



DEPARTMENT OF VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

OCTOBER 2024 HIGHLIGHTS

Office of Investigations

This office investigates potential crimes and civil violations of law involving VA programs and operations concerning VA employees, contractors, beneficiaries, and other individuals. These investigations focus on a wide range of matters, including healthcare, procurement, benefits, construction, and other fraud; cybercrime and identity theft; bribery and embezzlement; drug offenses; and violent crimes. The following investigations had significant developments in October.

Healthcare Investigations

Former VA Vendor Sentenced for Kickbacks Involving a VA Purchasing Agent

A VA OIG investigation found that between 2016 and 2020, a purchasing agent employed at the Jesse Brown VA Medical Center in Chicago, Illinois, conspired to rent medical equipment from a vendor in exchange for kickbacks of at least \$220,000. The vendor received about \$2.8 million in VA purchase card orders from the purchasing agent, of which approximately \$1.3 million was fraudulent. The vendor was sentenced in the Northern District of Illinois to 60 months in prison, more than \$1.3 million in restitution, and a \$10,000 fine after being found guilty on charges of wire fraud. The former VA purchasing agent previously pleaded guilty to wire fraud.

Physician Charged with Ordering Unnecessary Tests and Taking Kickbacks

Multiple physicians were charged with allegedly entering into an improper agreement with a diagnostic imaging company through which they were paid kickbacks in exchange for ordering unnecessary transcranial doppler tests (an ultrasound that measures blood flow in the brain). The loss to VA is approximately \$650,000. One physician was charged in the District of Massachusetts with conspiracy to commit healthcare fraud. A second physician was previously sentenced in connection with this scheme to 12 months and one day in prison and over \$1.3 million in restitution. The VA OIG, FBI, Department of Health and Human Services OIG, IRS Criminal Investigation, US Postal Inspection Service, and Department of Labor (DOL) Employee Benefits Security Administration conducted the investigation.

VA Nurse Admitted to Stealing Opioids

A VA OIG and VA Police Service investigation revealed that a nurse at the Muskogee VA Medical Center diverted approximately 130 pills of hydrocodone (an opioid used to treat moderately severe pain) from the facility's automated medication management machines for her own personal use over a four-month period. The nurse pleaded guilty in the Eastern District of Oklahoma to acquiring hydrocodone by misrepresentation, fraud, forgery, and deception.

VA Subcontractor Employee Indicted for Illegally Accessing a Veteran's Medical Record

According to a VA OIG and FBI investigation, a former employee for a VA subcontractor accessed a veteran's VA medical records without a legitimate business need. He also allegedly made a false statement to VA OIG and FBI agents pertaining to the type of individually identifying health information that he used to access the veteran's VA medical records. The defendant was indicted in the District of Nebraska on charges of the wrongful disclosure of individually identifiable health information, misuse of a Social Security number, and making a false statement to a department or agency of the United States.

Benefits Investigations

Veteran Indicted for Fraudulently Receiving VA Unemployability Benefits for over 20 Years

A multiagency investigation resulted in charges alleging that between April 2002 and February 2024, a veteran fraudulently concealed his work activities as a law enforcement officer, pilot, and owner and operator of a weapons sales and service facility—all while in receipt of VA individual unemployability and Chapter 35 Dependent Educational Assistance benefits. The loss to VA is approximately \$365,000. The veteran was indicted in the Eastern District of Arkansas on charges of wire fraud, theft of government money, and false statements. The VA OIG, Social Security Administration OIG, and Department of Transportation OIG conducted this investigation.

Another Veteran Sentenced for Stealing VA Unemployability Benefits

For more than a decade, a veteran owned and operated a construction business while he received VA individual unemployability benefits. The veteran falsely reported to VA that he had no income despite operating the company. He was sentenced in the District of South Carolina to 36 months of probation and \$297,000 in restitution after pleading guilty to theft of government funds.

Veteran Charged for Alleged Compensation Benefits Fraud Scheme

A multiagency investigation resulted in charges alleging that a veteran received about \$200,000 in VA compensation benefits based on fraudulent claims that he suffered from posttraumatic stress disorder and other ailments due to combat service in Iraq. His military records, however, showed no indication that he ever served outside the United States. The charges also alleged that he was a patient at a US Army hospital in Hawaii during the period that he claimed to have been deployed to Iraq. The veteran was arrested in the District of Rhode Island after being charged with making false statements and false statements relating to healthcare matters. The VA OIG, VA Police Service, and Defense Criminal Investigative Service conducted this investigation.

Investigations Involving Other Matters

Featured Investigation

Former Philadelphia VA Medical Center Engineer Convicted at Trial for Using Fictitious Company to Defraud VA

According to a VA OIG and FBI investigation, a former engineer at the Philadelphia VA Medical Center submitted false invoices to VA on behalf of a fictitious heating, ventilation, and air conditioning company that he established with his girlfriend. Evidence at trial established that he used his VA position to identify fake work to be performed at the facility by the fictitious company. After falsely confirming that the work had been completed, the defendant authorized an unsuspecting VA purchase cardholder to pay the fictitious company. After receiving payment from VA, the girlfriend returned money to the engineer, either by check or envelopes containing cash. In total, they defrauded VA of nearly \$1 million over a seven-year period. The former engineer was found guilty following a jury trial in the Eastern District of Pennsylvania on charges of wire fraud. The girlfriend previously pleaded guilty to bankruptcy fraud related to the fictitious company.

Pharmacy Owner Pleaded Guilty for Workers' Compensation Fraud Scheme

A multiagency investigation resulted in charges alleging that a pharmacy owner, a physical therapy clinic owner, and others conspired to defraud the DOL's Office of Workers' Compensation Program (OWCP) by submitting claims for medically unnecessary prescription drugs from 2017 until 2020. The clinic owner allegedly sent prescriptions for high-reimbursing drugs to the pharmacy in exchange for illegal kickbacks. The pharmacy allegedly then filled medically unnecessary prescriptions for injured federal workers who had benefits through OWCP, which seeks reimbursement from VA and the other federal agencies for these claims through "charge backs." The total loss to OWCP is over \$5.6 million. Of this amount, the loss to VA is approximately \$526,000. The pharmacy owner pleaded guilty in the Southern District of Texas to conspiracy to defraud the United States and to pay and receive healthcare kickbacks. The VA OIG, DOL OIG, US Postal Service OIG, and FBI conducted this investigation.

Government Subcontractor Pleaded Guilty to Bank Fraud in Connection with Paycheck Protection Program Fraud Scheme

A government subcontractor who provided contract labor services fraudulently obtained a Paycheck Protection Program loan totaling over \$493,000 that was intended to cover payroll and other eligible expenses during the pandemic, despite those same expenses already being covered by Department of Energy contract funds and other federal sources, including VA. Shortly after receiving the funds, the company used more than \$424,000 on unauthorized expenditures. The

loan was subsequently forgiven based on the company falsely certifying that the proceeds had been used for eligible business expenses. The company pleaded guilty in the Eastern District of Washington to bank fraud. The company's owner also agreed to pay over \$1.1 million as part of a civil settlement to resolve his own civil liability. This investigation was conducted as part of the US Attorney's Office COVID-19 Strike Force by the VA OIG, Department of Energy OIG, and Small Business Administration OIG.

Former St. Louis VA Regional Office Employee Also Pleaded Guilty to Paycheck Protection Program Fraud Scheme

A VA OIG proactive investigation revealed that an employee at the St. Louis VA Regional Office obtained fraudulent Small Business Administration-backed Paycheck Protection Program loans totaling approximately \$40,000 for a business that never had any earnings and was never in operation, as the VA employee claimed. The former employee pleaded guilty in the Southern District of Illinois to wire fraud.

Veteran Sentenced to 87 Months in Federal Prison for Possession of Images of Child Sexual Assault

A multiagency investigation revealed a veteran possessed child sexual abuse material while living in the Bedford VA Medical Center's residential program. At the time of the investigation, the veteran was already on pretrial release for similar conduct. He was sentenced in the District of New Hampshire to 87 months in prison and 60 months of supervised release after pleading guilty to possession of child sexual abuse material. This investigation was conducted by the VA OIG, Homeland Security Investigations, US Secret Service, and VA Police Service.

Nonveteran Sentenced in Case Involving Thousands of Fake Phone Calls to VA's Veterans Crisis Line

Between December 2016 and December 2022, a nonveteran made over 13,000 calls to the Veterans Crisis Line (VCL) during which he used Voice over Internet Protocol to mask his identity. The nonveteran reported experiencing suicidal ideations or actively being engaged in a suicide attempt during these calls. The caller sometimes reported having cut himself with a knife, possessing a gun, or being on the verge of falling asleep after taking pills; provided false names, dates of birth, Social Security numbers, and addresses; and made false claims of being a veteran. Based on this information, the VCL contacted local emergency services on hundreds of occasions for the dispatch of first responders to locations around the country. The defendant was sentenced in the Eastern District of North Carolina to three months in prison, three years of supervised release, and a fine of \$3,000 after pleading guilty to making a false statement or representation to an agency of the United States. The VA OIG conducted this investigation.

Veteran Indicted for Threats Against New Orleans VA Medical Center Employees

Another VA OIG investigation resulted in charges alleging that a veteran voiced numerous threats while communicating with the VCL regarding killing and harming employees at the New Orleans VA Medical Center. The veteran was indicted in the Eastern District of Louisiana on charges of making interstate threat communications.

Office of Healthcare Inspections

This office assesses VA's efforts to maintain a fully functional healthcare program that promotes high-quality patient care and safety and prevents adverse events. Staff conduct inspections prompted by OIG hotline complaints, congressional requests, and other leads. The office also performs inspections of vet centers and individual medical centers, healthcare systems, networks, and community providers. The Office of Healthcare Inspections released the following reports in October.

Healthcare Inspection

Heart Transplant Program Review: Facility Leaders Failed to Ensure a Culture of Safety and the Section Chief Engaged in Unprofessional Conduct at the Richmond VA Medical Center in Virginia

The inspection team reviewed allegations involving this facility's heart transplant program and the performance and behavior of its cardiothoracic section chief. The team also reviewed the temporary inactivation of the heart transplant program, factors associated with its reactivation, as well as Veterans Integrated Service Network (VISN) and facility leaders' responses to staff concerns about the program. While the cardiothoracic section chief was found to have repeatedly exhibited unprofessional conduct toward staff, the inspection could not substantiate that the section chief's surgical patient outcomes, including morbidity and mortality rates, statistically varied from national averages, nor that the chief had "incredibly long" cardiopulmonary bypass times. In addition, VISN leaders did not ensure a timely quality of care review of cardiothoracic cases and facility leaders failed to create a culture of safety in which staff felt comfortable reporting concerns. VA concurred with the OIG's six recommendations related to oversight of the transplant program; clinical care reviews; and assessments of the section chief's conduct, staff's concerns, as well as the facility's culture.

Healthcare Facility Inspection

The Healthcare Facility Inspections (HFI) Program reviews VHA medical facilities approximately every three years to measure and assess the quality of care provided using five content domains: culture, environment of care, patient safety, primary care, and veteran-centered

safety net (for vulnerable populations such as those served by homeless programs). The inspections incorporate VHA's high reliability organization principles to provide context for facility leaders' commitment to a culture of safety and reliability, in addition to the well-being of patients and staff. October's HFI report examined the [VA Northeast Ohio Healthcare System in Cleveland](#).

Featured Hotline Case

The OIG's hotline staff accepts complaints from VA employees, the veteran community, and the public concerning potential criminal activity, waste, abuse, and gross mismanagement of VA programs and operations. The following is a case opened by the Hotline Division that was not included in the inspections, audits, investigations, or reviews detailed above.

A Beneficiary Fraudulently Received VA's Survivor Benefits Following Remarriage

The OIG Hotline received an allegation that a deceased veteran's surviving spouse had remarried and was therefore fraudulently receiving dependency and indemnity compensation benefits. The matter was referred for review to the VA Pension Management Center, which sent the beneficiary a marital status questionnaire and due process notice that proposed the termination of benefits due to the remarriage. The beneficiary returned the questionnaire confirming the marriage, and because it occurred before the surviving spouse was 55 years of age, VA took the proposed action to terminate the benefits, as required by law. The actions taken in this case resulted in more than \$142,500 of taxpayer savings.

To listen to the podcast on the October 2024 highlights, go to the [monthly highlights page on our website](#).