

Crime Awareness Newsletter

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Courtesy of the

**Department of Defense
Office of the Inspector General
Defense Criminal Investigative Service
Central Field Office**



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Indictments

Firearms Violation

A two-count indictment was returned against former Washoe County, NV, Sheriff's Department Deputy Kevin E. Bussdieker for allegedly being in possession of a machine gun and three silencers that were suspected of being obtained illegally through the DoD. An investigation disclosed that Bussdieker allegedly used his deputy sheriff's position, where he was assigned as a "screener," to obtain military surplus equipment through the Defense Reutilization Management Office (DRMO) and through the Law Enforcement Support Office program. A search of a storage locker maintained by

Bussdieker uncovered the fully automatic rifle of unknown origin and the three silencers that had once been a part of the U.S. Marine Corps inventory and had originally been obtained through the DRMO. The Sacramento Post of Duty (POD) is conducting the investigation jointly with the Washoe County Sheriff's Department, the Naval Criminal Investigative Service (NCIS), and the Bureau of Alcohol Tobacco and Firearms (BATF).

False Statements

Superceding indictments were returned against Joseph Bender, president of Schweitzer Emblem Company (SEC), and SEC charging that they caused a DoD prime contractor to make false and misleading statements to the Defense Supply Center Philadelphia. Bender and SEC were initially indicted for making false and misleading statements to the DoD. An investigation disclosed that Bender, along with SEC, allegedly caused a

DoD prime contractor to make false and misleading statements to the Government regarding the country of manufacture for uniform emblems. The contract called for the nearly 1.8 million uniform emblems, costing roughly \$800,000, to be manufactured domestically. Bender and SEC allegedly provided the prime contractor with not only foreign-made emblems, but emblems that failed in numerous aspects to meet contractual requirements. The Chapel Hill Resident Agency (RA) is conducting the investigation.

Forgery

An indictment was returned against Miguel A. Garcia, a former DoD police officer, previously assigned to the U.S. Army Military Ocean Terminal, Bayonne, NJ, and Fort Monmouth, NJ. Garcia was charged with forgery of seals of departments or agencies; forgery of official badges and identification cards; false state-

ments; and mail fraud. Garcia allegedly was in possession of parking placards bearing the seals and insignias of various U.S. departments and agencies (including the DoD), and in possession of equipment and materials for manufacturing and laminating official Government parking placards. It is also alleged that Garcia sold two U.S. Marshals Service shields to unauthorized persons and made false statements regarding those sales to investigating agents. The New York RA is conducting the investigation in conjunction with the Law Enforcement Integrity Unit of the U.S. Attorney's Office, Southern District of New York, the Federal Bureau of Investigation (FBI), the New York State Inspector General's Office, and the New York State Commission of Investigation.

Bank Fraud

Michael D. Emerson was arrested by the Louisiana State Police, Kenner, LA, on suspicion that he violated two counts of the State statute for bank fraud in Jefferson Parish, LA. In December 1998, Emerson allegedly assumed the identity of John Quinton Quave and was hired as a security guard at the U.S. Navy Information Technology Center, New Orleans, LA. Emerson had outstanding warrants for his arrest. In January 1999, Emerson allegedly used Quave's Social Security Number (SSN) and name to

open a checking account at the Metairie Bank and Trust Company so his paycheck could be direct deposited. A "numident" query of the Social Security Administration's database for Quave's SSN revealed the number was assigned to 8-year-old John Quinton Quave. The New Orleans RA is conducting the investigation with the Social Security Administration and the NCIS.

Fraudulent Billing

Richard Ottimo was arrested for his involvement in a scheme to defraud the DoD through a fraudulent billing scheme. An investigation disclosed that Ottimo, over the road trucking manager for Arrow Transport Systems, Inc., a DoD subcontractor that provides trucking services for Northrop Grumman at Bethpage, NY, allegedly inflated and created fictitious invoices used to generate checks. The invoices were submitted to Northrop Grumman and paid. Ottimo allegedly negotiated the checks with forged endorsements and kept the inflated amounts. The New York RA is conducting the investigation jointly with the FBI.

Larceny

Michael J. Dellarocco, a former engineer at Ansonia Copper & Brass Company, Inc. (Ansonia Copper), Ansonia, CT, was arrested and charged in an information with one count of larceny by possession, in connection

with an ongoing investigation into the destruction of a mainframe computer at Ansonia Copper. The damaged computer controlled the company's manufacturing operations. Ansonia Copper manufactures copper tubing for the U.S. Navy. While executing a state authorized search warrant at Dellarocco's residence seeking evidence in the investigation, it was determined that Dellarocco had in his possession machinery and equipment allegedly belonging to Ansonia Copper. The Hartford RA is conducting the investigation jointly with the Detective Division of the Ansonia Police Department and the Connecticut State Police Major Crimes Squad.

Wire Fraud

An information was filed in Alexandria, VA, against Tasha Y. Kinney, Suitland, MD, superceding a previous indictment of Kinney on wire fraud charges. This single count information charges Kinney with embezzling Government funds. On June 22, 2001, Kinney pled guilty to the charge. Kinney worked for the Defense Information Systems Agency (DISA) as a secretary and time and attendance (T&A) keeper. From approximately April through November 2000, Kinney used a former T&A keeper's username and password to access the Defense Civilian Payment System and fraudulently add overtime to her own record. Kinney resigned

from DISA after admitting to entering and receiving over \$25,000 in unauthorized overtime pay. The Mid-Atlantic Field Office (FO) conducted the investigation with the OIG, DISA.

Product Substitution

An information was filed against Jose A. Velazquez, former vice president of TVK Aviation Supply, Inc. (TVK), Miami, FL, charging him with one count of falsifying and concealing a material fact concerning aircraft parts. TVK allegedly sold 158 counterfeit and/or suspect unapproved Allison 501 gas turbine engine thermocouple probes (probes) to North American Turbines, Miami, FL, a Federal Aviation Administration (FAA) certified repair station. The probes are used on DoD and civilian C-130 aircraft. The probes monitor the temperature of the engine and if defective, the crew could not detect an overheated engine or a fire. TVK is an aviation parts broker and, although not regulated by the FAA, must comply with FAA regulations when certifying aircraft parts being sold as FAA approved. The Fort Lauderdale POD is conducting the investigation with the FBI and the Department of Transportation.

Health Care Fraud

An information was filed against Respiratory Druggist, Inc. (RDI), Foley, AL, and its owner/president, Richard

Bennett Powell, Jr., for health care fraud. The information also alleges that Powell and his spouse, Joanne Taylor Powell, filed false individual income tax returns. In a subsequent court appearance, RDI, Richard Powell and Joanne Powell pled guilty to health care fraud. In addition, the Powells pled guilty to Federal income tax evasion. The RDI provided durable medical equipment and drugs to TRICARE and Medicare patients residing primarily in southern Alabama. An investigation determined that RDI made payments to physicians in return for referring patients to RDI and submitted false claims for dispensing the brand name drug Atrovent, when a less expensive generic drug was actually dispensed to patients. Richard Powell also conspired to divert the drug Atrovent to retail pharmacies, wholesalers or suppliers, as opposed to individual patients, as required by contract. The scheme resulted in excess profits of \$687,000. The Powells each filed false U.S. Individual Income Tax Returns for the 1996 calendar year. The Pensacola POD conducted the investigation with the FBI and the Internal Revenue Service (IRS).

Kickbacks

An information was filed against Gary DeBate, Chalmette, LA, and Paul Folkins, Mandeville, LA, charging both with one count of violating the

Anti-Kickback Act. DeBate and Folkins are co-owners of Alliance Marine and Industrial Repair, Inc. (Alliance), Chalmette, LA. Alliance performed as a subcontractor for Bay Ship Management, Inc. (Bay Ship), Englewood Cliffs, NJ, a U.S. Government prime contractor. DeBate and Folkins allegedly provided a kickback to a former Bay Ship employee. In exchange, they received favorable treatment in the awarding of subcontracts for repair work aboard U.S. naval ships. These actions are the result of a 3½-year investigation into corruption within the maritime industry. Bay Ship had multiple contracts, valued in excess of \$200 million, with the U.S. Navy Military Sealift Command (MSC) to provide management, personnel, operational and technical support to operate and maintain several MSC ships. The New Orleans RA is conducting the investigation with the FBI and the NCIS, with audit assistance from the Defense Contract Audit Agency (DCAA).

Forgery

Justin O. Clayton, former airman, U.S. Air Force, Dayton, OH, pled guilty to two counts of felony forgery. An investigation disclosed that Clayton negotiated personal checks, which he knew to be stolen, at various banking institutions in the Dayton area. Each of the checks was made payable to Clayton in the amount of \$800. During the

negotiation of the stolen checks, Clayton used a military identification card that he had not returned when discharged, claiming at the time that he could not find his military identification card. Clayton allegedly negotiated seven other stolen checks outside the city limits of Dayton, OH. Consequently, Clayton has been indicted in connection with those checks and the charges have not yet been resolved. The Dayton RA conducted the investigation with the Police Department, Dayton, OH.

Guilty Pleas for Bridgeport Contract

An ongoing corruption probe concerning the City of Bridgeport and its award and administration of city contracts, programs and grants resulted in the following guilty pleas:

Patrick Coyne, former director, Office of Mayoral Initiatives for the City of Bridgeport, CT, pled guilty to mail fraud. Between 1997 and 2000, Coyne illegally accepted thousands of dollars from Paul Pinto in connection with the selection of asbestos abatement companies for City of Bridgeport contracts.

Paul J. Pinto, Easton, CT, pled guilty to racketeering, mail fraud and tax fraud. Between 1995 and 2000, Pinto engaged in racketeering activity to personally enrich himself and others, including an elected city official, regarding the award and administra-

tion of city contracts, programs and grants. Pinto also admitted receiving kickbacks and bribes intended for this elected official.

Leonard Grimaldi, Redding, CT, pled guilty to racketeering and tax fraud. Between 1995 and 1999, Grimaldi engaged in racketeering activity to personally enrich himself and others, including an elected city official, regarding the award and administration of city contracts, programs and grants. Grimaldi also admitted providing bribes and other things of value to an elected public official.

During this period, the City of Bridgeport received over \$1.5 million in Economic Adjustment Defense Conversion Initiative Implementation Grant funds as a result of its loss of defense-related jobs. The Hartford RA conducted the investigations jointly with the FBI, the IRS and the Department of Transportation.

Fraudulent Scheme

Robert J. Grill and Daniel Joseph Hawkins pled guilty to violating felony provisions of the Arizona Revised Statutes. Specifically, Grill pled guilty to two counts of false swearing to the Government, and Hawkins pled guilty to one count of facilitating a known fraudulent scheme. An investigation disclosed that Grill sold bid, payment and performance bonds to numerous DoD contractors using the Henrietta Mine as collateral. He knew

the Mine's alleged gold ore was nothing more than discarded trash tailings left over from the Mine's turn of the century operations. In addition, Grill filed liens against the Mine to give the appearance that it was both viable and had value. Hawkins facilitated Grill's scheme by intentionally misrepresenting to DoD contractors that the Mine's "gold ore" had actual marketable value. The Phoenix RA conducted the investigation jointly with the U.S. Army Criminal Investigative Command (USACIDC and the Air Force Office of Special Investigations (AFOSI).

Export Fraud

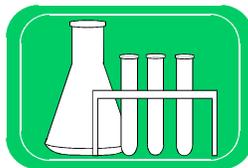
Saeed Homayouni and Yew Leng Fung, both from Bakersfield, CA, pled guilty to superceding informations. Homayouni pled guilty to one count of conspiracy to violate the Arms Export Control Act and the International Emergency Economic Powers Act. Fung pled guilty to one count of misprision of a felony relating to the provisions of the Arms Export Control Act and the International Emergency Economic Powers Act. Multicore, headquartered in London, England, operated a branch in Bakersfield, CA. From these locations, Multicore representatives purchased parts for the F-4 Phantom aircraft, the F-5 Tiger fighter aircraft, the F-14 Tomcat aircraft, and the Hawk Missile System from legitimate vendors, part brokers

for equipment manufacturers and the DRMO. The parts were shipped to Bakersfield, CA, where they remained in private storage units until shipped out of the country to Singapore, without the required export licenses, by using a fictitious business entity. The parts were then transshipped from Singapore to Iran. The San Diego RA conducted the investigation with the U.S. Customs Service.

Payment Fraud

Eileen B. Aird, Ridgewood, NJ, former president of LifeChem Laboratories, Inc. (LifeChem), pled guilty to a superseding information charging her with misprision of a felony with regard to double billing the Medicare program for approximately \$4.9 million. From 1990 through 1996, Aird was the general manager and then president of LifeChem, a subsidiary of National Medical Care, Inc. (NMC), Waltham, MA. NMC was the largest provider of services to patients with end stage renal disease in the United States. LifeChem was an independent clinical blood laboratory owned by NMC that specialized in performing laboratory tests for patients with end stage renal disease. From July 1992 through August 1995, Aird concealed and failed to report the duplicate claims submitted by LifeChem to Medicare for payment of laboratory blood tests. The claims were accompanied by false represen-

tations that the tests were lawfully payable as non-routine blood tests. Medicare had already paid for the tests as routine blood tests for dialysis patients. The Boston RA conducted the investigation with the FBI and the Health and Human Services (HHS).



Health Care Fraud

Karla Haswell, Valley Counseling, Colorado Springs, CO, pled guilty to health care fraud and conspiracy to defraud with respect to claims. An investigation disclosed that Haswell, along with her husband, Everseley Haswell, submitted false claims to the TRICARE Management Activity and Medicare for mental health care counseling that was not provided. Haswell admitted to participating in a conspiracy to submit and cause to be submitted approximately \$418,320 in false and fictitious claims to the TRICARE Management Activity and approximately \$26,538.23 to the Medicare program for services that were either not rendered or not rendered by the authorized provider claimed. The Denver RA conducted the investigation jointly with the HHS, the IRS and the TRICARE Program Integrity Office.

Sentences

Insurance Fraud

Amelia Bennett, wife of Arthur Gus Bennett, a former U. S. Marine, was sentenced in U.S. District Court, Las Vegas, NV, to 3 years probation, 3 years supervised release, ordered to pay restitution of \$101,874 and a \$100 special assessment fee. She previously pled guilty to one count of misprision of a felony. Amelia Bennett and four family members filed for Servicemembers Group Life Insurance (SGLI), Department of Veterans Affairs (VA) benefits, and Social Security survivor benefits based on the false reporting of Arthur Bennett's death. Arthur Bennett was identified in a fictitious death scheme involving a trailer fire at the Lake Mead National Recreation Area, Clark County, NV. The fire occurred on February 3, 1994. Bennett family members used multiple bank accounts in Nevada, Utah, and Virginia to facilitate fraudulent distribution of SGLI, VA, and Social Security survivor benefits. A SGLI insurance claim citing Arthur Bennett's death resulted in fraudulent SGLI beneficiary payments of \$200,000. Arthur Bennett is now deceased. The Salt Lake City RA conducted the investigation with the FBI, the VA, the Social Security Administration and the NCIS.

Health Care Fraud

James Paul Kalhorn, D.D.S., Colorado Springs, CO, was sentenced to 2 years probation and ordered to pay \$25,000 in restitution and a \$5,000 fine. Kalhorn previously pled guilty to making, or causing to be made, a false statement or representation involving a Federal health care program. An investigation disclosed that between January 1996 and December 1999, Kalhorn submitted numerous claims to TRICARE's contracted dental carrier, United Concordia Companies, Inc. (UCCI), Great West Life, and Delta Dental for periodontal scaling and root planing, which medical reviews found were not necessary. Periodontal scaling and root planing is a lengthy and intensive dental procedure that is billed in segments of the mouth or quadrants. Kalhorn submitted claims for quadrants of root planing and scaling for days of service when patients were not present. He also submitted periodontal pocket depth charts with the claims that, according to patients, contained measurements Kalhorn did not perform. The Denver RA conducted the investigation jointly with the FBI and with assistance from the Special Investigations Unit of the UCCI.

False Statements

Blue Jaunte Company, Incorporated, formerly Plummer Precision Optics

Company (Plummer), entered guilty pleas to one count of conspiracy to make false statements and two counts of Arms Export Control Act violations. Plummer Precision was immediately sentenced to pay an \$875,000 fine and a \$1,200 special assessment. Plummer Precision previously agreed to pay \$2,375,000 to settle a civil complaint filed on September 21, 1999, against Plummer Precision, John L. Plummer, Jutta Plummer, Max Haskins, Walter Lager, Plummer Precision Optics PTE, Ltd., and Tomilda Trust. In addition, Walter Lager and Max Haskins, vice presidents of Blue Jaunte Company, Incorporated, were sentenced for conspiring to make false statements. Haskins was sentenced to 5 years probation, 6 months home confinement, fined \$5,000 and ordered to pay a \$100 special assessment. Lager was sentenced to 5 years probation, 6 months home confinement, fined \$20,000 and ordered to pay a \$100 special assessment. Plummer manufactured optic lenses and other optical instruments used in military weapon systems. Specifically, these optic components were used in the gunner's primary sighting system of the U.S. Army Abrams M1A1 tank and the Bradley Fighting Vehicle. They also were critical components in the Army's Laser Village Program. An investigation revealed that Plummer engaged in a

scheme to falsify quality inspection reports that resulted in the shipment of nonconforming and defective parts to the U.S. Army and other DoD contractors. As a result, the Government paid the defendants the full price for millions of dollars in contracts, yet received parts that failed to meet contract specifications. Lager and Haskins directed the misrepresentations to the Government. The Northeast FO conducted the investigations with the U.S. Customs Service.

Health Care Fraud

Romualdo N. Garcia, Republic of the Philippines, was sentenced in U.S. District Court, Madison, WI, to 12 months incarceration, followed by 3 years supervised release, ordered to pay \$240,946 in restitution and a \$50 special assessment fee. Garcia previously pled guilty to submitting false claims to TRICARE. An investigation determined that Garcia, a retired U.S. Navy veteran residing in the Republic of the Philippines, submitted numerous false claims to the TRICARE health care program for services rendered to himself and his dependents. WPS, Madison, WI, a fiscal intermediary for the TRICARE program, processed false claims totaling \$240,946 on behalf of TRICARE. The Chicago POD conducted the investigation.

Health Care Fraud

David H. Trock, M.D., Newtown, CT, a former principal investigator for Magnetic Therapy Center, PC, Danbury, CT, was sentenced to 6 months probation and ordered to make restitution of \$35,250 to the Government. Trock previously pled guilty to aiding and abetting in connection with a violation of the Federal Food, Drug and Cosmetic Act. An investigation disclosed a scheme to knowingly submit experimental electro-magnetic therapy treatment claims for payment to Medicare, TRICARE, private insurance carriers and patients. The treatments were conducted under a clinical trial on an investigational basis not yet approved by the U.S. Food and Drug Administration (FDA). The Magnetic Therapy Center used fraudulent billing codes to recover its costs as the procedures actually performed were not a reimbursable service under Federal health care program regulations. The Hartford RA conducted the investigation jointly with the FBI, the FDA Office of Criminal Investigations and the U.S. Postal Inspection Service.

Hazardous Waste

Albert Young, president of Rehrig International, Incorporated (Rehrig), Richmond, VA, entered a guilty plea on behalf of Rehrig to two violations of the Federal Clean Water Act (FCWA). Rehrig failed to properly operate and

maintain the wastewater treatment system necessary to achieve compliance with its City of Richmond permit. Rehrig was immediately sentenced to 18 months probation and to pay \$200,000 per count (the fines to run concurrently). In addition, the company was ordered to pay a \$250 special assessment and to fulfill the terms of its plea agreement to make a \$10,000 charitable donation and upgrade the pollution control equipment at its current plant. In a separate court action, J. Gregory Dant, former Rehrig plating process specialist, was sentenced to 6 months home detention (with electronic monitoring--the first 120 days include weekends served at an intermittent confinement facility), 4-1/2 years supervised probation, to pay a \$7,500 fine and a \$100 special assessment fee. Dant previously pled guilty to violating the FCWA by tampering with and rendering inaccurate a wastewater-monitoring device at Rehrig. Rehrig formerly operated a production plant in the City of Richmond, VA, and had contracts to manufacture and supply shopping carts to the Defense Commissary Agency (DeCA). The company was issued an industrial user permit that established discharge limits under the FCWA for various substances, such as nickel and chrome, in its wastewater. During the manufacture of the shopping carts, a process was used to

electro-plate the shopping cart chassis with chrome and nickel. Rehrig's wastewater frequently had chrome and nickel concentrations that exceeded permit limits. The Richmond POD conducted the investigations with the FBI and the Environmental Protection Agency.

Health Care Fraud

Jack Campo, Fort Pierce, FL, was sentenced to 37 months incarceration, ordered to pay \$923,100 restitution, and an \$800 special assessment fee. Between April 1992 and May 1996, Campo, owner of Campo Care, Inc., d.b.a. Staff Builders Health Care Service (Staff Builders), Port Saint Lucie, FL, received approximately \$442,051 in reimbursements for costs allegedly incurred for overhead expenses and direct patient care affecting TRICARE and Medicare. In addition, Campo caused the filing of one or more false claims by providing false information to Staff Builders, Lake Success, NY, the parent company, for inclusion in their consolidated cost report. Staff Builders is a home health agency that provides continuing medical care to patients at home that have been discharged from either a hospital or an outpatient care facility. Specifically, Campo received reimbursement from Medicare for falsely reporting furniture, salary costs, Christmas bonuses, and "royalty fees." Further, Campo, with the as-

sistance of his son, Brian Campo, paid kickbacks to Drs. Warren Federgreen, Syed Abdullah, and Shahriar Ekbatani with the expectation of receiving referrals to Staff Builders. The Fort Lauderdale POD conducted the investigation with the FBI.

Product Substitution

Moti Glaser, Staten Island, NY, and his business, Technology Products Manufacturing Company, Inc. (Technology Products), South Plainfield, NJ, were sentenced for violating the Major Fraud Act. Glaser was sentenced to 1 year and 1 day in prison. Glaser and Technology Products were each fined \$257,525.50. Technology Products manufactured chemical and biological protective hoods for the DoD through three contracts valued in excess of \$10 million. The hoods were for use by military personnel assigned in regions around the world where the threat of chemical and biological weapons use exists. The hoods were also purchased for use by military and civilian personnel in environments where chemical and biological accidents had occurred and clean up was necessary. An investigation determined that Glaser and Technology Products filed over \$1.4 million in false progress payment claims. They also switched random sample hoods selected by the Government for quality inspec-

tions and/or independent certified laboratory destructive testing; submitted false DD Forms 250 claiming boxes contained hood quantities that were actually empty shipping boxes labeled to deceive Government inspectors; and certified hoods were in compliance of Government manufacturing specifications when 95 percent of the hoods failed a reinspection of hoods previously shipped to the DoD. Per specification requirements, the failure rate had to be less than 2 percent. Following the inspection and discovery of the numerous flaws, a DoD safety alert was issued. The protective hoods were subsequently removed from DoD inventory and the contracts were terminated for default. An emergency procurement was initiated. The replacement costs associated with the contract terminations totaled \$12 million. Total payment to Technology Products for the defective protective hoods totaled approximately \$5 million. Total loss to the Government associated with this fraud exceeded \$17 million. The New Jersey RA conducted the investigation with the FBI and the USACIDC.

Theft

Juel E. Jones and David Ray Williamson were sentenced in Federal District Court, Texarkana, TX. Jones was sentenced to 3 years probation and ordered to pay \$4,650 in restitution and a

\$100 special assessment. Williamson was sentenced to 3 years probation, ordered to pay \$26,275 in restitution, a \$3,500 fine and a \$100 special assessment. They previously pled guilty to theft of Government property. An investigation disclosed a scheme whereby Tommy Ray Briley, a DoD employee at Red River Army Depot, Texarkana, TX, used a U.S. Government credit card to purchase building supplies. Briley took the supplies to the home of Williamson, who paid Briley cash for them. Williamson then transferred the stolen property to Jones who sold it to local merchants and construction contractors in the Texarkana, TX, and Arkansas area. Jones then split the sale proceeds with Williamson. Briley was previously convicted and sentenced for theft of Government property. The Southwest FO conducted the investigation with the FBI.



Impersonation Scheme

Miriam Kenyan, Woodridge, NJ, was sentenced to a \$250 fine and a \$100 special assessment. Kenyan, former Government contracts manager at Janitorial and Maintenance Service (JAMS), Morristown, NJ, previously pled guilty to impersonating a DoD contracting officer while con-

ducting a meeting with a loan officer from a New York-based finance company. The purpose of the impersonation was to defraud the finance company using fictitious DoD contracts as collateral for a loan. Kenyan's former employer, Penelope Smith, president of JAMS and PENEL Corporation, devised a scheme where she represented herself as a DoD contracting officer and created false Government contracts to defraud other companies out of goods and services. Smith also created false DoD contracts that were used as collateral with finance companies. Smith pled guilty to impersonating a DoD contracting officer. This scheme defrauded the Government and private companies out of at least \$364,000. The New Jersey RA conducted the investigation with the FBI and the NCIS.



Money Laundering, Bribery, and Conspiracy

Bobby Gilchrist, former U.S. Army master sergeant, Joint Staff Supply Service, Joint Chiefs of Staff (JCS), was sentenced to 41 months in prison, 3 years of supervised release, to pay \$400,000 restitution and a \$300 special assessment. Gilchrist will pay his restitution jointly and severally with Tyrone X. Celey,

Jr., owner of Pronto Products (Pronto) and Speedy Supplies, Inc. (Speedy), two Clinton, MD, office supply companies that conducted business with the DoD. On February 23, 2001, Gilchrist pled guilty to money laundering, bribery and conspiracy. As a supply technician, Gilchrist's responsibilities included purchasing supplies and services for JCS using a DoD issued International Merchant Purchase Authorization Card (IMPAC). The investigation confirmed that Gilchrist conspired, through use of his and others' DoD IMPAC cards, with various DoD contractors to defraud the DoD by accepting cash payments from them in return for directing business to them. Celey, Gilchrist's childhood friend, paid him \$200,000 in bribes in exchange for purchases from Pronto and Speedy. Gilchrist also made cash payments to other Pentagon employees for their participation in the scheme. Available records revealed that Gilchrist conducted over \$1 million in business on behalf of the JCS between July 1998 and June 2000. There was in excess of \$400,000 in losses to the DoD during this time frame relative to Gilchrist's activity. The Mid-Atlantic FO conducted the investigation with the FBI and the USACIDC, with assistance from the Purchase Card Joint Program Management Office, Under Secretary of Defense for Acquisition Technology.

False Certification

Jorge Angulo was sentenced in U.S. District Court, Dallas, TX, to 2 years probation, ordered to perform 50 hours of community service, to pay a \$13,500 fine, \$6,750 in restitution and a \$100 special assessment. Angulo previously pled guilty to misprision of a felony. Angulo was president of International Jet Repairs, Inc. (IJR), Hialeah, FL, a FAA Certified Repair Station, and a Government subcontractor. An investigation revealed that IJR improperly repaired Pratt & Whitney Corporation (P&W) JT8D combustion chambers. Specifically, IJR failed to properly replace the mount lug bushings on the chambers as required by P&W specifications. The chambers have been identified as flight critical aircraft parts used on several types of commercial and military aircraft. During late 1996 and early 1997, IJR provided false certificates of conformance to Dallas Aerospace, Inc. (DAI), Carrollton, TX, indicating that "new" bushings were placed in combustion chambers when, in fact, IJR failed to use new bushings and reinstalled the used bushings that were in the chambers. After the repair was completed, IJR provided a letter to DAI falsely documenting replacement of the bushings. The FAA determined that failure to replace the bushings could have caused catastrophic failure of the aircraft and resulted in

loss of life. The Southwest FO conducted the investigation with the Office of Inspector General (OIG), Department of Justice.

Civil Settlements

Health Care Fraud

A civil agreement was reached with Columbia/HCA Corporation, Nashville, TN, on behalf of four of its facilities and three other hospitals. The agreement settles claims that they unlawfully charged Federal health care programs for surgical procedures using experimental cardiac devices. The procedures were performed between 1987 and 1994. At that time, the FDA had not approved the devices for marketing. The Government maintained that the hospitals violated the False Claims Act by knowingly seeking Federal reimbursement for services they knew TRICARE and Medicare considered as nonreimbursable. The seven hospitals will repay a total of \$5,476,637 as follows: Columbia/HCA will pay \$1,929,255 on behalf of West Florida Regional Medical Center (WFRMC), Pensacola, FL ; Miami Heart Institute, Miami, FL; Healthwest Regional Medical Center, Phoenix, AZ; and Green Hospital of Scripps Clinic, San Diego, CA. Holy Cross Hospital, Fort Lauderdale, FL, will pay \$2,830,208. South Miami Hospital will pay \$450,000 and Mount Sinai Hospital,

also in Miami, FL, will pay \$267,174. This settlement is the result of a *qui tam* lawsuit filed by Kevin Cosens, a former medical device salesman. Cosens will receive \$1,095,327. His attorneys will also receive reimbursement for legal fees from the settling hospitals. The Pensacola POD conducted the WFRMC portion of the investigation with the FBI and with technical assistance from the Office of Program Integrity, TRICARE Management Activity.



False Claims

UroCor, Inc., Oklahoma City, OK, entered into a civil agreement and will pay \$9 million to resolve claims under the False Claims Act and administrative claims that the company mischarged Medicare, TRICARE and other Federal health programs for certain tests it performed. In addition, UroCor is entering into a Corporate Integrity Agreement with the HHS that requires UroCor to develop a compliance program to prevent future violations. UroCor, a laboratory operating in Oklahoma City, specializes in conducting tests that detect bladder and prostate cancer. Urologists obtain tissue or liquid specimens from patients and submit the specimens to

UroCor to determine whether specimens contain cancer cells. An investigation disclosed that UroCor billed for medically unnecessary tests by bundling unnecessary tests with medically necessary tests. UroCor billed for tumor and DNA analysis testing that was not medically approved. The Tulsa POD conducted the investigation with the FBI and the HHS.

False Certification

Astropower, Incorporated, Newark, DE, entered into a settlement agreement with the U.S. Attorney's Office, District of Delaware, and will pay the Government \$3.648 million in damages. Between 1991 and 1995, Astropower improperly manipulated overhead accounting rates, charged the Government for commercial ventures, and then falsely certified that such charges were proper. Astropower historically performed research in the field of photovoltaics (solar power) under contracts with various components of the DoD and the Department of Energy. Affected DoD components include the U.S. Navy Office of Naval Research, the U.S. Air Force Research Laboratory, Wright-Patterson Air Force Base, and the U.S. Army Space and Missile Defense Command. The Northeast FO conducted the investigation jointly with the NCIS and with support from the DCAA and the Department of Energy OIG.



To report suspected criminal activity involving the Department of Defense please contact the nearest Defense Criminal Investigative Service office.

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