpenters Trust Funds by concealing about \$4 million in payroll funds through the use of a “shell” corporation. By concealing the total numbers of hours that were actually worked by the employees of the union signatory company, Roof Right, the Zerths underreported \$500,000 in fund contributions. This investigation was conducted with the FBI, EBSA, and DOL’s Office of Labor Management Standards (OLMS). *U.S. v. Zerth* (N.D. Illinois)

Defendants Involved in Pension Kickback Scheme Plead Guilty

On September 15, 2005, Chicago lawyers, Joseph Cari and Steven Loren, pled guilty in an ongoing criminal probe into pension kickback schemes involving the Illinois Teachers Retirement System (TRS), a \$30 billion pension fund. TRS serves teachers throughout Illinois, including union members of the Illinois Federation of Teachers, an affiliate of the AFL-CIO, and the Illinois Education Association. Cari pled guilty to attempted extortion directed by a TRS board member. He admitted that he attempted to get a real estate investment firm to pay an \$850,000 fee to an unnamed consultant who did not work on the deal. Loren, a former outside attorney for the pension fund, pled to charges of obstructing and impeding the IRS, and aiding the TRS board member in yet another kickback scheme. This is an ongoing joint investigation with the FBI, the IRS, and USPIS. *U.S. v. Cari* and *U.S. v. Loren* (N.D. Illinois)

Labor-Management Investigations

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

Local Union Presidents Plead Guilty and Admit to Violent Acts

On September 1, 2005, Robert Malvestuto Jr., president of Laborers International Union of North America (LIUNA) Local 91, pled guilty to charges of racketeering and conspiracy. He admitted responsibility for several acts of violence and property sabotage directed against non-union companies and trades persons working in Niagara County, New York, including throwing explosive devices into the home of a non-union worker. The purpose of the violent, extortionate acts was to obtain jobs and the associated wages and benefits. *U.S. v. Malvestuto* (W.D. New York)

In another case involving Local 91, Dominick Dellaccio, a former business manager and president, pled guilty to charges of racketeering and conspiracy for using his position to direct members to inflict property sabotage and other violent acts against both union and non-union workers in Niagara County, New York. To date, 12 defendants have been convicted in this six-year scheme that used violence to curb the progress of non-union companies in the Niagara Falls area. Both investigations were conducted jointly with the FBI, the New York Police Department, the Niagara County Sheriff's Department, and the Niagara Falls Police Department. *U.S. v. Dellaccio, et al.* (W.D. New York)

Defendant Sentenced to Nearly 10 Years in Prison

On May 18, 2005, James Duff, a former vice president of Liquor and Allied Workers Union Local 3, was sentenced to 118 months in prison, three years probation, and ordered to pay nearly \$23 million in restitution, forfeitures, and fees for conducting multiple fraud schemes. Duff pled guilty in January 2005 to charges of RICO conspiracy, money laundering conspiracy, mail fraud, wire fraud, money laundering, and filing false tax returns for multiple fraud schemes. One of Duff's associates, William Stratton, a former business agent of Local 3, was sentenced to 70 months in prison and three years probation. Stratton was ordered to pay \$529,000 in forfeiture. Between 1990 and 2002, Duff's associates were awarded City of Chicago contracts and subcontracts based on fraudulently obtained women- and minority-owned business status in excess of \$100 million. The investigation was conducted with the IRS, the FBI, DOL's OLMS, and EBSA. *U.S. v. Duff, et al.* (N.D. Illinois)

Legislative Recommendations

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

Allow DOL Access to Wage Records

The Department of Labor and the Social Security Administration (SSA) currently have a memorandum of understanding (MOU) in place that allows State Workforce Agencies to access Social Security data on individuals who apply for Unemployment Insurance (UI). The MOU is a good first step. However, to reduce overpayments in employee benefit programs, including UI and FECA, the Department and the OIG need legislative authority to easily and expeditiously access state UI wage records, SSA wage records, and employment information from the National Directory of New Hires, which is maintained by the Department of Health and Human Services.

A provision in the State Unemployment Tax Authority (SUTA) Dumping Prevention Act of 2004 (Public Law 108-295) enables state agencies responsible for administration of unemployment compensation programs to obtain access to the National Directory of New Hires. By cross-matching UI claims against this new-hire data, states could better detect overpayments to UI claimants who have gone back to work but who continue to collect UI benefits. However, this law does not provide DOL or the OIG with access to the National Directory of New Hires. Moreover, access to SSA and UI data would allow the Department to measure the long-term impact of employment and training services on job retention and earnings. Outcome information of this type for program participants is otherwise difficult to obtain.

Amend Pension Protection Laws

Legislative changes to ERISA and criminal penalties for ERISA violations would enhance the protection of assets in pension plans. To this end, the OIG recommends the following:

- **Expand the authority of EBSA to correct substandard benefit plan audits and ensure that auditors with poor records do not perform additional plan audits.** Changes should include providing EBSA with greater enforcement authority over registration, suspension, and debarment and the ability to levy civil penalties against employee benefit plan auditors. The ability to correct substandard audits and take action against auditors is important because benefit plan audits help protect participants and beneficiaries by ensuring the proper value of plan assets and computation of benefits.

- **Repeal ERISA’s limited-scope audit exemption.** This provision excludes pension plan assets invested in banks, savings and loans, insurance companies, and the like from audits of employee benefit plans. The limited scope prevents independent public accountants who are auditing pension plans from rendering an opinion on the plans’ financial statements in accordance with professional auditing standards. These “no opinion” audits provide no substantive assurance of asset integrity to plan participants or to the Department.
- **Require direct reporting of ERISA violations to DOL.** Under current law, a pension plan auditor who finds a potential ERISA violation is responsible for reporting it to the plan administrator, but not directly to DOL. To ensure that improprieties are addressed, we recommend that plan administrators or auditors be required to report potential ERISA violations directly to DOL. This would ensure the timely reporting of violations and would more actively involve accountants in safeguarding pension assets, providing a first line of defense against abuse of workers’ pension plans.
- **Strengthen criminal penalties in Title 18 of the United States Code.** Three sections of Title 18 serve as the primary criminal enforcement tools for protecting pension plans covered by ERISA. Embezzlement or theft from employee pension and welfare plans is prohibited by Section 664, making false statements in documents required by ERISA is prohibited by Section 1027, and giving or accepting bribes related to the operation of ERISA-covered plans is outlawed by Section 1954. Sections 664 and 1027 subject violators to 5 years’ imprisonment, while Section 1954 calls for up to 3 years’ imprisonment. We believe that raising the maximum penalties to 10 years for all three violations would serve as a greater deterrent and would further protect employee pension plans.

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

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

Moreover, we believe that vulnerabilities in the foreign labor certification programs administered by DOL and other agencies could be remedied by the following changes.

- All foreign nationals should have an eligibility determination by the U.S. Citizenship and Immigration Services before the employer's labor certification application is reviewed by DOL.
- DOL should have latitude and authority to deny applications for any misrepresentations or suspected fraud.
- Applications should be alien-specific.
- Foreign labor certifications should have an expiration date.
- The sale, barter, and/or purchase of approved labor certifications and applications by an employer, alien, agent, attorney, or otherwise interested party should be prohibited and vigorously prosecuted.

Enhance the WIA Program Through Reauthorization

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

- **Improve state and local reporting of WIA obligations.** A disagreement between ETA and the states about the level of funds available to states drew attention to the way WIA obligations and expenditures are reported. The OIG's prior work in nine states and Puerto Rico showed that obligations provide a more useful measure for assessing states' WIA funding status if obligations accurately reflect legally committed funds and are consistently reported.
- **Modify WIA to encourage the participation of training providers.** WIA participants use individual training accounts to obtain services from approved eligible training providers. However, performance reporting and eligibility requirements for training providers have made some potential providers unwilling to serve WIA participants.
- **Support amendments to resolve uncertainty about the release of WIA participants' personally identifying information for WIA reporting purposes.** Some training providers are hesitant to disclose participant data to states for fear of violating the Family Education Rights and Privacy Act.
- **Strengthen incumbent worker guidance to states.** Currently no Federal criteria define how long an employer must be in business or employee must be employed to qualify as an incumbent worker; and no Federal definition of "eligible individual" exists for incumbent worker training. Consequently, a state could decide that any employer or employee can qualify for a WIA-funded incumbent worker program.

Improve the Integrity of the FECA Program

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

Legislative Recommendations

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

Appendix

Requirements Under the Inspector General Act of 1978

Section 4(a)(2)—Review of Legislation and Regulation	39
Section 5(a)(1)—Significant Problems, Abuses, and Deficiencies.....	All
Section 5(a)(2)—Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	All
Section 5(a)(3)—Prior Significant Recommendations on Which Corrective Action Has Not Been Completed.....	49
Section 5(a)(4)—Matters Referred to Prosecutive Authorities.....	51
Section 5(a)(5) and Section 6(b)(2)—Summary of Instances Where Information Was Refused	None
Section 5(a)(6)—List of Audit Reports	46
Section 5(a)(7)—Summary of Significant Reports	All
Section 5(a)(8)—Statistical Tables on Management Decisions on Questioned Costs	45
Section 5(a)(9)—Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use	44
Section 5(a)(10)—Summary of Each Audit Report Over Six Months Old for Which No Management Decision Has Been Made.....	49
Section 5(a)(11)—Description and Explanation for Any Significant Revised Management Decision	None
Section 5(a)(12)—Information on Any Significant Management Decisions with Which the Inspector General Disagrees	None

Agreed to by DOL

	Number of Reports	Dollar Value (\$ millions)
For which no management decision had been made as of the commencement of the reporting period	1	428.0
Issued during the reporting period	2	41.7
Subtotal		<hr/> 469.7
For which management decision was made during the reporting period:	0	0.0
<ul style="list-style-type: none"> Dollar value of recommendations that were agreed to by management 		0.0
<ul style="list-style-type: none"> Dollar value of recommendations that were not agreed to by management 		0.0
For which no management decision had been made as of the end of the reporting period		469.7

Implemented by DOL

	Number of Reports	Dollar Value (\$ millions)
For which final action had not been taken as of the commencement of the reporting period	5	12.7
For which management or appeal decisions were made during the reporting period	0	0.0
Subtotal		<hr/> 12.7
For which final action was taken during the reporting period:		
<ul style="list-style-type: none"> Dollar value of recommendations that were actually completed 		7.0
<ul style="list-style-type: none"> Dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed 		
For which no final action had been taken by the end of the period	4	5.7

Questioned Costs

	Number of Reports	Disallowed Costs (\$ millions)
For which no management decision had been made as of the commencement of the reporting period (as adjusted)	43	24.0
Issued during the reporting period	26	11.0
Subtotal	69	35.0
For which a management decision was made during the reporting period:		
• Dollar value of disallowed costs		6.3
• Dollar value of costs not disallowed		4.3
For which no management decision had been made as of the end of the reporting period	38	24.4
For which no management decision had been made within six months of issuance		13.5

Disallowed Costs

	Number of Reports	Disallowed Costs (\$ millions)
For which final action had not been taken as of the commencement of the reporting period (as adjusted)*	63	139.0
For which management or appeal decisions were made during the reporting period	27	6.9
Subtotal	90	145.9
For which final action was taken during the reporting period:**		
• Dollar value of disallowed costs that were recovered		123.0
• Dollar value of disallowed costs that were written off by management		1.1
For which no final action had been taken by the end of the reporting period		21.8

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

** Does not include \$15.6 million of disallowed costs that are under appeal.

<u>Program Name</u> <u>Name of Report</u>	<u>Date</u> <u>Issued</u>	<u>Report</u> <u>Number</u>	<u># of Nonmonetary</u> <u>Recommendations</u>	<u>Questioned</u> <u>Costs</u> <u>(\$)</u>	<u>Funds Put to</u> <u>Better Use</u> <u>(\$)</u>
Employment and Training					
Veterans Employment and Training					
Single Audit: Veterans Benefits Clearinghouse, Inc	09/26/05	21-05-530-02-001	5		
United States Employment Service					
Single Audit: National Government of Federated States of Micronesia	07/08/05	21-05-527-03-320	3		
Trade Adjustment Assistance Program					
Performance Audit of Health Coverage Tax Credit Bridge and Gap Programs	09/30/05	02-05-204-03-330	18		36,711,035
Government Performance Results Act Data Validation–Trade Adjustment Assistance	09/15/05	22-05-007-03-330	2		
Job Corps Program					
San Diego Job Corps Center: Student Attendance and Training Data Overstated	09/30/05	09-05-004-03-370	5	597,608	
Welfare-to-Work Program					
Complaint Involving the Goodwill Industries of Lower South Carolina, Inc.	07/07/05	04-05-001-03-386	2	65,597	
Performance Audit of City of Savannah, Georgia PYs 1998 and 1999 WtW Competitive and Formula Grants	09/30/05	04-05-004-03-386	1	2,856,430	
Single Audit: The Welfare to Work Partnership, Inc.	09/26/05	21-05-538-03-386	6	17,775	
Single Audit: The Seminole Nation of Oklahoma.	09/23/05	21-05-553-03-386	2	10,434	
Workforce Investment Act					
WIA NEG to Chinatown Manpower Project, Inc.	09/02/05	02-05-203-03-390	5		
Complaint Involving Adults Mankind Organization, Inc., Miami, Florida	07/19/05	04-05-002-03-390			
New Mexico DOL Improperly Charged UI Costs to Its WIA Rapid Response Program	09/30/05	06-05-005-03-390	1	1,648,018	
State of Texas Has Effectively Implemented the One–Stop Seamless Service Concept	09/30/05	06-05-007-03-390			
State of Washington Implemented a Decentralized Approach in the One–Stop Seamless Service Concept	09/28/05	06-05-010-03-390			
Two of Illinois One–Stop Centers Have Not Fully Implemented the Seamless Service Concept	09/30/05	06-05-011-03-390			
Insufficient Federal Guidance Could Result in Misuse of Incumbent Worker Training Program Funds	09/30/05	06-05-020-03-390	3		
Single Audit: Salt River Pima Maricopa Indian Community	07/17/05	21-05-502-03-390	7		
Single Audit: Government of Guam– FY 2003	09/27/05	21-05-503-03-390	3	185,584	
Single Audit: Government of Guam–FY 2004	09/23/05	21-05-506-03-390	7	289,027	
Single Audit: Trimmer Education Foundation, Ltd	04/02/05	21-05-508-03-390	1	10,304	
Single Audit: City and County of Denver, Colorado	04/02/05	21-05-522-03-390	1	467,460	
Single Audit: San Carlos Apache Tribe Workforce Investment Act Program	07/11/05	21-05-528-03-390	3		
Single Audit: State of West Virginia	09/09/05	21-05-531-03-390	6	14,715	
Single Audit: Seattle Indian Center	09/13/05	21-05-533-03-390	6		
Single Audit: State of Nebraska	09/13/05	21-05-535-03-390	1	458,965	
Single Audit: Commonwealth of Puerto Rico Human Resources	07/08/05	21-05-540-03-390	2		
Single Audit: Commonwealth of Kentucky–FY 2004	09/13/05	21-05-548-03-390	2		
Single Audit: State of Hawaii Labor and Industry Quality Control Review	09/29/05	21-05-549-03-390			
Single Audit: Seminole Nation of Oklahoma–FY 2003	09/14/05	21-05-555-03-390	6		
Single Audit: Powhatan Renape Nation	09/26/05	21-05-556-03-390	9	1,000	
Single Audit: Oglala Sioux Tribe	09/28/05	21-05-560-03-390	6	62,851	

<u>Program Name</u> Name of Report	Date Issued	Report Number	# of Nonmonetary Recommendations	Questioned Costs (\$)	Funds Put to Better Use (\$)
Bureau of Labor Statistics					
Compliance with Federal and DOL Security Standards in Selected Control Areas for two BLS Systems	09/28/05	23-05-011-11-001			
FISMA Audit of the Employment Cost Index System	09/30/05	23-05-018-11-001	5		
Goal Totals		33	118	6,685,768	36,711,035
Worker Benefits					
Unemployment Insurance Program					
Audit of Georgia DOL's Costs Charged to U.S. DOL Grant for the State FYs 1999–2001	08/30/05	03-05-002-03-315			
Use of IRS Form 1099 Data to Identify Misclassified Workers	09/30/05	03-05-005-03-315	3		
Single Audit: State of Michigan Department of Consumer and Industry Services	09/26/05	21-05-559-03-315	6	3,572	
Single Audit: Government of the United States Virgin Islands	09/29/05	21-05-561-03-315	13		
FISMA Audit of the Massachusetts UI Benefits and Review System	09/30/05	23-05-007-03-315	34		
FISMA Audit of the State of Texas UI and Tax System	09/28/05	23-05-019-03-315	27		
State Employment Security Agency					
Single Audit: Commonwealth of Kentucky–FY 2004	09/27/05	21-05-537-03-325	12		
Federal Employees' Compensation Act					
GPRA Audit–FECA	09/27/05	22-05-008-04-431	1		
Longshore and Harbor Workers Compensation					
Longshore and Harbor Workers' Compensation Act Special Fund	09/30/05	22-05-010-04-432	1		
District of Columbia Workmen's Compensation Act Special Fund	09/30/05	22-05-011-04-432			
Employee Benefit Security Agency					
EBSA Should Mandate Electronic Filing of the Form 5500 to Improve Data Accuracy	09/30/05	09-05-002-12-121	2		5,000,000
Goal Totals		11	99	3,572	5,000,000
Worker Safety, Health, and Workplace Rights					
Bureau of International Labor Affairs					
Jesus Cares Ministries Reducing Child Labor Through Education	09/08/05	03-05-001-01-070	6	157,710	
Single Audit: Vital Voices Global Partnership	09/26/05	21-05-550-01-070	11		
Mine Safety and Health					
Compliance with Federal and DOL Security Standards in Selected Control Areas for Three Mine Safety and Health Administration Systems	09/28/05	23-05-013-06-001			
Occupational Safety and Health					
Compliance with Federal and Departmental Security Standards in Selected Control Areas for Three OSHA Systems	09/30/05	23-05-014-10-001	3		
Goal Totals		4	20	157,710	
Departmental Management					
Office of the Secretary					
Departmental Involvement in Chinatown Manpower Project, Inc., Contributed to Circumvention of Procurement Rules	08/25/05	02-05-202-01-001	3		
ETA Management					
Single Audit: State of Rhode Island and Providence Plantations	04/02/05	21-05-504-03-001	3		
Single Audit: State of Arizona	09/23/05	21-05-532-03-001	7	3,636,953	
Single Audit: State of Wisconsin	09/14/05	21-05-536-03-001	7		
Single Audit: State of California	07/13/05	21-05-539-03-390	3		
Single Audit: State of Utah	09/13/05	21-05-541-03-001	26	91,437	

<u>Program Name</u> Name of Report	<u>Date</u> Issued	<u>Report</u> Number	<u># of Nonmonetary</u> Recommendations	<u>Questioned</u> Costs (\$)	<u>Funds Put to</u> Better Use (\$)
Single Audit: New Mexico Department of Labor	08/25/05	21-05-544-03-001	16		
Single Audit: State of Tennessee	09/26/05	21-05-545-03-001	16		
Single Audit: The Navajo Nation	09/14/05	21-05-546-03-001	14	68,962	
Single Audit: State of Illinois	09/28/05	21-05-551-03-001	12	211,996	
Single Audit: State of Maine	09/14/05	21-05-554-03-001	6		
Single Audit: State of North Carolina—FY 2004	09/08/05	21-05-557-03-001	12	8,679	
Single Audit: South Carolina Employment Security Commission	09/29/05	21-05-562-03-001	12		
Compliance with Federal and Departmental Security Standards in Selected Control Areas for Five ETA Systems	09/28/05	23-05-012-03-001			
ESA Management					
FISMA Audit of the Civil Money Penalty System	09/30/05	23-05-009-04-001	8		
Compliance with Federal and Departmental Security Standards in Selected Control Areas for Three ESA Systems	09/28/05	23-05-015-04-001	4		
OASAM Management					
Compliance with Federal and Departmental Security Standards in Selected Control Areas for Two OASAM Systems	09/28/05	23-05-016-07-001	3		
FISMA Audit of the Emergency Management Network	09/30/05	23-05-035-07-001	22		
Office of the Chief Financial Officer					
Allegations Concerning the Replacement of Systems Furniture in OCFO	07/18/05	21-05-001-13-001			
Independent Accountant's Report on Agreed-Upon Procedures for the Retirement, Health Benefits and Life Insurance Withholdings/Contributions, and the March 31, 2005 Supplemental Semiannual Headcount Report	09/27/04	22-05-012-13-001			
Multi Agency Programs					
Single Audit: Worksystems, Inc.	06/27/05	21-05-501-50-598	11		
Single Audit: Commonwealth of Pennsylvania—FY 2003	04/02/05	21-05-505-50-598	11	8,392	
Single Audit: Commonwealth of Pennsylvania—FY 2002	04/02/05	21-05-509-50-598	6	3,989	
Single Audit: Michigan Department of Career Development	04/02/05	21-05-511-50-598	8	7,836	
Single Audit: State of Iowa	04/02/05	21-05-517-50-598	7		
Single Audit: AARP	04/02/05	21-05-525-50-598	3	42,730	
Single Audit: State of North Carolina—FY 2003	06/27/05	21-05-529-50-598	53	48,923	
DOL Needs to Perform Electronic Media Sanitization More Effectively Prior to Transfer or Disposal	09/30/05	23-05-028-50-598	4		
Goal Totals		28	278	4,129,897	
Report Totals		76	514	10,976,947	41,711.035

Agency/ Program	Date Issued	Name of Audit	Report Number	# of Recommendations	Questioned Costs (\$)
Nonmonetary Recommendations and Questioned Costs					
Being Resolved in Conjunction with DOL-Consolidated Financial Statement Audit					
CFO/Admin	02/27/98	FY 1997 Consolidated Financials	12-98-002-13-001	1	
CFO/Admin	02/29/00	FY 1999 DOL Consolidated Financial Statement	12-00-003-13-001	2	
CFO/Admin	03/27/02	DOL Consolidated Financial Statement Findings and Recommendations	22-02-004-13-001	1	
CFO/Admin	03/31/04	Performance and Accountability Audit, CFO Findings and Recommendations	22-04-002-13-001	2	
Final Management Decision Issued by Agency Did Not Resolve; OIG Negotiating with Program Agency					
ETA/JTPA	09/25/98	Cherokee Nation	06-98-009-03-340	1	
ETA/OJC	09/22/99	Talking Leaves Job Corps Center	06-99-010-03-370	9	
ETA/UIS	04/17/00	Single Audit: State of Louisiana	18-00-534-03-315	2	
ETA/SESA	12/08/99	Puerto Rico Department of Labor and Human Resources	02-00-203-03-325	6	
ETA/SESA	08/23/00	Single Audit: State of Florida	12-00-514-03-325	1	
ETA/JTPA	09/29/00	Single Audit: Commonwealth of Kentucky 1998	12-00-528-03-340	4	
ETA/UIS	09/13/02	State of Maryland Workforce Agency UI Tax and Benefit Information System	23-02-008-03-315	14	
ETA/UIS	09/13/02	UI Tax and Benefit Information System Security–ETA	23-02-009-03-315	9	
CFO/Admin	12/19/02	DOLAR\$ Application Control Review	23-02-003-13-001	3	
DOL/Multi	08/06/02	Single Audit: State of Florida	22-02-512-50-598	1	38,799
VETS/Admin	09/22/03	GISRA Audit: VETS	23-03-012-02-001	8	
ETA/Admin	05/28/03	Single Audit: State of Louisiana	22-03-502-03-001	2	
ETA/UIS	09/30/03	Improved Quality Control Practices Within the Benefit Accuracy Measurement System Could Save the UI Trust Fund Approximately \$400 Million Annually	22-03-009-03-315	3	
ETA/UIS	03/11/03	UI Tax and Benefit Information System Security–Michigan	23-03-003-03-315	53	
ETA/UIS	02/27/03	UI Tax and Benefit Information System Security–California	23-03-005-03-315	1	
ETA/WIA	09/29/03	Single Audit: State of Utah	22-03-528-03-390	1	
MSHA/Admin	09/22/03	GISRA Audit: Imaging Management System	23-03-011-06-001	1	
OSHA/Admin	09/30/03	Evaluation of OSHA's Handling of Immigrant Fatalities in the Workplace	21-03-023-10-001	1	
BLS/Admin	03/31/03	2002 GISRA Audit of BLS–CES	23-03-001-11-001	1	
BLS/Admin	09/22/03	GISRA Audit of the Bureau of Labor Statistics–CPS	23-03-013-11-001	3	
ETA/Admin	03/18/04	Single Audit: New Mexico Department of Labor	22-04-514-03-001	40	373,369
ETA/Admin	05/05/04	Single Audit: Navajo National Tribal Entities	22-04-544-03-001	6	
ETA/Admin	09/30/04	Single Audit: SEIU Training and Upgrading	22-04-567-03-001	1	
ESA/Admin	09/30/04	Audit of General Application and Security Controls for Selected ESA IT Systems that Support the Financial Statements FY 2004	23-04-024-04-001	4	
ETA/Admin	03/22/05	Single Audit: Oglala Sioux Tribe	21-05-500-03-001	1	
ETA/UIS	03/23/05	Single Audit: Government of the U.S. Virgin Islands	21-05-516-03-315	1	
Final Management Decision Being Evaluated by the OIG					
ETA/Admin	05/29/03	Single Audit: State of Rhode Island	22-03-514-03-001	2	340,000
OSEC/OALJ	09/09/04	FISMA Audit OALJ WAN	23-04-013-01-060	1	
OSEC/OALJ	09/09/04	FISMA Audit OALJ CTS	23-04-014-01-060	1	
ETA/Admin	09/30/04	Audit of General Application and Security Controls for Selected ETA IT Systems	23-04-023-03-001	38	
ETA/UIS	09/30/04	FISMA Audit–Missouri UI Tax and Benefit System	23-04-016-03-315	2	
ETA/UIS	09/30/04	FISMA Audit–Washington UI Tax and Benefit System	23-04-017-03-315	1	
ETA/UIS	09/30/04	FISMA Audit–Florida UI Tax and Benefit System	23-04-018-03-315	1	
ETA/UIS	09/30/04	FISMA Audit–ETA UI Interstate Connection Network	23-04-027-03-315	9	
MSHA/Admin	09/30/04	Audit of General Application and Security Controls for Selected MSHA IT Systems that Support the Financial Statements FY 2004	23-04-019-06-001	5	
OSHA/Admin	09/30/04	OSHA Future System Development Efforts Require Greater Use of Best Practices	23-04-009-10-001	4	
EBSA/Admin	09/30/04	FISMA Audit –EBSA's ERISA EFAST	23-04-011-12-001	22	

Agency/ Program	Date Issued	Name of Audit	Report Number	# of Recommendations	Questioned Costs (\$)
OASAM/DIRM	03/31/05	Award and Management of Contracts for Encryption Software Were Significantly Flawed	05-05-005-07-720	7	
BLS/Admin	03/22/04	FISMA Audit—Bureau of Labor Statistics—CPI	23-05-005-11-001	4	
CFO/Admin	10/08/04	Audit of General Application and Security Controls—Office of the Chief Financial Officer	23-05-002-13-001	4	
DOL/Multi	03/25/05	Single Audit: State of Florida	21-05-526-50-598	1	
Final Management Decision Not Yet Issued—Agency Awaiting Response from Internal Revenue Service					
EBSA	03/29/02	Improved Oversight of Cash Balance Plan Lump Sum Distributions Is Needed	09-02-001-12-121	2	
Final Management Decision Not Yet Issued by Agency					
ETA/WIA	09/30/03	Services Provided and Outcomes Obtained for Participants Enrolled In the WIA Dislocated Workers Program During Program Year 2000	02-03-204-03-390	10	
ETA/WIA	09/30/03	Evaluation of WIA Youth Program	06-03-006-03-390	1	
VETS/Admin	12-04/03	Rehabilitation Services and Veterans Programs, Albuquerque, New Mexico	06-04-001-02-001	2	1,593,700
VETS/Admin	04/30/04	Single Audit: U.S. Veterans Initiatives	22-04-508-02-201	1	
ETA/Admin	08/31/04	Single Audit: State of West Virginia	22-04-516-03-001	8	
ETA/Admin	08/31/04	Single Audit: State of Montana	22-04-545-03-001	7	57,000
ETA/UIS	09/30/04	New Hires Detection is a Better Method for Establishing UI Overpayments than the Wage UI/Benefit Crossmatch	05-04-002-03-315	3	
ETA/UIS	08/31/04	Single Audit: State of Rhode Island	22-04-561-03-315	7	175,715
ETA/FLC	09/30/04	Restoring Section 245(i) of the Immigration and Nationality Act Created A Flood of Poor Quality Foreign Labor Certification Applications Predominantly for Aliens Without Legal Work Status	06-04-004-03-321	2	
ETA/SESA	03/31/04	Evaluation of North Carolina Growers Association Despite Assurances to the Contrary DOL Has Not	04-04-008-03-325 06-04-002-03-325	4	
ETA/SESA	09/30/04	Maintained Accountability Over Equity in Real Property Held By States		8	
ETA/SESA	09/30/04	State Workforce Agencies' WIA Grant Programs Are Accruing Federal Equity in Real Properties	06-04-003-03-325	1	
ETA/WTW	09/30/04	Performance Audit of South Florida Workforce Board WtW Formula Grant	04-04-002-03-386	7	8,406,966
ETA/WIA	08/16/04	Single Audit: Council of Southern West Virginia	22-04-527-03-390	2	
ETA/Admin	02/08/04	Single Audit: California State University San Francisco Regional Office May Be Certifying	22-05-541-03-001	2	20,000
ETA/FLC	03/29/05	Inaccurate, Deficient or Possibly Fraudulent Applications for Foreign Labor Certification	06-05-001-03-321	1	
ETA/WIA	03/31/05	Allegation Regarding ETA Funds Granted to Arkansas	06-05-002-03-390	2	1,207,490
VETS/Admin	03/24/05	Single Audit: State of Florida	21-05-523-02-001	2	245,226
ETA/WIA	02/08/05	Single Audit: Commonwealth of Puerto Rico	22-05-525-03-390	2	
ETA/WIA	02/08/05	Single Audit: State of Illinois	22-05-536-03-390	5	
MSHA/Admin	10/29/04	MSHA Procurements Showed a Pattern of Disregard for Federal and DOL Acquisition Rules and Requirements	25-05-001-06-001	1	
DOL/Multi	03/22/05	Single Audit: Government of Guam	21-05-518-50-598	7	971,770
DOL/Multi	03/25/05	Single Audit: Automotive Youth Educational, Inc	21-05-524-50-598	2	
DOL/Multi	03/22/05	Single Audit: State of Washington	22-05-522-50-598	4	86,117
Total Nonmonetary Recommendations and Questioned Costs				378	13,516,152
Cost Efficiencies					
ETA/UIS	09/30/03	Improved Quality Control Practices Within the Benefit Accuracy Measurement System Could Save the UI Trust Fund Approximately \$400 Million Annually	22-03-009-03-315	1	428,000,000
Total Nonmonetary Recommendations, Questioned Costs, and Cost Efficiencies				1	428,000,000
Total Audit Exceptions and Cost Efficiencies				379	441,516,152

	Division Totals	Totals
Cases Opened:	185	
Program Fraud	56	241
Labor Racketeering		
Cases Closed:		
Program Fraud	187	
Labor Racketeering	77	264
Cases Referred for Prosecution:		
Program Fraud	143	
Labor Racketeering	206	349
Cases Referred for Administrative/Civil Action:		
Program Fraud	110	
Labor Racketeering	63	173
Indictments:		
Program Fraud	149	
Labor Racketeering	204	353
Convictions:		
Program Fraud	68	
Labor Racketeering	114	182
Debarments:		
Program Fraud	10	
Labor Racketeering	35	45
Recoveries, Cost Efficiencies, Restitutions, Fines/ Penalties, Forfeitures, and Civil Monetary Actions:		
Program Fraud	\$10,103,864	
Labor Racketeering	\$172,546,338	\$182,650,202

Recoveries: (The dollar amount/value of an agency's action to recover or reprogram funds or to make other adjustments in response to OIG investigations)	\$1,618,623
Cost Efficiencies: (The one-time or per-annum dollar amount/value of management's commitment, in response to OIG investigations, to utilize the government's resources more efficiently)	\$6,046,176
Restitutions: (The dollar amount/value of restitutions resulting from OIG criminal investigations)	\$173,849,737
Fines/Penalties: (The dollar amount/value of fines, assessments, seizures, investigative/court costs, and other penalties resulting from OIG criminal investigations)	\$898,666
Civil Monetary Actions: (The dollar amount/value of forfeitures, settlements, damages, judgments, court costs, or other penalties resulting from OIG civil investigations)	\$237,000
Total	<u>\$182,650,202</u>

	Convicted	Sentenced	Monetary
Foreign Labor Certification			
Akhter, Naveed		X	\$600
Ali, Zulfiqar		X	\$45,000
Aliffin, Johnson		X	\$10,100
Bajwa, Mohammad	X		
Balsirow, Bemba	X		
Bennett, Marian		X	
Carvalho-Silva, Renato		X	
Desouza, Joao		X	\$100
Dizon, Marlyn	X		
Dzikanyan, Andranik	X		
Dzikanyan, Maria	X		
Etienne-Nugent, Carine	X	X	\$100
Gandasaputra, Jenny		X	\$25,200
Gandasaputra, Megawaty		X	\$100,300
Gani, Joandi	X	X	\$100
Gouw, Hans	X	X	\$300,400
Gouw, Isanyanti		X	\$50,200
Hivale-Jones, Veena	X		
Hussain, Jamal		X	
Ivanchukov, Naran	X		
Jia, Alice		X	\$1,600
Jeanty, Marc		X	\$100
Karimi, Ramzan	X	X	\$3,000
Kumala, Nany		X	\$20,100
LaTorre, Angel	X	X	\$100
Makey, Aleksey	X		
Makey, Svetlana	X		
Mbengue, Knady	X		
Mir, Maqsood	X	X	\$25,000
Mir Law Associates		X	\$200,000
Moreira, Marcelo		X	\$28,882
Nascimento, Norton		X	\$100
Nystrom, Eric		X	\$313,923
Pappadakis, Michelle	X		
Parera, Brigitta	X	X	\$100
Preus, Pavel	X		
Shaikh, Nuruddin	X	X	\$500
Susanto, Danny		X	\$5,000
Tam, Chui	X	X	\$2,100
Tanudjaya, Sari		X	\$15,100
Ticoalu, Johannis	X	X	\$100
Tsui, George	X		
Vasconi, Angelo		X	\$100
Veliev, Elnur	X		
Vera, Luz	X	X	\$3,158
Vinnett, Ruben	X	X	\$40,750
Warong, Albert		X	\$20,100
Wingerter, Rex	X		
	27	33	\$1,211,913
Employee Misconduct			
Ackers, Joshua	X	X	\$5,956

	Convicted	Sentenced	Monetary
Gayle, Marjorie	X	X	\$100
Giametta, Maria	X	X	\$100
Miller, Danny	X		
	4	3	\$6,156
ESA: Black Lung			
"Pre-Trial Diversion"	X	X	
Carroll, Herbert	X		
Connor, Carole		X	\$71,199
Davis, Otis	X		
Davis, Susie	X		
Helmick, Pamela	X		
Hisle, James	X		
Hisle, Susan	X		
Rollins, Patricia	X		
Scott, Trena	X		
Watts, Robert		X	\$151,450
	9	3	\$222,649
ESA: FECA			
Adams, Clarence		X	\$13,913
Barnard, Lovie		X	\$5,720
Barker, Robert	X		
Coulson, Andrea	X		
Crawford, Maggie		X	\$21,300
Crawford, Marc	X		
Distasio, Romeo		X	\$64,463
Dixon, Danny	X		
Figueroa, Luis			
Ford, Johnny	X		
Grace, Anthony		X	\$15,841
Hobbs, Roger	X	X	\$917
Holtz, Timothy		X	\$32,122
Knox, Cecil, M.D.	X		
Kortright, John		X	\$4,993
Krasilinec, Michal		X	\$36,549
Lee, John Karl	X	X	\$559,966
Lima, William	X	X	\$64,907
Merritt, Lena		X	\$14,070
Mross, Catherine	X	X	\$400
Podgers, Susan		X	\$57,472
Pringle, Lamar		X	\$259,196
Ross, Joan		X	\$53,005
Schreiber, Mary Ellen		X	\$154,111
Skahen, Bradley		X	\$2,907
Smith, Clayton	X		
Stillley, David	X	X	\$28,677
Tribble, Brian		X	\$94,682
Tyczynski, Janey	X		
	13	20	\$1,485,211
ESA: Longshore			
Holloway, William	X	X	\$6,578
	1	1	\$6,578

	Convicted	Sentenced	Monetary
ESA: Wage and Hour			
Booker, Valon	X		
Botello, Elias		X	\$6,067
Breiding, Dennis	X	X	\$10,100
Garcia, Jose I.		X	\$100
Garcia, Jose J.		X	\$100
Garcia, Maria		X	\$358
Gorges, Edward		X	\$100
Gregorek, Robert		X	\$100
Leibovitch, Avner		X	\$5,100
Sandor, Andrew		X	\$100
Singh, Joginder	X	X	\$50,100
Singh, Rajinder	X	X	\$25,100
Woods, Donte	X	X	
	5	12	\$97,325
ETA: Unemployment Insurance/SWA			
Antila, Martti		X	\$103,023
Benjamin, Ryneh		X	
Bernard, Yvonne	X		
Bryant, Nancy	X	X	\$24,502
Cardenas-Hernandez, Agustin	X		
Clem, Jonathan	X		
Douglas, Eddie	X	X	\$5,251
G. E. Robinson Company, Inc.		X	\$69,042
Gilley, Marshall		X	\$69,323
Green, Stanley		X	\$172,163
Gutierrez, Luis, Jr.	X	X	\$558,894
Hale, Melvin	X	X	\$13,961
Herrera, Roganciano	X		
Jackson, Antwane	X		
Jacobsen, Jerrett	X	X	\$56,662
Johnson, Paul	X	X	\$12,101
Lopez, Lorenzo	X	X	\$10,895
Lozano, Ismael	X		
Mallory, Charles	X	X	\$10,163
Mandujano, Antonio		X	\$8,837,237
Marroquin, Marcelo		X	\$697,559
McCabe, Patrick	X	X	\$7,460
Ramirez, Josue	X	X	\$625
Ramirez-Cuna, Edilberto		X	\$100
Redman, Veronica	X	X	\$11,200
Sanders, Tenaia		X	\$17,522
Slaughter, John	X		
Smith, Reginald	X	X	\$5,966
Sullo, Algano	X	X	\$6,590
Tate, Deborah	X	X	\$14,919
Taylor, Rodney		X	\$12,409
Tomasso, James	X	X	\$24,791
Truszkowski, Walter	X		
Wingo, Irene	X	X	\$3,485
Worjloh, Wilson	X	X	\$4,053
	25	27	\$10,749,896

	Convicted	Sentenced	Monetary
ETA: JTPA			
Robinson, Steven		X	\$27,619
	0	1	\$27,619
ETA: WIA			
"Pre-Trial Diversion"	X	X	\$12,520
	1	1	\$12,520
OSHA			
Fotos, Constantine		X	\$5,000
Lee, Kang	X		
	1	1	\$5,000
Benefit Plan			
Bale, Walter	X		
Bondanza, John		X	
Boyd, Robert		X	\$24,976,020
Bray, Ronald		X	\$53,418,234
Cari, Joseph	X		
Cooke, Linda		X	\$114,603
Feeback, David	X	X	\$89,615
"Sealed"	X		
Freeman, Stephen		X	\$266,100
Funny, Stephen	X		
Gaskell, Kimberly		X	\$25,611
Hewitt, Albert	X		
Hyde, John		X	\$1,300,100
Johnson, Christi		X	\$20,600
Johnson, Michael		X	\$30,078
Joyce, Robert		X	\$462,466
Kenney, Michael	X		
Kiferbaum, Jacob	X		
Klinger, Joseph	X	X	\$15,851
Lambka, Dennis		X	\$53,418,234
Longworth, James	X		
Loren, Steven	X		
Maguire, Patrick	X		
Malvestuto, Robert, Jr.	X		
Nannenga, Gerry		X	\$45,300
Nardone, Joseph, Jr.		X	\$223,200
Nardone, Joseph, Sr.		X	\$220,600
Raspino, Eliana		X	\$457,866
Respler, Jeffrey		X	
Rothman, Stanley		X	\$361,000
Ruth, Donald	X		
Rutledge, Aaron	X		
Rutledge, Anthony	X		
Sobel, Ira	X		
Stevenson, Ann		X	\$75,997
Tripodi, Vincent		X	
Valenza, John	X		
Whiting, Steven	X		
Wong, Peter	X		
Zander, Ben	X		
Zerth, Barbara		X	\$5,400

	Convicted	Sentenced	Monetary
Zerth, Richard		X	\$688,326
	21	23	\$136,215,201
Internal Union			
Bell, Leslie	X		
Bellano, Steven	X		
Borrego, Jose	X	X	\$6,275
Cassarino, Primo	X		
Cernadas, Albert	X		
"Pre-Trial Diversion"		X	\$3,665
Davis, Arenia		X	\$30,412
Dewitt, Deborah	X		
Donofrio, Joseph W.		X	
Duff, James		X	\$20,991,805
Georeno, Dante	X		
Green, Gordon		X	\$25,000
Hughes, Janice	X		
Leahy, John		X	\$1,900,800
Lenardo, Joseph		X	\$2,000
Marchito, Michael		X	\$500
Militello, Franklin	X		
Molfetta, Francis	X	X	\$20,200
Ruel, John		X	\$25,652
Stratton, William		X	\$530,100
Toland, Wendell, Jr.		X	\$1,600
Wiesniewski, Edward		X	\$800
Williams, David	X	X	\$9,500
	11	15	\$23,548,309
Labor Management			
Aleks, Robert		X	\$1,000
Alogna, Ignazio	X		
Alvarez, Robert	X		
Alvarez, Salvador	X		
Arthur Watson and Company		X	\$8,000
Barnes, Flenory	X	X	\$5,100
Bertino, Salvatore	X		
Boyle, John	X		
Brown, Willie	X	X	\$6,600
Buckley, Paul		X	\$100
Campanella, John, Jr.	X		
Cannatello, John	X		
Carothers, Albert	X		
Cavaliere, Guerino	X		
Chetta, John		X	\$10,000
Coveliers, Debra	X		
Coveliers, Richard	X		
Davison, Lawrence	X		
Dazle, Samuel	X		
Dellaccio, Dominick	X		
DiFlumera, Joseph	X		
Esposito, Ralph	X	X	\$5,000
Fernandez, Hector		X	
Fiore, Vincent		X	\$6,000

	Convicted	Sentenced	Monetary
Furina, Nicholas	X	X	\$3,500
Gallo, Nicky	X		
Gonzalez, Joseph	X		
Grecco, Gerard		X	\$5,000
Guglielmetti, Matthew	X	X	\$200
Guzman, Jose		X	
Ignoffo, Joseph	X	X	\$5,100
Klein, Richard	X	X	\$15,000
Laino, Robert	X		
Lee, Su	X		
Lee, Jae	X		
Martin, Jason		X	\$5,100
Mascio, Joseph	X		
McDonagh, Martin		X	\$16,100
McGuire, Thomas		X	\$36,100
McKeown, Patrick	X		
McMahon, Roger	X		
McNamara, Thomas		X	\$54,000
Melia, Nicola	X		
Miller, Eddie	X	X	\$36,100
Muccio, Neal		X	\$2,600
Murphy, Daniel		X	\$300,000
Natale, Dennis	X	X	\$19,700
Perez, Carlos		X	\$700
Perez, Lenin	X		
Peters, Commelie	X		
Peters, Leroy	X		
Quaranta, Anthony		X	\$18,100
Riccitelli, Victor		X	\$28,600
Romano, Charles	X	X	\$4,100
Ruttura, Peter	X		
Saah, Richard		X	\$34,095
Sachs, Louis	X		
Scivola, Alfred		X	\$4,000
Shomers, Andrew	X		
Shrader, Timothy		X	\$12,100
Simpson, Edward	X		
Son, Ricky	X		
Sparatorico, Salvatore	X		
Starsiak, Julie		X	
Stillo, Patrick	X		
Terico, Richard		X	
Timpanaro, John	X		
Timpano, Dominick		X	\$100
Tomascik, Andrew	X		
Tomczak, Donald	X		
Torres, Angelo		X	\$8,200
Tsiropoulos, Athanasios	X		
Warren, Donald, Jr.	X	X	\$10,350
Watts, Michael		X	\$5,000
Wesolowski, Gerald	X	X	\$32,500
	50	37	\$698,145

	Convicted	Sentenced	Monetary
Worker Exploitation			
Almasri, Jamal		X	
"Sealed"		X	\$2,000
Lee, Chris		X	\$1,000
"Sealed"	X	X	\$2,000
Pissanos, Dimitri	X		
Rokeach, Michaeli	X		
Trisanti, Mariska		X	\$205,389
	<u>3</u>	<u>5</u>	<u>\$210,389</u>

The OIG Hotline provides a communication link between the OIG and persons who want to report alleged violations of law, rules, or regulations; mismanagement; waste of funds; abuse of authority; or danger to public health and safety. During this reporting period, the OIG Hotline received 2,037 contacts. Of these, 1,904 were referred for further review.

Allegation Reports by Source:

Calls, Correspondence, and Walk-ins from Individuals or Organizations	1,993
Correspondence from Congress	2
Correspondence from DOL Agencies	10
Letters from Non-DOL Government Agencies	15
Incident Reports from DOL Agencies	9
Reports by OIG Components.....	8
Total	2,037

Allegation Reports by Referral:

Referred to OIG Components	76
Referred to DOL Program Management.....	754
Referred to Other Agencies	1,074
Total	1,904

United States Department of Labor
Office of Inspector General

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