



# Department of Homeland Security Office of Inspector General

## Special Report:

**Summary of Significant Investigations  
October 1, 2008 to September 30, 2009**



**STATISTICAL HIGHLIGHTS OF INVESTIGATIONS**  
**October 1, 2008 through September 30, 2009**  
**FY 2009**

Investigative Reports Issued	828
Investigations Initiated	1,056
Investigations Closed	1,021
Investigations Accepted for Prosecution	159
Arrests	283
Indictments	248
Convictions	241
Personnel Actions	44
Total Amount of Complaints Received	16,777
Fines, Restitution, Administrative Cost Savings and Recoveries	\$85,776,187



Homeland  
Security

May 28, 2010

## Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is a special report prepared as part of our oversight responsibilities to prevent and detect fraud and abuse in DHS programs and operations.

This special report highlights the significant investigative work undertaken by our office from October 1, 2008 to September 30, 2009. Our investigative work contributes significantly to DHS' mission and its strategic goals of protecting America from dangerous people and dangerous goods.

The Office of Investigations has sole statutory authority for investigating allegations of criminal misconduct of DHS employees within the department, and conducts investigations into allegations of criminal, civil, and administrative misconduct involving DHS employees, contractors, grantees, and programs. These investigations can result in criminal prosecutions, fines, civil monetary penalties, administrative sanctions, and personnel actions. The office also provides oversight and monitors the investigative activity of DHS' various internal affairs offices. The office includes investigative staff working on Gulf Coast hurricane recovery operations.

We trust this special report will serve as a deterrent to fraud, waste, and abuse, and serve to promote more effective, efficient, and economical operations within the department. We express our appreciation to all who contributed to the investigative work disclosed in this report.

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner  
Inspector General

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## **Executive Summary**

Congress enacted the *Inspector General Act of 1978*, as amended, to ensure integrity and efficiency in government operations and activities. The *Homeland Security Act of 2002*, as amended, established an Office of Inspector General (OIG) in the Department of Homeland Security (Department). Under these authorities, we serve as an independent and objective audit, inspection, and investigative body to promote effectiveness, efficiency, and economy in the department's programs and operations, and to prevent and detect fraud, abuse, mismanagement, and waste in such programs and operations.

This special report focuses on our investigative work over the past fiscal year, from October 1, 2008, through September 30, 2009. We provide a narrative description of the significant investigations conducted by our Office of Investigations wholly, or in cooperation with other partnering law enforcement agencies. We list the work according to the relevant DHS component. Specifically, we include investigative work involving the operations and activities of the Federal Emergency Management Agency, the Transportation Security Administration, the United States Coast Guard, United States Customs and Border Protection, United States Citizenship and Immigration Services, and United States Immigration and Customs Enforcement.

For the fiscal year 2009, our Office of Investigations worked diligently and cooperatively with other federal, state, and local officials and law enforcement agencies on nearly 16,800 complaints received. Our work on those cases resulted in apprehension of persons with known links to terrorism, detection of immigration fraud, and arrests for alien and drug smuggling, contract fraud, and civil rights violations. The cases also resulted in over \$85 million in fines, restitutions, administrative cost savings, and recoveries. Please see the Statistical Highlights section of this special report for additional details on the specific amounts recovered and saved by fiscal year.

As we conduct our investigative work, we are sensitive to the potential tension sometimes resulting from such work. We aim to maintain and achieve the highest ethical standards and impartiality while conducting our work. We also honor requests for confidentiality to the extent permitted by law, coordinate with agency managers and supervisors to avoid disrupting ongoing work, and ensure that sensitive materials are segregated so that department and employee information is not compromised.

## **Department of Homeland Security Profile**

On November 25, 2002, President Bush signed the *Homeland Security Act of 2002* (PL 107-296, as amended), officially establishing the Department of Homeland Security (DHS) with the primary mission of protecting the American homeland. DHS became operational on January 24, 2003. Formulation of DHS took a major step forward on March 1, 2003, when, according to the President's reorganization plan, 22 agencies and approximately 181,000 employees were transferred to the new department.

DHS' primary mission is to protect the United States against further terrorist attacks. Component agencies analyze threats and intelligence, guard U.S. borders and airports, protect America's critical infrastructure, and coordinate the United States' preparedness for and response to national emergencies and disasters.

### **DHS is reorganized into the following components:**

Management  
National Protection and Programs  
Science and Technology

### **Other critical components of DHS include:**

Domestic Nuclear Detection Office  
Federal Emergency Management Agency  
Federal Law Enforcement Training Center  
Office of Civil Rights and Civil Liberties  
Office of General Counsel  
Office of Health Affairs  
Office of Inspector General  
Office of Intelligence and Analysis  
Office of Operations Coordination  
Office of Policy  
Transportation Security Administration  
United States Citizenship and Immigration Services  
United States Coast Guard  
United States Customs and Border Protection  
United States Immigration and Customs Enforcement  
United States Secret Service

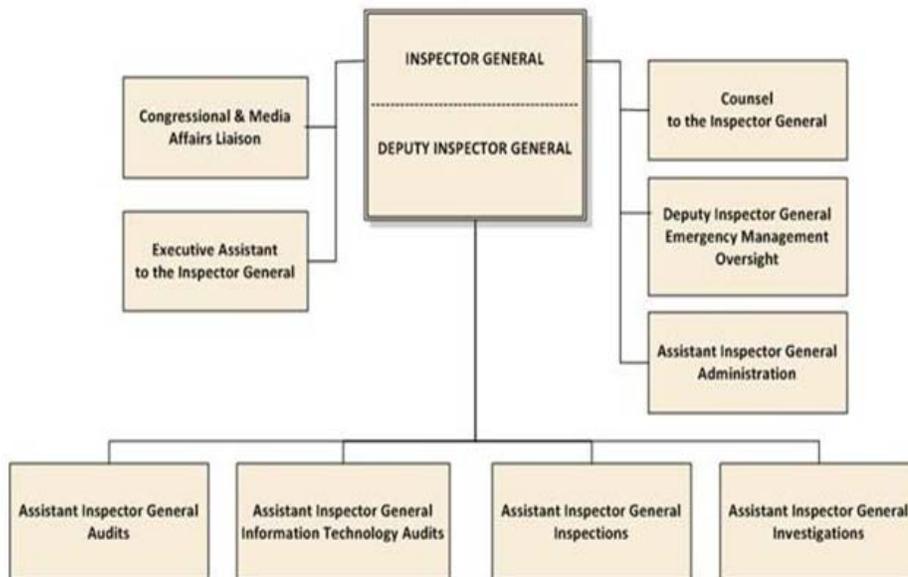
## Office of Inspector General Profile

The *Homeland Security Act of 2002* provided for the establishment of an Office of Inspector General (OIG) in DHS by amendment to the *Inspector General Act of 1978* (5 USC App. 3, as amended). By this action, Congress and the administration ensured independent and objective audits, inspections, and investigations of the operations of the department.

The Inspector General is appointed by the President, subject to confirmation by the Senate, and reports directly to the Secretary of DHS and to Congress. The *Inspector General Act* ensures the Inspector General's independence. This independence enhances our ability to prevent and detect fraud, waste, and abuse, as well as to provide objective and credible reports to the Secretary and Congress regarding the economy, efficiency, and effectiveness of DHS' programs and operations.

We consist of an Executive Office and eight functional components that are based in Washington, DC. We were authorized 577 full-time employees during fiscal year 2009. Chart 1 illustrates the DHS OIG management team.

**Chart 1: OIG Organization Chart**



The Office of Investigations consists of 231 positions of which 193 are Criminal Investigators (series 1811). In addition, there are 19 Federal Emergency Management Agency (FEMA), Cadre of Response Employees (CORE) positions of which 12 are criminal investigators. Headquarters is located in Washington, DC, with thirteen Field Offices, six Resident Offices and ten Sub-Offices located throughout the United States.

# **SIGNIFICANT DHS OIG INVESTIGATIONS FY 2009**

## **(Listed by DHS Component)**

### **UNITED STATES CUSTOMS AND BORDER PROTECTION**

#### **CBPO Convicted of Alien and Narcotic Smuggling.**

Our investigation resulted in the arrest and conviction of a U.S. Customs and Border Protection Officer (CBPO) for alien and narcotics smuggling, bribery, and conspiracy. During the course of our investigation, we seized \$85,000 which was later forfeited to the government as part of the CBPO's plea agreement. The CBPO was sentenced to 135 months confinement.

#### **Border Patrol Agent Sentenced to 14 Years for Bribery.**

Our investigation determined that a U.S. Border Patrol Agent (BPA) had accepted approximately \$14,000 in cash to escort 25 kilograms of cocaine across the U.S. border with Mexico. He also aided and abetted his cousin, a former BPA, by escorting a separate 20 kilogram load of cocaine across the border. The BPA was convicted and sentenced to a 168 month prison term and an \$11,000 fine. The BPA's cousin was convicted and sentenced to 168 months confinement for the smuggling.

#### **Three Contract Transportation Officers Pleaded Guilty.**

We investigated three contract employees who served as Transportation Officers (TOs), in support of a U.S. Customs and Border Protection (CBP) contract. The TOs were hired to transport detainees from California to the Mexican border for deportation, but instead brought the detainees to Los Angeles, California, and illegally released them. We determined that the TOs collected \$2,500 from each illegal alien who was released. After our investigation, one of the TOs pleaded guilty to misprision of a felony and was sentenced to time he had already served in jail and 36 months probation. A second TO pleaded guilty to a 10-count indictment which charged fraud and misuse of visas, permits, and other documents. He was sentenced to 109 days incarceration and 24 months probation. The third TO pleaded guilty to procurement of citizenship or naturalization unlawfully and filing a false tax return. He was sentenced to 12 months of confinement and 36 months probation.

#### **CBPO Convicted of Providing Fraudulent Documents to Illegal Aliens.**

We conducted an undercover investigation of a CBPO who accepted bribes in exchange for providing illegal aliens with fraudulent immigration documents. After his arrest, the CBPO also admitted that he illegally accessed law enforcement databases and participated in money-laundering activities. He pleaded guilty to fraud and misuse of

visas, permits, and other documents. He was sentenced to 24 months probation and 100 hours community service.

### **CBPO Pleads Guilty to False Statement.**

We investigated a CBPO who accepted money to allow ineligible aliens to enter the United States, participated in fraudulent mortgage transactions, and made unauthorized queries in a law enforcement database. We staged an undercover agent who posed as an illegal alien that had been lawfully detained at a U.S. airport. We then arranged for the CBPO to translate a “law enforcement” interview of the undercover agent. During the interview, the CBPO coached the “detainee” to provide misleading answers and withheld incriminating parts of the “detainee’s” statement from the interviewing agents. The CBPO ultimately pleaded guilty to providing false statements and was sentenced to 36 months probation and fined \$3,000.

### **Three DHS Employees and One Individual Charged With Airport Drug Smuggling.**

We investigated a Transportation Security Administration (TSA) Supervisory Transportation Security Officer (TSO) who participated in the smuggling of narcotics through a checkpoint at a U.S. international airport. Our investigation determined that the Supervisory TSO conspired with two CBPOs and another co-conspirator who was not employed by DHS, and who was the main organizer of an international smuggling operation. The Supervisory TSO was indicted and pleaded guilty to one count of attempt to distribute and possess a controlled substance and was sentenced to 135 months imprisonment. We also arrested the two CBPOs and the organizer. The organizer was sentenced to 262 months imprisonment and the CBPOs each pleaded guilty to one count of attempt to distribute and possess a controlled substance. The CBPOs are currently awaiting sentencing.

### **CBPO Found Guilty of Sexual Exploitation of a Minor.**

In North Dakota, a jury in United States District Court found a CBPO guilty on two counts of sexual exploitation a child and possession of child pornography. Prior to the federal conviction, North Dakota state investigators executed a search warrant on the CBPOs house and seized two computers, which contained digital photos of him and the minor engaged in sexual acts at his residence. The minor victim, when shown the digital images, confirmed that she had been involved in a sexual relationship with the CBPO. He was arrested on North Dakota State charges and further investigation by our office led to his arrest on federal charges. He was subsequently sentenced to 180 months incarceration.

### **Former INS Employee Pleads Guilty to Impersonation of a Government Employee.**

We investigated and arrested a former employee of the U.S. Immigration and Naturalization Service who portrayed himself as a current immigration official to accept bribes from persons attempting to remain in the U.S. illegally. We arranged to have an

undercover agent pose as an illegal immigrant and meet with the corrupt former employee. At the meeting, the former employee produced a fake badge, and accepted money from our undercover agent in exchange for promised immigration assistance. After his arrest, he admitted participation in the fraudulent scheme and provided information regarding other allegedly corrupt immigration officials. This was the individual's third federal conviction since 1996 for participating in similar schemes to defraud aliens. He was sentenced to 36 months incarceration.

### **Individual Guilty of Impersonating a Law Enforcement Officer.**

We conducted a joint investigation with New Mexico Police into an individual who impersonated a BPA while conducting an illegal traffic stop on a female member of the public. Our investigation led to the imposter's arrest and conviction in United States District Court where he was sentenced to time served. He was also charged with one count of false imprisonment and two counts of impersonating a peace officer by the State of New Mexico. He was found guilty after a jury trial and sentenced to 30 months confinement.

### **CBPO and ICE Special Agent Plead Guilty to Credit Card Fraud.**

Our investigation led to a 47-count indictment and the arrest of a CBPO and a U.S. Immigration and Customs Enforcement (ICE) Special Agent for the misuse of government-issued fleet credit cards. The two employees authorized the fraudulent charging of U.S. Border Patrol credit cards for \$55,479 in recreational items and services for themselves and family members. As a result of their plea agreement, they were each sentenced to 60 months probation, ordered to make full restitution, resign their positions with DHS, and cooperate with the on-going investigation. We also learned that they had conspired with two employees of a local business to create fraudulent invoices that hid the true nature of the illegal purchases. The two employees, who greatly inflated the costs of service and received increased business during the scam, also pleaded guilty. One employee was sentenced to 60 months probation and ordered to pay a \$5,100 fine, and the other employee was sentenced to 24 months probation and ordered to pay a \$2,100 fine.

### **CBPO Sentenced for Bribery After Providing Drug Smuggling Assistance.**

We investigated and arrested a CBPO who was stationed at a large international airport. We were assisted in our investigation by the ICE Office of Investigations (OI) and the New York Organized Crime Drug Enforcement Strike Force. The long-term investigation revealed a conspiracy that imported large quantities of narcotics and other contraband into the United States. The CBPO pleaded guilty to conspiracy to commit offense or defraud the United States and bribery of public officials and witnesses. He was sentenced to 120 months in prison.

### **CBPO Pleads Guilty To Smuggling Cocaine.**

The CBPO was entering the U.S. from Mexico when BPA's at a checkpoint stopped his pickup truck and found two pounds of marijuana. A search incident to arrest led investigators to six grams of cocaine tucked into the CBPO's boot. The CBPO pleaded guilty to importing the cocaine into the U.S. and was sentenced to probation and 150 hours community service.

### **CBPO Pleads Guilty to Unauthorized Access to Government Information.**

During a U.S. Drug Enforcement Administration (DEA) investigation, a CBPO was recorded as he described how he had searched law enforcement databases for information related to the main target of the DEA investigation. Our investigation substantiated that the CBPO had made many such searches related to several subjects who were known members of the targeted Drug Trafficking Organization (DTO). When confronted, the CBPO admitted conducting database checks for unofficial purposes and later pleaded guilty in federal court. As a part of the plea, he resigned his position with CBP and agreed not to apply for future employment as a law enforcement officer. He was sentenced to time he had already served in jail.

### **CBPO Smuggles Narcotics and Intellectual Property.**

Our investigation used recorded phone calls and a confidential informant to prove that a CBPO had accepted \$27,000 in bribes to allow counterfeit products and illegal narcotics into the U.S. without inspection. The CBPO pleaded guilty to conspiracy and bribery and was sentenced to 120 months incarceration to be followed by 48 months probation. He was also fined \$10,000. We worked this case jointly with ICE Office of Investigations and DEA.

### **CBPO Resigns After Transmitting Child Pornographic Images.**

We investigated a CBPO who transmitted multiple child pornographic images from his personal computer. When interviewed, the CBPO admitted transmitting pornographic images of females between the ages of 12 and 16 years, during 1994 to 1996 and again between 2000 and 2004. Our examination of the nine computer hard drives that were lawfully seized from the CBPO's residence, revealed 34 child pornographic images, some of which portrayed the victims involved in sexual activity with adult males. The case was declined for prosecution by federal and state prosecutors. The CBPO resigned from government service.

## **UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES**

### **CIS Employee Guilty of Fraudulent Visa Application.**

Our investigation determined that a U.S. Citizenship and Immigration Services (CIS) District Adjudication Officer (DAO) was paid \$100,000 to allow a foreign couple into this country based on fraudulent work visas. The DAO was found guilty by a federal jury of bribery and conspiracy to encourage and induce aliens to come and reside in the United States. The DAO was sentenced to 40 months in prison.

### **Three Individuals Sentenced After Immigration Fraud and Identity Theft.**

Our investigation determined that three members of the public, one falsely claiming to be a DHS immigration official, were part of a scheme to provide fraudulent residency and work documents to illegal aliens. After payment, the conspirators prepared false immigration documents using the personal information of identity theft victims. As a result of the scheme, the conspirators collected more than \$426,770 from the aliens. Our investigation resulted in the federal conviction of all three individuals for conspiracy to commit wire fraud and making false statements. They were sentenced to 110 months, 40 months, and 20 months confinement respectively and were ordered to make full restitution.

### **CIS Employee Pleads Guilty to Trafficking in Counterfeit Labels.**

We investigated a CIS employee who was involved with selling pirated DVDs and CDs. Our investigation used a confidential informant and an undercover agent, and led to the CIS employee's guilty plea for trafficking counterfeit copies of copyrighted motion pictures. The employee was sentenced to 12 months probation and resigned from CIS after pleading guilty.

### **District Adjudications Officer Guilty of Providing False Identification Information.**

A CIS DAO was asked by her former boyfriend to provide false personal information that he would use to flee prosecution and establish a new identity. The DAO agreed to provide him with information from CIS records in return for his paying off her personally incurred debts. We recorded the delivery of the identification information. Although the DAO resigned her position when she became aware that she was being investigated, she was convicted of and sentenced to 36 months probation and a fine of \$500.

### **Immigration Services Officer Pleads Guilty to Accepting Bribes.**

We investigated a CIS Immigration Services Officer (ISO) who solicited a bribe from an immigration benefits applicant in order to process the applicant's paperwork. The ISO met the applicant on several occasions and at those meetings, the ISO solicited a total of \$2,500. Shortly after receiving the money, the ISO approved the applicant's case, and the

applicant received a green card. The ISO was arrested, pleaded guilty to bribery, and was sentenced to 33 months incarceration followed by 36 months of supervised release.

## **UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT**

### **ICE Official Sentenced for Bribery and Money Laundering.**

Our investigation revealed that an ICE Supervisory Special Agent who was assigned overseas as an ICE Attaché, and later became an ICE Headquarters official, solicited bribes to steer an armored vehicle contract to a foreign vendor. He also improperly vouched for foreign nationals who were seeking U.S. immigration visas. He was sentenced to 90 months of confinement after pleading guilty to bribery, money laundering, wire fraud, and honest services fraud.

### **ICE Special Agent Guilty of Corruption.**

Our three-year joint undercover investigation with the ICE Office of Professional Responsibility (OPR) led to the arrest of an ICE Special Agent for receiving kickbacks from informants who were being paid by ICE. He also knowingly disclosed information to the targets of investigations that assisted them in evading capture and took bribes to smuggle illegal aliens, including Chinese nationals, into the U.S., beginning in 2004. He was terminated from employment, pleaded guilty to charges of receiving a gratuity by a public official, and sentenced to 24 months of imprisonment.

### **Individual Convicted of Impersonation of a Federal Agent.**

We investigated a member of the public who was falsely representing himself as a DHS employee and selling sensitive law enforcement data. Through multiple undercover operations and electronic surveillance techniques, we were able to locate an individual who was impersonating a DHS law enforcement agent and attempting to sell FBI investigative information. During an undercover operation, we made a payment to the individual, who displayed a fake badge, firearm, and handcuffs in an attempt to substantiate his false claim of being an agent. The offender pleaded guilty to impersonation of a federal officer and received a reduced sentence after cooperating with the government's investigation.

### **ICE Agent Caught by NBC TV's "Operation Predator."**

We assisted in the Riverside County, California, Sheriff's Office investigation of an ICE Special Agent who was found guilty of an attempted lewd act with a child under 14. The ICE agent had made contact with what he believed to be a teenage girl on the Internet and arranged to meet her at her residence. Upon his arrival at the minor's residence, he was filmed by NBC's *Operation Predator* and then arrested by local police. He was sentenced in Riverside County, California Superior Court to 12 months confinement followed by 36 months probation and was terminated from employment with ICE.

### **Former ICE Deportation Officer Sentenced in Overseas Child Sex Case.**

We investigated an ICE Deportation Officer (DO) who had sex with a minor while on official travel outside the United States. A surveillance camera at the hotel where he was staying captured images of him and the child proceeding to his room. Our search later retrieved sexually explicit pictures of the DO and the child that he had brought back to the United States. We were assisted in this case by the ICE Office of International Affairs and ICE OPR. The DO pleaded guilty and was sentenced to 180 months in federal prison and ordered to pay \$28,000 in victim restitution.

### **ICE Contract Security Guard Sentenced for Smuggling Drugs into a Detention Facility.**

We investigated a contract security guard at an ICE contract Detention Center who was smuggling marijuana inside and selling it to ICE detainees. During the investigation, we arranged an undercover operation in which the employee was recorded agreeing to smuggle cocaine into the jail. We arrested him as he was leaving work. He pleaded guilty and was sentenced in federal court to 5 months probation and 6 months home confinement.

### **Two Companies Repay the Fed Gov Millions for Defective Body Armor.**

Two companies have agreed to pay the United States \$1 million and \$30 million, respectively, to resolve allegations that they violated the False Claims Act by knowingly manufacturing and selling defective body armor made of Zylon fiber. The settlements are part of a larger investigation of the body armor industry's use of Zylon fiber in body armor. The United States previously settled with three other participants in the Zylon body armor industry for more than \$16 million. The latest settlements were the result of our ongoing investigation in coordination with the Justice Department's Civil Division and several federal law enforcement agencies.

### **ICE Special Agent Pleads Guilty to Distribution of Crystal Methamphetamine.**

We investigated an ICE Special Agent trafficking in crystal methamphetamine. Our investigation, conducted jointly with the FBI and ICE OPR, utilized a confidential informant and resulted in a guilty plea. The Special Agent resigned from ICE and was sentenced in to 6 months of electronic monitoring and 48 months probation. He also forfeited a vehicle and two handguns.

### **DHS Impersonator Guilty of Alien Smuggling; Over 700 Illegal Entrants Identified.**

We investigated an immigration fraud scheme in which illegal aliens were provided with bogus immigration paperwork. The illegal entrants then used the seemingly legitimate paperwork to obtain legitimate driver's licenses and additional immigration documents.

After we arrested the organizer of the scheme, who was posing as a DHS employee, he pleaded guilty and was sentenced to 20 months incarceration. The investigation identified over 700 individuals illegally in the United States as a result the scheme. To date, 157 of these individuals have been arrested.

#### **DHS Impersonator Sentenced to Probation.**

We investigated a private citizen who claimed to be an officer with the DHS “Police Protection Service.” He conducted traffic stops and other law enforcement activity in the Orlando, Florida area. The individual had used a wide variety of police equipment including badges, ballistic vests and batons. He was sentenced in federal court to probation for impersonating a federal agent.

#### **Immigration Facility Guard Guilty of Smuggling Contraband to Detainees.**

We investigated a guard at an ICE Federal Service Processing Center, who was smuggling contraband to immigration detainees. We arranged for an undercover agent to make several deals with the guard who accepted cash payments to smuggle marijuana, an MP-3 player, cell phones, and United States currency into the facility. The guard was arrested and pleaded guilty to introducing contraband into a federal facility and possession of a controlled substance with the intent to distribute. He was terminated from employment and sentenced to 24 months of supervised release.

#### **Government Pharmacists Plead Guilty to Theft.**

We investigated a pharmacist and his pharmacy technician at a Federal Detention Facility who stole prescription medication that was intended for prisoners. They gave the prescription medications to coworkers or kept it for personal use in some instances. They both pleaded guilty to theft of government property and were sentenced to 24 months probation. They were also fined \$2,000 and \$250, respectively. We were assisted in this investigation by the U.S. Department of Health and Human Services, OIG.

#### **Supervisory Immigration Enforcement Agent Sentenced for Conspiring to Distribute a Controlled Substance.**

We investigated an ICE Supervisory Immigration Enforcement Agent who was arrested at an airport after ten pounds of marijuana was discovered in his carry-on luggage. When interviewed, he admitted using his government credentials to bypass security for marijuana smuggling on five previous occasions. Following a guilty plea to conspiracy to distribute a controlled substance, he was sentenced to 25 months in prison followed by 24 months of supervised release. We were assisted in this investigation by the DEA.

#### **An ICE Management Official Sentenced for Bribery.**

Our investigation showed that an ICE Field Office Director (acting) received gratuities in the form of money, free labor and other gifts, in exchange for releasing ICE detainees.

He also helped to arrange a fraudulent marriage for cash. He was indicted on nine counts of conspiracy to defraud the United States, bribery of a public official, extortion by a public official; and misprision of a felony. In addition to his 37 month incarceration, the subject was also ordered to pay a \$30,000 fine and given 24 months probation. A co-conspirator (private citizen) was sentenced to 33 months incarceration for bribery and conspiracy.

## **TRANSPORTATION SECURITY ADMINISTRATION**

### **TSO Supervisor Pleads Guilty to Forging Judge's Signature.**

Our investigation of a Supervisory TSO resulted in her pleading guilty to forging a judge's signature. The signature was affixed to a fraudulent court order that was intended to release her husband from prison, where he was serving a life sentence for murder. She was terminated from employment and sentenced to 12 months incarceration followed by 36 months probation.

### **TSO Pleads Guilty to U.S. Housing and Urban Development Fraud.**

Our investigation showed that a TSO attempted to defraud the U.S. Department of Housing and Urban Development (HUD) Section 8 benefit program by providing a false application for benefits in which she denied that she was employed. She was indicted for theft of government funds and pleaded guilty. She was terminated by TSA and sentenced to 2 months probation. She was also ordered to make full restitution. We jointly investigated the case with the HUD OIG.

### **DHS Contractor Agrees to Multi-Million Dollar Settlement.**

We investigated a large government contractor after receiving allegations it submitted false claims in connection with a TSA contract for assistance deploying airport security personnel. The investigation required the review of over 1.5 million documents which were obtained pursuant to inspector general subpoenas. Our investigation resulted in the contractor agreeing to pay \$5.6 million to resolve those allegations. We joined with the Department of Justice - Civil Litigation Branch, the Defense Contract Audit Agency, and the TSA General Counsel.

### **TSO Guilty of Selling Security Seals to Smuggle Narcotics.**

We investigated a TSO at an international airport who was illegally selling TSA security stickers. The stickers are used to mark passenger baggage that has already undergone screening. The stolen stickers were then used to facilitate the transportation of narcotics. Using an undercover agent, we purchased a reel of 399 TSA stickers from the TSO for \$200 in order to transport what the TSO believed to be a shipment of cocaine from Miami to New York City. The TSO was arrested and pleaded guilty to theft of government

property. He was terminated from TSA and was sentenced to 36 months probation and 150 hours of community service.

**TSO Sentenced for Theft.**

We investigated a TSO who was stealing cameras, laptop computers and dozens of other items from checked luggage at a large international airport. The TSO admitted that he had made a practice of rifling luggage and had stolen video equipment, jewelry, GPS systems, cell phones, electronic games and other expensive items totaling between \$200,000 and \$400,000. The TSO pleaded guilty and was sentenced to 37 months in custody, 24 months supervised release, and was fined \$8,285.

**UNITED STATES COAST GUARD**

**Coast Guard Investigative Service Agent Supervisor Sentenced for Theft.**

We investigated a U.S. Coast Guard Investigative Service, Supervisory Special Agent who unlawfully seized property and money. He retired from the Coast Guard, pleaded guilty, and was sentenced to 24 months supervised release and ordered to pay \$2,000 restitution.

**Former Coast Guard Petty Officer Pleads Guilty to Extortion.**

We investigated a U.S. Coast Guard Petty Officer (First Class) who portrayed himself as an immigration official and said he could help an illegal alien avoid capture and deportation from the United States. The family of the illegal alien paid the Petty Officer more than \$30,000 in bribe money. Substantial evidence was obtained through numerous undercover operations, recorded telephone conversations, and a search warrant. The Petty Officer pleaded guilty to extortion and received 24 months incarceration, 12 months probation, and a \$2,500 fine.

**FEDERAL EMERGENCY MANAGEMENT AGENCY**

**Woman Sentenced for FEMA and HUD Fraud.**

We conducted an investigation of a woman who falsely claimed to be a resident of New Orleans so that she could receive \$60,200 in Federal Emergency Management Agency (FEMA) disaster benefits after Hurricane Katrina. In addition to her theft from FEMA, she also applied for and obtained \$30,000 in grant funds from the Community Development Block Grant, a HUD program that provides disaster assistance. Following our joint investigation with HUD OIG, she was sentenced to 36 months probation, 8 months home detention, 200 hours of community service, and restitution for the theft.

### **Couple Found Guilty of FEMA Fraud.**

We investigated and arrested a husband and wife who falsely claimed to have been relocated from the Gulf Coast area after Hurricane Katrina. The husband and wife filed separate, fraudulent applications and received almost \$50,000 in disaster benefits. The wife pleaded guilty to felony theft and was sentenced to 60 months probation and ordered to pay \$23,279 in restitution. The husband pleaded guilty to wire fraud, mail fraud, false claims, and felony theft. He was sentenced to 60 months probation and ordered to pay \$26,200 in restitution.

### **Over \$4 Million Reclaimed in FEMA Fraud Settlement.**

We investigated a disaster relief company that was contracted by FEMA soon after Hurricane Katrina. The company was contracted to construct and operate a temporary camp for 1,000 relief workers near New Orleans. The company's owners falsely represented that they had experience in constructing temporary camps and could build one within 72 hours and operate it for 30 days as required by FEMA. Our investigation showed that the company was established as a business only after the contract was awarded, that its principals had no experience in the construction and operation of camps, and that it completely failed to comply with the terms of the contract. After our investigation, the U.S. Attorney's Office in the Middle District of Louisiana gained a settlement with the company owners for \$4 million plus interest.

### **Florida Tax Consultant Sentenced for Fraud.**

We investigated a Florida tax consultant who stole multiple identities to file fraudulent claims with FEMA and receive more than \$126,000. She created numerous fake documents to substantiate the claims and attempted to conceal her crime by accepting the payments in 10 different bank accounts. She pleaded guilty to 26 counts of FEMA fraud, including false statements, wire fraud, mail fraud, and aggravated identity theft and was sentenced to 57 months in prison and ordered to pay \$126,411 in restitution.

### **Suspended Police Chief Convicted of FEMA Fraud.**

A local police chief made false claims of residence damage to FEMA after Hurricane Katrina and received \$19,514 in disaster benefits. Our joint investigation with the FBI resulted in his arrest and conviction on eight felony charges. He was sentenced to 30 months confinement followed by 36 months probation and ordered to make full restitution.

### **Guilty Plea to Katrina Fraud.**

A resident of Wisconsin falsely claimed to be residing in Biloxi, Mississippi during Hurricane Katrina. As our investigation of his fraudulent FEMA claims was underway, he fraudulently applied for a second set of benefits by claiming to have lived at a second

false address. After arrest, he pleaded guilty to one count of wire fraud and was sentenced to 24 months of probation and \$3,390 in restitution.

### **FEMA Employee Guilty of Fraud.**

Immediately following Hurricane Katrina, FEMA conducted a mass hiring of individuals to work in its National Processing Service Center (NPSC) in Hyattsville, MD. Several new employees had prior criminal histories, including a woman and an accomplice who were hired at Hyattsville. The employee and her accomplice created fraudulent claims and sent \$2,000 in disaster assistance to friends and family in the Washington, DC area. In return, each recipient of funds would kickback \$1,000 to the employee and her accomplice. Our investigation demonstrated a loss of more than \$96,000. The employee pleaded guilty in U.S. District Court to conspiracy to embezzle government funds and was sentenced to 3 months of incarceration, 36 months supervised release, 3 months home detention, and restitution of \$49,153. The accomplice pleaded guilty to theft of public money and was sentenced to 60 months probation, and restitution of \$4,000.

### **Woman Sentenced to 6-Month Home Confinement for FEMA Fraud.**

After Hurricane Katrina, an individual applied for and received a Louisiana Road Home Grant of \$148,078 for a rental property in which she fraudulently claimed to be a full-time resident at the time of the hurricane. Our investigation demonstrated that she had been renting the property to tenants at the time of the hurricane. We were assisted in this investigation by the HUD OIG and the FBI. She was sentenced to 6 months home confinement, 36 months probation, and restitution of \$148,078.

### **Woman Guilty of Altering Treasury Check.**

We investigated an individual who altered the face of a U.S. Treasury check that was sent to her for a FEMA claim. The woman altered the \$1,425 check so that it appeared to be payable in the amount of \$11,425 and deposited it into her personal account, which was credited with \$11,425. She pleaded guilty in federal court to forgery against the United States and was sentenced to 2 months incarceration, 36 months supervised release, restitution of \$5,293.99, and a \$100 fine.

### **Man Found Guilty of Fraud Against the DHS and Small Business Administration.**

Our joint investigation with the Small Business Administration (SBA) OIG uncovered a Louisiana man who submitted applications for a home repair loan and business loans in October 2005 and April 2008, respectively. He was charged with submitting \$94,000 in fraudulent repair invoices and \$125,500 in fraudulent small business loans to the SBA. He was sentenced in U.S. District Court to 36 months probation, a \$1,500 fine, and a \$100 special assessment.

### **\$600,000 Fraud Uncovered in Louisiana Road Home Program.**

Our joint investigation with HUD OIG and the Social Security Administration OIG demonstrated that an individual altered the bank routing instructions on the Road Home documentation of elderly applicants so that the funds would be wired into his personal bank accounts. He pleaded guilty to one count of conspiracy to steal approximately \$600,000 in government funds and was sentenced to 18 months imprisonment, a \$2,000 fine, and 36 months of supervised release.

### **Restitution of \$97,000 in FEMA Fraud Investigation.**

We conducted an investigation of a woman who filed a dozen fraudulent FEMA claims for Hurricanes Katrina, Rita and Ike. She pleaded guilty to mail fraud and aggravated identification theft and was sentenced to 57 months incarceration and \$97,000 restitution.

### **Guilty Plea in Fraudulent Application for FEMA Benefits.**

We investigated a woman from Louisiana who filled out a fraudulent application for FEMA benefits after Hurricane Katrina. She later created and submitted other fraudulent documents to FEMA in an effort to conceal her fraud. She pleaded guilty to one count of mail fraud and was sentenced to 60 months probation and \$2,000 restitution. The case was jointly investigated with the U.S. Postal Inspection Service.

### **Applicant Found Guilty of Defrauding FEMA of \$14,749.**

We investigated an allegation of an applicant who received \$14,749 in FEMA Disaster Relief Funds to which he was not entitled because he did not reside in Louisiana during Hurricane Katrina. He was found guilty in federal court and was sentenced to 36 months probation, fined \$400 and ordered to make restitution in the amount of \$14,749. The case was worked jointly with the FBI.

### **Fraudster Pleads Guilty to False FEMA Claims in Several Hurricanes.**

We investigated an applicant who used several false names over a period of years to apply for FEMA benefits after Hurricanes Frances, Jeanne, Katrina, Rita and Wilma. As a result of her applications, the woman received disbursements totaling \$31,153. She pleaded guilty and was sentenced to 30 months incarceration, followed by 36 months supervised release, and restitution in the amount of \$5,698.

### **Disaster Benefit Applicants Plead Guilty To Theft.**

We conducted investigations of two FEMA benefit applicants who filed fraudulent applications claiming to have suffered losses as a result of Hurricane Katrina. The applicants were issued \$6,488 and \$2,000 in FEMA funds, respectively. Each pleaded guilty and was ordered to pay restitution. One applicant was additionally sentenced to 18 months incarceration and 36 months of supervised release.

**ABBREVIATIONS**

BPA	Border Patrol Agent
CBP	U.S. Customs and Border Protection
CBPO	Customs and Border Protection Officer
CGIS	U.S. Coast Guard Investigative Service
CIS	U.S. Citizenship and Immigration Services
CORE	Cadre of Response Employees
DAO	District Adjudication Officer
DEA	U.S. Drug Enforcement Administration
DHS	U.S. Department of Homeland Security
DOJ	U.S. Department of Justice
DTO	Drug Trafficking Organization
FBI	Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency
HUD	U.S. Department of Housing and Urban Development
ICE	U.S. Immigration and Customs Enforcement
ISO	Immigration Services Officer
NPSC	National Processing Service Center
OIG	Office of Inspector General
OI	Office of Investigation
OPR	Office of Professional Responsibility
SBA	Small Business Administration
TO	Transportation Officer
TSA	Transportation Security Administration
TSO	Transportation Security Officer

## Appendix II

### OIG Headquarters, Locations and Contacts

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To report alleged fraud, waste, abuse or mismanagement, or any other kind of criminal or noncriminal misconduct relative to department programs or operations:

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- Email us at [DHSOIGHOTLINE@dhs.gov](mailto:DHSOIGHOTLINE@dhs.gov); or
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Attention: Office of Investigations - Hotline,  
245 Murray Drive, SW, Building 410,  
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