

What Can Go Wrong: Government Entities

1. The right-hand man to a major city's mayor accepted nearly \$1 million in bribes from a bus manufacturer in exchange for a contract to deliver 45 buses to the city.
2. Over a two-year period, one administrative assistant of a school district spent \$383,788 on her government-paid credit card for personal items.
3. A citywide payroll system implementation budgeted for \$67 million was halted after the city had spent over \$600 million, yet still had no operating system. Three individuals alone had received \$40 million in kickbacks.
4. A military cardholder used the government-paid card to purchase taxidermy services and mount a road-kill deer head. The deer head was hung on the wall in an office shared by the cardholder and the approving official.
5. A firefighter with a \$40,000 salary cleared \$160,000 income for the year due to false overtime.
6. A sheriff stopped drug-runners on a state highway, and agreed to look the other way in exchange for cash.
7. In order to gain contracts with the city, the mayor instructed contractors to hire the mayor's family members as consultants. The contractors also received letters suggesting they donate \$10,000 to the mayor's foundation.
8. A chiropractor was reimbursed by Medicaid for \$2½ million in one year. Another doctor was reimbursed for amputating the same patient's right arm . . . twice.
9. A county commissioner only accepted bids from vendors who paid a particular third-party consultant to broker the deal.
10. The executives of a state turnpike authority made decisions on which vendors would be eligible for building roads based on how much the vendors had contributed to the state senator's campaign fund raisers.
11. A Customs and Border Protection officer sold their badge to alien and drug smuggling groups.
12. Motor vehicle department employees accepted bribes in exchange for issuing car titles.
13. A state treasurer shifted a substantial percentage of the state's bond business to a single broker in exchange for regular cash kickbacks plus campaign contributions.
14. A local government official waived fines in exchange for tips.

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15. Government logistics contractors supplying an army overseas falsified their returns and scuttled empty ships to claim massive compensation for loss in storms.
16. A small parts supplier collected \$20½ million over five years from the Pentagon for fraudulent shipping costs, including \$998,798 for sending two 19-cent washers to an army base in Texas.
17. The Director of Internal Audit of a school district made himself the sole signatory on a bank account in the name of a charter school and embezzled public funds.
18. Law enforcement officials used fleet vehicles to take their families on vacation.
19. A food stamp recipient filed for benefits at multiple offices. She submitted different names for herself at the different offices but submitted her children's names and dates of birth accurately.
20. A 72-year old patient was reimbursed by Medicaid for a pregnancy. Another patient, a male, was reimbursed for a hysterectomy.
21. A postmaster embezzled 231 money orders for \$51,000 to feed a heroin addiction. The investigation began when a review of records found money orders processed after the date they were cashed.
22. A 115-year old was still receiving state pension checks. Upon further research it was determined the person had been dead for 30 years.
23. A city mayor used holiday gift cards intended to be distributed to needy families for her own personal use.
24. A family practice doctor based in a low-income neighborhood prescribed medication that made the patients ill, so they would return for a follow-up visit. He billed Medicaid for the visits.
25. In order to falsely bill Medicare, a hospice provider billed continuous home care for patients categorized by the Hospice provider as "terminally ill," even though home care was unnecessary for the patients. This action resulted in a civil penalty of \$25 million.
26. A durable medical equipment provider hired teenagers to make unsolicited telephone calls to elderly Medicare beneficiaries asking them if they wanted a free arthritis kit. After obtaining the beneficiary's Medicare information, the provider billed Medicare \$3000 for each kit. In total, the provider falsely billed \$1.1 million.
27. An army major and an army contracting official demanded a \$1.6 million bribe from a vendor to approve a contract to supply the military with bottled water and other supplies in the desert. The major had his wife submitted an invoice for the bribe in her maiden name, and she opened up an account in the Cayman Islands to receive the bribe.

28. An airport security company underreported revenues to the county to avoid paying permit fees based on gross revenues. The county was shortchanged by \$200,000.
29. A mental healthcare provider paid kickbacks to the owners of halfway houses in exchange for the referral of patients recovering from drug and alcohol abuse. In some cases, the patients received a portion of the kickbacks. The patients were placed in partial hospitalization programs for which they were not eligible, and the provider billed Medicare more than \$200 million in unnecessary services.
30. A pharmaceutical company misreported several of its “branded” drugs as “generic” to reduce its quarterly rebate obligation under the Medicaid Prescription Drug Rebate Program. The company underpaid rebates by over \$10 million.
31. A durable medical equipment provider hired patient recruiters to obtain prescriptions for DME such as leg braces, arm braces, power wheel chairs and wheel chair accessories. Specifically, the patient recruiters obtained information from Medicare beneficiaries and used the information to acquire prescriptions for DME from the beneficiaries’ primary care physicians that were not medically necessary. The company falsely billed Medicare \$21 million.
32. A manager of a loan servicing company contracted with the Veteran’s Administration to manage foreclosed properties. In exchange for kickbacks, the manager steered the home repairs to a particular contractor, bypassing the competitive bid process.
33. An overseas shipping company supplying the military invoiced freight rates higher than what was stipulated in the contract, billed GPS-tracking and security services never provided, and failed to credit the government for rebates of storage fees received by a subcontractor at a foreign port. The overbilling exceeded \$20 million.
34. A chain of dental clinics mistreated low-income pediatric patients, such as performing root canals on baby teeth, to overbill Medicaid.
35. The School Superintendent purchased land for himself and his spouse using \$100,000 in school funds. A board member’s signature stamp was used to approve board minutes which approved the purchase of land with school funds, although the particular board member was not present at the meeting, nor did the board members present realize the land would be purchased for personal use.
36. Seventy-four government-paid credit cards issued amongst 13 officials included \$5.9 million in personal charges. An anonymous letter tipped off the fraud.
37. Payments from school bank accounts totaling \$641,000 were paid to the credit cards of the School Superintendent and his wife.

38. A milk vendor fills each 8 oz. container with only 7½ oz. of milk. And when they do fill the whole carton with 8 oz., the milk is watered down. Another vendor sprays meat then flash-freezes it before delivery and stuffs whole fish with crushed ice before delivery to add weight to the shipment, which they bill for because the contract calls for reimbursement by weight.
39. A third-party vendor hired a convicted child molester who regularly set foot on your organization's property.
40. In a large metropolitan school district, 178 educators at 44 of the district's 56 schools cheated to inflate standardized test results, and received bonuses for improved results. The Superintendent ignored and buried claims about the misconduct.
41. A technology firm providing services under the Federal E-rate program paid bribes and kickbacks to school officials to bypass the competitive bid process and award the contract to the firm.
42. A married couple established a business designed to assist low-income buyers obtain homes. For a fee, the business falsified residential loan applications such that it would assure the buyers' applications would be approved by mortgage lenders. When the unqualified buyers defaulted, the financial institutions did not lose, because the mortgages were covered by government low-income housing programs.
43. A U.S.P.S. mail carrier stole debit cards mailed to customers on their route, filed false tax returns using the cardholder's name, and had the tax refunds directed to the stolen debit card accounts.
44. A parole officer solicited cash and large gifts from parolees in exchange for allowing the parolee to violate the terms of their parole.
45. University administrators credited 100 students' accounts just under \$200,000 in a debt forgiveness program that had no eligibility criteria.
46. Former students no longer enrolled resided in a public university's dorms because they were cheaper than apartments.
47. In order to retain a research grant for the upcoming year, a professor bought expensive equipment for personal use but charged it to the research project.
48. An educator received bribes of cash, personal trips, and favors from student families in exchange for providing better grades.
49. Two years after a state university started a bachelor of nursing program, over three-quarters of the students failed to graduate because they could not pass the standardized exam. The Board of Nursing placed the school on probation for a number of violations.

50. A state governor pressured a university to hire his wife to teach a series of seminars. During the following year, the university increased her salary 88%. After an investigation by a newspaper reporter, the provost, chair of the board of trustees, and chancellor all resigned.
51. Police officers regularly clocked-in then went to a diner for breakfast.
52. A postal employee diverted twenty \$50,000 checks meant to replenish postage meter accounts to a false vendor.
53. A highway contractor painted highway stripes an inch shorter than required specifications, saving several hundred thousand dollars in paint over hundreds of miles of highway.
54. One person created 14 different not-for-profit organizations for the sole purpose of obtaining used computer equipment from government organizations by donations. Over 6 years, he sold the equipment for a total of \$7.2 million.