

# Fraud Awareness Newsletter

Volume 97-10

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



## Explosives

A five-count indictment was returned in Tulsa, OK, against Felix Rendon Osuna and Ralph Michael Benavente. The defendants are charged with possession of an unregistered destructive device, namely a U.S. military model M-67 high explosive fragmentation grenade. An investigation disclosed Osuna and Benavente allegedly attempted to purchase several Department of Defense (DoD) explosive devices. The specific devices are never sold or released to the public and are specifically designed for U.S. military use. The grenade was recovered subsequent to the defendants' arrest. Special Agent Charles Case, Tulsa Post of Duty (POD), is conducting the investigation with the Bureau of Alcohol, Tobacco and Firearms.



## Kickbacks

An indictment was returned against Steven Dalgetty, an employee of Harbert Construction Company (Harbert), a prime contractor for the U.S. Army at Fort Leonard Wood, MO. Dalgetty is charged with three counts of receiving a kickback, submitting

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Atlantic Field Office (FO), is conducting the investigation jointly with the Naval Criminal Investigative Service.



## Telephone Card

A superseding indictment was returned in Phoenix, AZ, against Robert C. Atwell, a former U.S. Army colonel. Atwell is charged with wire fraud in addition to the original indictment of conspiracy to defraud the U.S. Government and conflict of interest. Atwell is alleged to have used his U.S. Government issued telephone credit card for personal use. Special Agent Jeffery Arsenault, Phoenix Resident Agency (RA), is conducting the investigation with the Federal Bureau of Investigation (FBI) and the U.S. Army Criminal Investigation Command (USACIDC).

## Prosecutions Stolen Deposits

A superseding indictment was returned against Jane E. Plymire in Richmond, VA. Plymire is charged with 15 counts of theft of Government property and 3 counts of mail fraud. An investigation disclosed Plymire, the former disbursing officer at the Naval Surface Warfare Center, Dahlgren, VA, allegedly stole 56 cash deposits from the Disbursing Office, totaling \$123,526. The deposits were received from various activities on the Center. As disbursing officer, Plymire was responsible for depositing the funds into the disbursing account via the Federal Reserve Bank of Richmond. Special Agent Scott Stokes, Mid-

false statements and obstruction of justice. Dalgetty allegedly received a \$30,000 kickback in the form of a home remodeling job by Harbert subcontractors Richard G. Schulte and Frank G. Schulte. The Schultes, owner of Schulte Construction Company, Iberia, MO, subsequently were awarded three subcontracts totaling \$169,911. In addition, Dalgetty allegedly created a false contract and payment invoice on the remodeling job that were submitted for payment and further instructed the Schultes to lie to the grand jury. Special Agent Edwin Outlaw, Kansas City RA, is conducting the investigation jointly with the USACIDC.



### **Aircraft Parts**

Informations were filed against Dale A. Helm and Michael J. Black, both of Bonne Terre, MO, charging them with stealing Government property. From March to May 1997, Helm and Black allegedly conspired to steal \$42,388 worth of aluminum parts that included test fixtures for the C-17 aircraft program. The parts, which were stolen from DoD contractor United Engineering Company, Pevely, MO, were subsequently recovered from a scrap yard in Park Hills, MO. Special Agent Steven Wattles, Central FO, is conducting the investigation with the FBI.



### **Identification Cards**

Vernon Corey pled guilty to two counts of use of a counterfeit access device and two counts of use of fraudulent U.S. Military Service identification. Corey was involved with a ring of individuals who defrauded several financial institutions throughout Pennsylvania, New Jersey and Delaware. The ring used counterfeit U.S. Military Service identification cards and State driver's licenses to obtain instant credit. The fraud proceeds exceeded \$20,000. Special Agent Kathy McHale, Northeast FO, conducted the investigation with the U.S. Secret Service.



### **Health Care**

A petition to change a plea was filed on behalf of Dr. Peter D. Farr in the Northern District of Indiana. Farr pled guilty to one count of receiving a kickback and two counts of submitting false statements to Government health care programs. From 1991 through 1994, Farr knowingly and willfully received a kickback from a hospital in South Bend, IN. In addition, he made false statements and representations of material fact to Civilian Health and Medical Pro-

gram of the Uniformed Services (CHAMPUS) and the State of Indiana Medicaid program. Special Agent Jim Terbovich, Dayton RA, conducted the investigation as part of the Northern Indiana Medical Fraud Task Force of the U.S. Attorney, Northern District of Indiana. Other participating agencies include the FBI, the Department of Health and Human Services (HHS) and the Indiana Medicaid Fraud Unit.

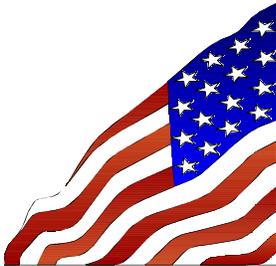
### **Sentences**



### **Unlicensed Counselor**

Mount Franklin "Frank" Lombardo, Chickasaw, AL, was sentenced to 18 months incarceration, 36 months supervised release and \$330,873 in restitution and assessments for defrauding the Government. Lombardo operated the Bel Air Counseling Center in Mobile, AL. From August 1, 1988 through 1996, he used the U.S. mail to defraud CHAMPUS, the Federal Employees Health Benefits Program (FEHBP), private insurers and his patients by representing himself as a licensed professional counselor or a clinical psychologist. In fact, Lombardo had never been a clinical psychologist and had not been licensed as a professional counselor by the State of Alabama since July 31, 1988. An investigation determined that Lombardo forged and

falsified his license certificates and presented them to CHAMPUS and submitted claims with false information about the identity and qualifications of the "supplier" of counseling treatment. Through the scheme, Lombardo received approximately \$330,823. Special Agent Craig Brueckman, Pensacola POD, conducted the investigation with the U.S. Postal Inspection Service.



### **Buy American Act**

George K.E. Williams, president, Williams Brothers Corporation of America (Williams America), Front Royal, VA, pled guilty to removing "country of origin" markings and was sentenced to a \$1,000 fine. The same date, Williams pled guilty on behalf of Williams America to introducing imported merchandise into the commerce of the United States by means of a fraudulent practice. Williams America sells Canadian-made metal access doors. Williams and the company removed the Canadian markings from doors sold to Government contractors to conceal the point of origin. The doors met the contract requirements except for not being manufactured within the United States. In addition to being used on various DoD contracts, the doors were used by the National

Aeronautics and Space Administration (NASA) in a Kennedy Space Center facility. The company is scheduled for sentencing on November 12, 1997. Special Agent Wayne Cooper, Richmond RA, conducted the investigation with NASA and the U.S. Customs Service.



### **Theft of Surplus**

John Perry Foress, former Chief of Police of the Forsyth Township Police Department, Gwinn, MI, was sentenced to a \$100 fine, \$65 in court costs and ordered to attend an alcohol assessment program. Foress previously pled nolo contendere to embezzlement and resigned as the Chief of Police. The Forsyth Township Police Department participates in the DoD Regional Logistics Support Office (RLSO) Program, which authorizes the transfer of excess DoD property to law enforcement agencies involved in counter drug enforcement. Under the RLSO Program, Foress was authorized to screen and receive property at the Defense Reutilization and Marketing Office on K.I. Sawyer Air Force Base, Gwinn, MI. Foress obtained a Case tractor, originally valued at \$4,669, and two trailers, originally valued at \$2,084 each, and converted the property to his personal use.

Special Agent Thomas O'Connor, Chicago RA, conducted the investigation jointly with the Michigan State Police.



### **Civil Settlement Health Care**

Arlington Hospital Association (renamed Arlington Health Foundation), Arlington, VA, reached a \$118,865.07 civil settlement agreement with the Government. The settlement is for billings from January 1, 1989 through December 31, 1992, that contained incorrect coding for non-covered fertility services by certain physicians associated with the hospital. The billings were submitted to health insurance organizations that included CHAMPUS, Blue Cross/Blue Shield of the National Capital Area and the FEHBP. Special Agent Robert Craig, Mid-Atlantic FO, conducted the investigation with the Office of Personnel Management, the HHS and the U.S. Postal Inspection Service.





*To report suspected fraud involving to Department of Defense or to comment on this newsletter please contact the nearest Defense Criminal Investigative Service office. The addresses and telephone numbers of the offices that are part of the Central Field Office are listed below.*

CENTRAL Field Office  
1222 Spruce Street  
Room 8.308E  
St. Louis, MO 63103-2811  
Voice: (314) 539-2172  
Telefax: (314) 539-2967  
E-Mail: 40sl@dodig.osd.mil

CHICAGO Resident Agency  
2350 E. Devon Ave., Suite 150  
P.O. Box 483  
Des Plaines, IL 60018-4606  
Voice: (847) 827-9480  
Telefax: (847) 827-3724  
E-Mail: 40ch@dodig.osd.mil

CLEVELAND Resident Agency  
7550 Lucerne, Suite 200  
Islander Park One Building  
Middleburg Heights, OH 44130  
Voice: (216) 522-2296/7  
Telefax: (216) 522-7196  
FTS: 942-2296/7  
E-Mail: 40cl@dodig.osd.mil

COLUMBUS Resident Agency  
P.O. Box 13163  
Whitehall Branch,  
Columbus, OH 43213-0163  
Physical Location:  
Defense Supply Center  
3990 E. Broad St., Bldg. 100  
Columbus, OH 43213-5000  
Voice: (614) 692-3629/3855  
Telefax: (614) 231-8905  
E-Mail: 40co@dodig.osd.mil

DAYTON Resident Agency  
3055 Kettering Blvd.  
Suite 205  
Dayton, OH 45439  
Voice: (937) 534-0100  
Telefax: (937) 534-0117  
E-Mail: 40dy.rac@dodig.osd.mil

KANSAS CITY Resident Agency  
Federal Building, Room 565  
500 State Street  
Kansas City, KS 66101-2433  
Voice: (913) 551-1350  
Telefax: (913) 551-1362  
E-Mail: 40kc@dodig.osd.mil

INDIANAPOLIS Post of Duty  
Attn: Column 117W  
8899 East 56th Street  
Indianapolis, IN 46249-4500  
Voice: (317) 542-4009  
Fax: (317) 542-4012  
E-Mail: 40in@dodig.osd.mil

MILWAUKEE Post of Duty  
301 W. Wisconsin Ave.  
Suite M-95  
Milwaukee, WI 53203  
Voice: (414) 297-1810  
Telefax: (414) 297-1817  
E-Mail: 40ml@dodig.osd.mil  
MINNEAPOLIS Post of Duty

Galtier Plaza, Box 14, Suite 414  
175 East Fifth Street  
St. Paul, MN 55101-2901  
Voice: (612) 222-0212  
Telefax: (612) 222-8316  
E-Mail: 40mn@dodig.osd.mil

SIOUX FALLS Post of Duty  
230 S. Phillips Ave., Suite 404  
Sioux Falls, SD 57102  
Voice: (605) 330-4211  
Telefax: (605) 330-4410  
E-Mail: 40sx@dodig.osd.mil

WICHITA Post of Duty  
53456 Lawrence Ct. Suite 230  
McConnell AFB, KS 67221  
Voice: (316) 682-1991  
Telefax: (316) 682-1609  
E-Mail: 40wc@dodig.osd.mil

*You may also call or write the Department of Defense Hotline at*  
**Defense Hotline**  
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Voice: (703) 604-8546

