



DOL-OIG Highlights

January–February 2020

Highlighted Concern

The Office of Inspector General (OIG) identifies on an ongoing basis areas of significant concern that cause the U.S. Department of Labor (DOL) to be at particular risk of fraud, mismanagement, waste, deficiencies, or abuse. Below is one of our current concerns. Please visit our [Significant Concerns](#) page to learn about all DOL-OIG significant concerns.

Identifying and Reducing Unemployment Insurance Improper Payments

The Department’s ability to measure, report, and reduce improper payments in its Unemployment Insurance (UI) program has been an ongoing concern for the OIG. This concern takes on heightened importance in light of the Coronavirus pandemic and the unprecedented expansion of the UI program, which has received hundreds of billions of dollars under recently enacted legislation.

The UI program paid benefits totaling \$26.91 billion during the period July 1, 2018, to June 30, 2019. Of this, estimated improper payments totaled \$2.86 billion, making the estimated improper payment rate 10.61 percent.

Our prior audit work revealed that the Department has not done enough to formally assess the various strategies to prevent and detect improper payments and determine what issues persist, due in part to a lack of reliable state-reported data. Further, improper payments stemming from fraudulent activity continue to pose a significant threat to the

Open Recommendations as of April 1, 2020

192 Open Recommendations	\$165,051,339 Monetary Value of Recommendations
------------------------------------	---

[Recommendation Dashboard](#)

integrity of the UI program, as identity thieves and organized criminal groups have found ways to exploit program weaknesses. For example, the payment of benefits using non-state-issued prepaid debit cards provides anonymity to those who submit fraudulent claims. Moreover, our oversight work in response to the Recovery Act and Hurricane Katrina have revealed the challenges faced by the federal and state governments in responding to the significant stresses such emergencies place on the unemployment system.

The Department needs to continue its ongoing work with states to implement strategies designed to reduce the UI improper payment rate, which would include sharing best practices identified among states.

We will continue to work with the Department to safeguard unemployment benefits for those who need them during these trying times.

New Work Started

[DOL's Information Technology Governance Audit](#) (01/21/2020)

[Review of MSHA's Efforts to Protect Miners from Respirable Silica](#) (01/31/2020)

[DOL's Fiscal Year 2020 Information Security Program Review](#) (02/03/2020)

[OSHA's Enforcement Efforts to Protect Workers from Exposure to Respirable Silica](#) (02/14/2020)

[Notification of FY 2020 DOL Consolidated Financial Statement Audit](#) (02/20/2020)

[Notification of the Audit of DOL's FY 2019 Compliance with the Improper Payments Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Improvement Act of 2012](#) (02/21/2020)

Investigations

A former acting executive director of an employment and training program was charged in an embezzlement scheme.
([USAO D-NJ 01/03/20](#))

A nursing home operator pleaded guilty to embezzlement and tax offenses.
([USAO D-CT 01/15/20](#))

A contractor was charged with making false statements and submitting false documents to OSHA.
([USAO D-CT 01/16/20](#))

A former company vice president was sentenced to six months in prison for embezzling from an employee benefit plan.
([USAO ED-MO 01/21/20](#))

Two union officials pleaded guilty for their role in a brutal assault on a group of nonunion ironworkers.
([USAO ND-IN 01/24/20](#))

An electrical contractor was sentenced to 20 months in prison for stealing \$3.3 million from employees.
([USAO D-CT 01/27/20](#))

Two Los Angeles men pleaded guilty in an overbilling fraud case.
([LA County DA 01/30/20](#))

Four people were indicted for their role in a scheme to fraudulently bill health plans for medically unnecessary compounded cream prescriptions.
([USAO CD-CA 02/04/20](#))

A former manager pleaded guilty to forced labor and forced labor conspiracy.
([USAO ED-NY 02/05/20](#))

A Delaware man was sentenced to 12 months in prison for defrauding a federally funded job placement program.
([USAO D-DE 02/05/20](#))

Two Virginia men pleaded guilty for their role in an employment fraud scheme.
([USAO ED-VA 02/06/20](#))

A former United Auto Workers (UAW) regional director pleaded guilty for his role in a racketeering and embezzlement conspiracy.
([USAO ED-MI 02/07/20](#))

A former pharmacy employee pleaded guilty for his role in a multi-million-dollar illegal kickback scheme.
([USAO D-NJ 02/10/20](#))

A former president of a labor union was sentenced to two years in prison for demanding and accepting bribes.

[\(USAO SD-NY 02/13/20\)](#)

A former president of a labor union was convicted of embezzling from the union's health plan funds.

[\(USAO CD-CA 2/12/20\)](#)

A Delaware man was sentenced to 21 months in prison for tax fraud.

[\(USAO D-DE 02/14/20\)](#)

A construction company owner was indicted for fraudulently obtaining Chicago Housing Authority contracts.

[\(USAO NDIL 02/14/20\)](#)

A former senior UAW official was sentenced to 28 months in prison for taking more than \$1.5 million in bribes.

[\(USAO ED-MI 02/19/20\)](#)

A Pennsylvania businessman was sentenced to 37 months in prison for defrauding a college faculty union.

[\(USAO MD-PA 02/27/20\)](#)



The Office of Inspector General serves the American workforce, the U.S. Department of Labor, and Congress by providing independent and objective oversight of departmental programs through audits and investigations, and by combating the influence of labor racketeering in the workplace.

Report Fraud, Waste, and Abuse to the OIG: www.oig.dol.gov