



## Injury Compensation Fraud Highlights (October-December 2007)

### Federal Employees' Compensation Act (FECA) Fraud Investigations

*The federal injury compensation program exists to help employees who are injured on the job. However, these Office of Workers' Compensation Programs (OWCP) benefits have a hefty price tag: In FY 2007, the U.S. Postal Service paid \$972 million in chargeback costs to the U.S. Department of Labor, and estimated the total liability for future workers' compensation costs at \$7.8 billion. The OIG's job is to catch fraudulent medical providers and postal employees who obtain benefits dishonestly, and refer them for criminal prosecution. Here is a sampling of our investigative successes during the first quarter of FY 2008:*

**Laurel, MT.** On November 8, 2007, a federal jury in United States District Court, District of Montana, Billings, MT, convicted a former distribution clerk following a four-day trial. The jury, after 2 ½ hours of deliberation, found the former clerk guilty on five counts of workers' compensation fraud and one count of wire fraud. The former clerk had represented herself as being totally disabled following minimally invasive back surgery in December 2004; she even refused a limited duty job offer that would have required her to work 2 hours per day answering a telephone. The former clerk reported she could not perform routine household tasks and that her lifestyle included "almost no activity." However, the OIG agents obtained videotaped evidence of her participating in a Fourth of July parade and dancing at a Halloween costume party at a local bar. She was removed from the Postal Service in February 2007. The OWCP terminated her compensation benefits, saving the Postal Service \$1,124,254 in future costs.

#### *Quarter I Investigative Results :*

- *369 investigations completed*
- *\$50 million in compensation payments avoided*
- *15 arrests*
- *11 indictments / informations*
- *8 convictions*
- *42 employees removed*

**St. Louis, MO.** On October 30, 2007, a surgeon pled guilty to one count of Title 18, United States Code § 1003 (Demand Against the United States) and one count of Title 18, United States Code § 1347 (Health Care Fraud). This joint investigation with the FBI, IRS, and the DOL OIG revealed that the physician had charged the OWCP for surgical procedures that had not been performed. On October 29, 2007, the surgeon voluntarily surrendered his medical license to the State of Missouri Board of Healing Arts. On October 30, 2007, he pled guilty and agreed to pay \$400,000 in restitution, an additional \$100,000 to cover the investigative costs, and a fine of \$1,000,000.

**Columbus, MI.** On December 18, 2007, a federal jury in United States District Court, Eastern District of Michigan, convicted a former city letter carrier on four counts of mail fraud, three counts of making false statements, and two counts of workers' compensation fraud. The OIG investigation revealed that this former postal employee had engaged in business activities which he failed to report to the OWCP. During the investigation, agents obtained videotaped evidence of him as he operated a tattoo booth at several local fairs and carnivals. He was removed from the Postal Service in August 2007. The cost avoidance to the Postal Service for this investigation is in excess of \$900,000. The sentencing is scheduled for March 28, 2008.

**Faribault, MN.** On November 15, 2007, a former casual clerk was arrested and pled guilty in United States District Court, District of Minnesota, to one count of workers' compensation fraud. The OIG investigation determined that this former clerk concealed his physical abilities and his business activities from the OWCP. Agents obtained videotaped evidence that the former clerk engaged in physical activities while managing a motel. The OWCP previously terminated his compensation benefits, saving the Postal Service \$457,181 in future costs.

**If someone is cheating the program, then someone is cheating you!**

**Report it!**

Call the **OIG HOTLINE!**

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