



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

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Inspector General Community Accomplishments Will Receive Recognition

Washington, D.C. - More than 87 individuals and groups in the federal inspector general (IG) community will be recognized for their outstanding work at the 18th annual inspector general community awards ceremony in Washington, D.C. this week, at 10 a.m. on Thursday, October 22, 2015. The event is being hosted by the [Council of the Inspectors General on Integrity and Efficiency](#) (CIGIE).

Attorney General Loretta Lynch will give the keynote address for the event. Department of Justice Inspector General Michael Horowitz, who is also the CIGIE chairperson, will present the awards with National Science Foundation Inspector General Allison Lerner.

In fiscal year 2014, the IG community identified potential savings of over \$46.5 billion as well as program efficiencies and enhancements. Offices of Inspectors General (OIGs) successfully investigated individuals and entities who threatened government integrity and the public trust. Cumulatively, these efforts resulted in \$13.8 billion in potential savings from audit recommendations; \$32.7 billion in potential savings from investigative recoveries and receivables; over 5,500 indictments and criminal informations; over 5,800 successful prosecutions; over 5,100 suspensions and debarments; and over 547,000 hotline complaints processed.

Individuals and groups receiving the awards include investigators, auditors, attorneys, inspectors and others who support the important work of the IG community. Some of the outstanding work done by the awardees includes the following.

- An investigation done by the Department of Education OIG with state and local agencies led to the successful prosecution of an education company owner for stealing millions in special education funds. Bilingual SEIT & Preschool, Inc. in New York was a for-profit organization that received millions of dollars in public funds to provide services to special needs children aged 3 to 5 in New York City. After conducting an audit of the company, the New York State Comptroller's Office presented a number of concerns to Education OIG, the Queens District Attorney's Office, and the Special Commissioner of Investigations for the New York City School District. The three organizations collaborated in an investigation that found that the owner of SEIT, Cheon Park, had

engaged in a massive fraud scheme involving theft, conspiracy, kickbacks, and shadow employees. After pleading guilty, [Park was sentenced](#) to 24 months in prison and ordered to pay approximately \$4 million in restitution and forfeiture. This investigation garnered headlines throughout New York and ultimately led to passage of legislation authorizing greater oversight of preschool special education providers in the State of New York.

- An investigation led by the United States Department of Agriculture OIG brought to justice two brothers who were defrauding USDA's crop insurance program. The brothers carried out a fraudulent scheme over several years that involved intentionally destroying and damaging their potato crops, so that they could collect federal crop insurance indemnities and disaster benefits totaling over \$4.3 million. [The brothers were sentenced](#) to a combined 6.5 years in prison and were ordered to pay almost \$1 million in restitution. This successful case was based on innovative and arduous investigative work by the OIG team.
- An investigation led by the Department of Veterans Affairs (VA) OIG looked into fraudulent schemes facilitated through the use of stolen VA patient records and information from the Tampa VA Hospital. A [VA employee](#), a VA volunteer, and a [VA shredding contractor](#) stole and sold VA patients' sensitive personal information. This information was used to file fraudulent tax returns totaling approximately \$6 million. As of October 14, 2015, 12 defendants have been convicted and will serve a combined 97.5 years in prison, and one defendant is awaiting sentencing.
- A VA OIG [audit](#) of VA's National Call Center for Homeless Veterans identified 40,000 missed opportunities to assist homeless veterans. The OIG audit team found the call center did not always refer homeless veterans' calls to VA medical facilities or ensure referred homeless veterans received needed VA homelessness services. The audit team recommended the call center stop using an answering machine, develop training for counselors, and implement performance monitors and measures to ensure homeless veterans' calls are answered and are adequately monitored after they are referred to VA medical facilities. VA agreed with all of the audit's recommendations and redesigned the call center's operations to ensure homeless veterans who contact the call center receive needed VA services. This audit has helped improve the delivery of vital health services to homeless veterans and provided VA opportunities to strengthen its call center operations, which generally serve as a veteran's first point of contact seeking help and support services.
- As a result of a radiological event that closed the Department of Energy's Waste Isolation Pilot Plant (WIPP), the nation's only deep repository for defense-related transuranic waste, the Department of Energy OIG conducted a [special inquiry](#) that found weaknesses

in Los Alamos National Laboratory's procedures for handling nuclear waste. Specifically, the OIG found that improper absorbent material and acid neutralizers added to waste drums may have caused a chemical reaction that led to the radiological release. Management agreed with the findings and recommendations resulting from the inquiry and initiated corrective actions. As a result of the incident, the Department estimated that it could cost up to \$551 million to restore WIPP to full operation, and it will not be fully operational until the end of 2016.

- A Department of Education OIG [audit](#) team identified a critical need for a strategy to prevent student loan defaults. The Department of Education's outstanding student loan debt portfolio had more than doubled from \$516 billion at the end of fiscal year FY 2007 to \$1.13 trillion at the end of FY 2014. The OIG's audit team found that the Department had not developed a comprehensive student loan default prevention plan or strategy and could not ensure that default prevention efforts carried out by various offices were coordinated and consistent. The Department's group responsible for analyzing the Federal student loan portfolio and sharing the results of its analysis with executives - had access to extensive loan and borrower information. However, it did not use this information to identify trends in the Federal student loan portfolio. The audit team recommended that the Department develop a comprehensive plan for preventing defaults, enhance its debt portfolio performance tracking and measurement capabilities and regularly share the results with senior leadership, and enhance loan servicer oversight. Once implemented, these recommendations will lead to greatly enhanced coordination, consistency and communication, and result in significantly enhanced portfolio monitoring tools. The team's exceptional work will go a long way to protecting Federal student aid programs and perhaps most importantly, better protecting student borrowers, taxpayers, and ultimately the country's economy.
- An investigation by the Department of Health and Human Services in conjunction with the Federal Bureau of Investigation and the U. S. Attorney's Office in the Northern District of Illinois led to the indictment of the owner, three hospital executives and four physicians affiliated with Sacred Heart Hospital. Sacred Heart Hospital was a 119-bed acute care facility located in Chicago, Illinois and served one of the city's most vulnerable patient populations. The hospital closed in July 2013 after the Centers for Medicare and Medicaid Services suspended payments, and Sacred Heart's license was revoked in September 2013 by the Illinois Department of Public Health. Investigative activities revealed allegations of doctors providing medically unnecessary procedures; payment of bribes; and the illegal prescribing of controlled substances. [The defendants were convicted](#) of one count of conspiring to violate the federal healthcare anti-kickback statute by offering and paying kickbacks and bribes. The owner and chief executive officer were convicted of 26 substantive counts of paying kickbacks, the chief operating officer of 17

substantive counts of paying kickbacks, and the chief financial officer of 11 counts of paying kickbacks. Each count carries a maximum penalty of five years in prison and a \$250,000 fine and restitution is mandatory.

- An [investigation](#) by the Special Inspector General for Afghanistan Reconstruction (SIGAR) uncovered corruption in the award of a nearly \$1 billion fuel contract for Afghanistan's Ministry of Defense. Investigators found that four contractors were engaged in price-fixing, bid-rigging, and bribery prior to the award of the contract, criminally increasing its cost to the Afghan government and the American taxpayer by more than \$214 million. This incident strengthened SIGAR's relationship with the Afghan National Unity Government to fight corruption and vigorously investigate allegations of corruption. As a result, SIGAR investigators are now working closely with President Ashraf Ghani's advisors to investigate allegations of misconduct, and SIGAR remains the only U.S. law enforcement agency invited to attend weekly National Procurement Commission meetings chaired by President Ghani.
- A multi-agency investigation led by the United States Postal Service OIG targeted healthcare providers [committing fraud against Federal disability programs](#) in Puerto Rico. Investigators determined that two physicians submitted numerous false medical reports to support Federal worker's compensation and disability claims for numerous Postal Service employees and others. They also charged applicants a cash fee of up to \$1,650. Investigators utilized a complex undercover operation as well as data mining and analysis to identify the scheme and its participants. As a result, one physician pled guilty and another was found guilty at trial, and both were sentenced to prison. This collaborative OIG effort has prevented millions of dollars in future fraudulent claims and improved the integrity of Federal disability programs as well as public confidence in those programs.
- A Department of Defense OIG [evaluation](#) team identified deficiencies in DoD's suicide data reporting and its process for sharing military service treatment information with the Department of Veterans Affairs for the purpose of preventing suicides. The team recommended improvements in data quality and reporting, leading to more effective suicide prevention programs and procedures. The team also recommended improvements in information sharing that will allow DoD and VA to better serve service members in crisis. DoD agreed with all recommendations and implementing changes that will strengthen suicide prevention efforts. Most importantly, this IG team has tangibly improved the health and welfare of service members and their families across the DoD and beyond for years to come.
- An investigation by the Defense Criminal Investigative Service led to a [\\$378 million civil settlement](#) and Federal contracting debarment of Supreme Foodservice, a company that

once supplied all food and water for the Afghan theater of operations. The company pled guilty to Major Fraud Against the United States, Conspiracy, and Wire Fraud after an audit and investigation revealed inflated pricing and the use of pass-through companies to increase profit. Working with the FBI, United States Army Criminal Investigation Command, and the Department of Justice, DCIS overcame the challenge of applying U.S. laws in an international setting to hold foreign subjects accountable for a complex scheme that defrauded the American military and taxpayers. This team showcases the results that the IG community can achieve through collaborative efforts across agencies and within OIGs, leveraging both audit and investigative expertise.

- A Nuclear Regulatory Commission (NRC) OIG [audit](#) team identified ways to improve the NRC's oversight of spent fuel pools containing highly radioactive material. The team found that there is regulatory uncertainty over spent fuel pool criticality safety analyses and a lack of effective spent fuel pool criticality guidance present in the nuclear industry. This has resulted in challenges for nuclear industry licensees; specifically, the timely implementation of some safety changes to their spent fuel pools via the NRC license amendment process. The team also found that there are gaps in NRC's spent fuel pool inspection program since inspections of spent fuel pools greatly vary among licensee sites and are limited in scope. The audit team made four specific recommendations to strengthen the agency's oversight of spent fuel pools, including developing and issuing new guidance for licensees and developing new NRC inspection procedures. Various stakeholders agreed with the audit recommendations, including NRC management and the nuclear industry. Implementation of the audit team's recommendations will enhance the protection of public health, safety, and the environment.

CIGIE has created a Twitter account for this event, [@IGAwards2015](#).