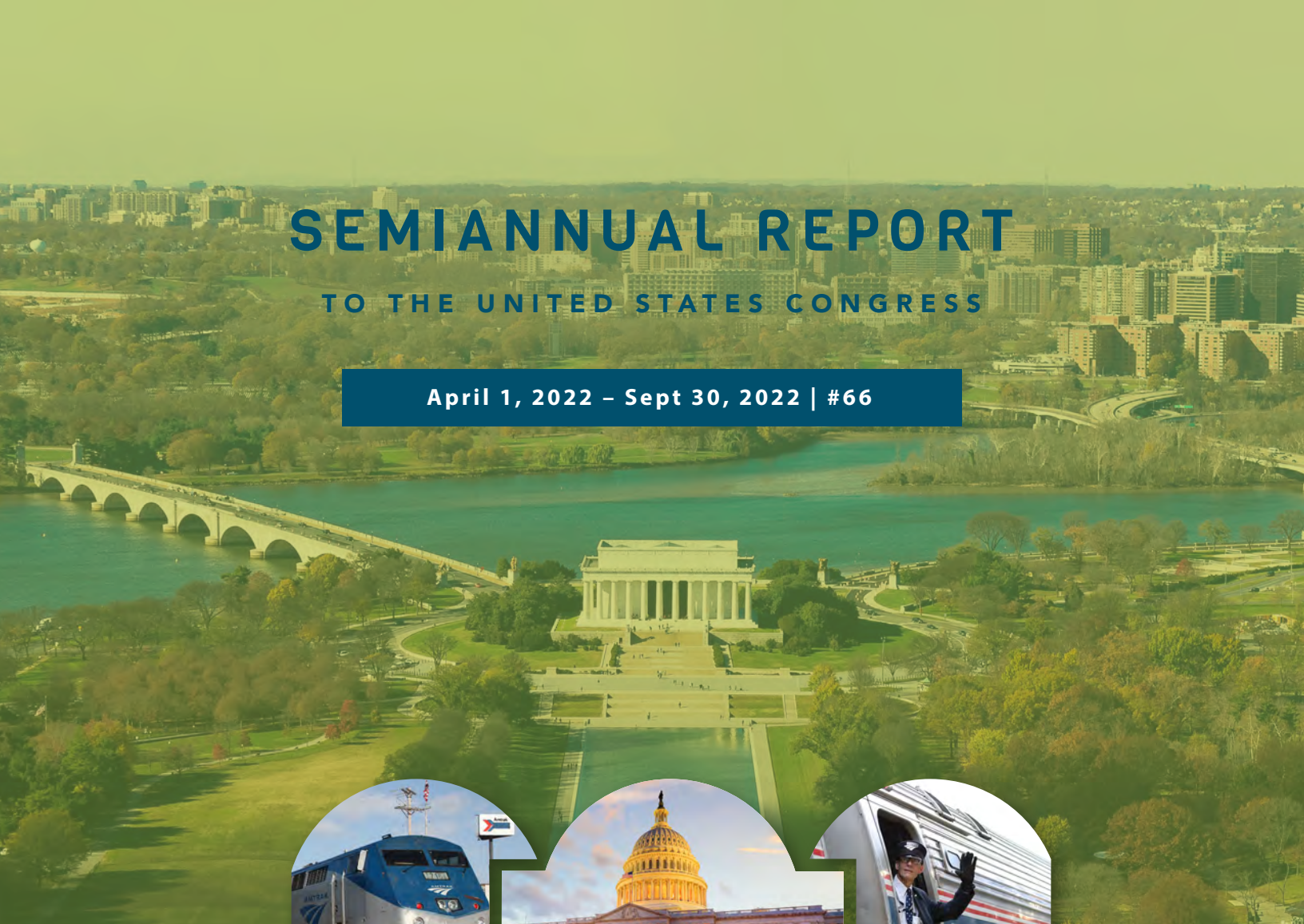


# SEMIANNUAL REPORT

TO THE UNITED STATES CONGRESS

April 1, 2022 – Sept 30, 2022 | #66



OFFICE of INSPECTOR GENERAL  
NATIONAL RAILROAD PASSENGER CORPORATION





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**Kevin H. Winters** | *Inspector General*

## FROM THE INSPECTOR GENERAL

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I am pleased to submit the Amtrak Office of Inspector General (OIG) Semiannual Report to the United States Congress for the six months ending September 30, 2022, which is our independent and objective assessment of Amtrak's programs and operations.

Amtrak continues its post pandemic rebound with increased ridership and a historic national investment through the Infrastructure Investment and Jobs Act (IIJA). Consequently, Amtrak is now poised to access up to \$66 billion to advance major capital improvement projects like replacing its aging trainsets, rebuilding deteriorating infrastructure, and potentially expanding its service throughout the country. Amtrak anticipates spending billions over the next two decades. In addition to the sprawling Gateway program on the Northeast corridor, plans are underway for replacing the Baltimore and Potomac Tunnel, purchasing new locomotives and Intercity Trainsets, and enhancing accessibility in its stations.

Our past work, however, has called into question Amtrak's ability to effectively manage its programs and projects, particularly multi-faceted, long-term capital programs. Furthermore, a significant amount of the IIJA

funding will be available through grants to Amtrak's state and local partners, with whom Amtrak has had mixed success in managing relationships. While the company has made notable improvements in many areas—particularly with the establishment of the Capital Delivery department—the company's historical performance in these areas warrants continued scrutiny of its planning, accounting, execution, and delivery.

Given the extraordinary scope of the IIJA's commitment to Amtrak, we believe the need for comprehensive governance and oversight could not be greater. This includes Amtrak's Board of Directors, which, among other duties, is the approval authority for major capital program expenditures. The IIJA's historic investment comes at a time, however, when *all* six appointed members of the Board (the law provides for eight) are selflessly serving far beyond the five-year terms of their Senate-confirmed appointments. The longest serving board member has served more than seven years beyond his term expiration. But as the demands on the current Board members dramatically increase with the IIJA's programs, their generous altruism is on an unsustainable trajectory due to attrition without replacements.<sup>1</sup>





Recognizing that the country faces competing national priorities, the urgency of identifying qualified candidates for Board membership and successfully navigating the confirmation process is of paramount importance to the governance of Amtrak. Doing so will help give Amtrak, the Administration, Congress, and the American taxpayers—all stakeholders in this significant overhaul of U.S. passenger rail—additional assurance that Amtrak is exercising its best business judgment in spending these unprecedented funds, accomplishing its mission, and positioning itself to be a responsible steward of the public’s investment.

We are very proud of our oversight work during the past six months, which is detailed in the following report. As we move into the new fiscal year, we remain committed to keeping Congress, the Board of Directors, and the American public fully informed by operating as a model OIG focused on providing timely, objective, and high-impact oversight that can protect Amtrak resources and contribute to more effective and efficient programs and operations. We trust that you will find this report informative.



<sup>1</sup> Amtrak’s Board has 10 members. Eight are Presidentially appointed and Senate confirmed. Of those eight Board members, six positions were filled as of September 30, 2022 (the end of the reporting period for this report). One Board member resigned, however, on October 7, 2022, thereby decreasing the number of appointed and confirmed Board members to five as of the publication of this report. The other two Board members, by statute, are the Secretary of Transportation and Amtrak’s CEO, a non-voting member.





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AMTRAK









# OFFICE OF AUDITS

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## Governance

### Quality Control Review of Amtrak’s Single Audit for Fiscal Year (FY) 2021

(Report No. OIG-A-2022-011, June 23, 2022)

Amtrak (the company) is required to have an independent audit of its compliance with federal financial assistance in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (Uniform Guidance). The objective of the Single Audit was to test internal control over compliance with major federal program award requirements and determine whether the company complied with the laws, regulations, and provisions of contracts or grant agreements that may have a direct and material effect on its major federal programs.

As required by the Inspector General Act of 1978, we monitored the audit activities of Ernst & Young to help ensure audit quality and compliance with generally accepted government auditing standards. Our review disclosed no instances in which Ernst & Young did not comply, in all material respects, with generally accepted government auditing standards and Uniform Guidance requirements.

### Business Case for Company’s New Unified Operations Program Needs to be Updated

(Report No. OIG-A-2022-009, May 11, 2022)

In December 2018, Amtrak began planning for its Unified Operations Center (UOC) program, a multi-year effort to relocate several vital customer care functions—including train-dispatching personnel responsible for the movement of trains, who are currently spread across five cities—into a “leading-edge” centralized center. In May 2020, the company purchased an office building for \$41.1 million in Wilmington, Delaware, to house the UOC program. At that time, it planned to use the remaining space in the building to relocate other organizational units, such as Information Technology (IT) department staff housed in leased office space in Washington, D.C., and Atlanta, Georgia, to help reduce its operating costs. The company was in the early stages of design work to retrofit the building to accommodate the UOC program at an estimated cost of \$37 million. Our objective for this audit was to assess the extent to which the company planned effectively for the UOC program, including developing a business case that demonstrated the expected financial and operational benefits compared to the estimated costs.

**THE PURCHASE WAS LARGELY PREMISED ON TWO SIGNIFICANT YET FAULTY ASSUMPTIONS: (1) THAT THE COMPANY COULD CENTRALIZE AND COLLOCATE ITS TRAIN CONTROL AND DISPATCH PERSONNEL, AND (2) THAT THE PROGRAM WOULD YIELD COST SAVINGS. NEITHER HAS MATERIALIZED...**

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Our work found that the company experienced significant challenges in the planning phase of the UOC program, primarily with the purchase of the office building in Wilmington. The purchase was largely premised on two significant yet faulty assumptions: (1) that the company could centralize and collocate its train control and dispatch personnel, and (2) that





## OFFICE OF AUDITS

the program would yield cost savings. Neither has materialized because the company did not effectively verify the feasibility of centralizing these personnel and functions—including retrofitting the building to accommodate significant IT requirements—before purchasing the building. The company is updating its business case for the future of the UOC program, including the personnel it can realistically collocate and the associated infrastructure costs and benefits of retrofitting the building. Additionally, the company established a new group in the Finance department that has issued guidance on how departments can better develop effective business cases to support their future funding requests. Finally, the Finance department implemented a new, more automated process for FY 2022 to support its capital planning and budgeting. This process includes a control to verify that the company has requested and obtained Federal Railroad Administration funding approval for projects before proceeding, which was an opportunity it missed in the UOC program when it purchased the Wilmington office building.

To help the company make more informed decisions about the future of the UOC program, the building it purchased, and the best use of resources, we recommend that it verify the assumptions in its revised business case about the UOC program's functions and staff relocations, as well as develop the most accurate

estimates possible of the associated costs and benefits so decisionmakers can determine whether and how to proceed. In commenting on a draft of our report, the Executive Vice President/Service Delivery and Operations agreed with our recommendation and, in response, will continue updating the business case before finalizing its plans for the UOC program.

### *Ongoing Work*

**Audit of the Company's Inventory Controls and Management.** The objective will be to evaluate company's processes and controls to manage and safeguard its inventory of materials, tools, and supplies.

**Audit of the Company's Project Cost Management Practices.** The objective will be to assess the effectiveness of the company's systems and processes to track and manage project costs.

**Monitoring the Work of the Independent Public Accountant Conducting the FY 2022 Consolidated Financial Statement Audit.** The objective will be to determine whether the Independent Public Accountant (IPA) performed the audit of the company's Consolidated Financial Statements in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

**Monitoring the Work of Amtrak's Independent Public Accountant Conducting the FY 2022 A-133 Audit.** The objective will be to determine whether the IPA performed the single audit in accordance with generally accepted government auditing standards and the Office of Management and Budget Circular A-133.

**Audit of the Company's Capital Planning Process.** The objective will be to assess the extent to which the company's capital planning process supports its strategic financial and operational goals.

**Audit of Emissions Control Efforts.** The objective will be to assess the company's plan to reduce greenhouse gas emissions and how effective it has been in achieving the reduction goals.







## Human Resources

### **The Company is Addressing Engineering Management Workforce Challenges, but Additional Work Remains** (Report No. OIG-A-2022-012, July 12, 2022)

In November 2021, the IIJA provided Amtrak access to as much as \$66 billion to build, repair, and restore infrastructure. The company's Infrastructure Maintenance and Construction Services group (IMCS) had 192 engineering managers and expected to hire 63 more before the end of FY 2022 with the help of the Human Resources department. These managers are expected to play a lead role in restoring basic operations and carrying out the company's ambitious rehabilitation and revitalization plan, providing oversight for the estimated 4,500 agreement workers needed to execute IIJA-funded projects. We reported that filling these management positions would likely be challenging in a tight labor market with multiple industries vying for workers with the same skills and experience as the company. Our objective for this audit was to assess the company's efforts to address challenges in recruiting and retaining skilled engineering managers as it recovers from the pandemic and builds for the future.

**THE DEPARTMENT, HOWEVER, FELL BEHIND ON MARKET REVIEWS IN THE PAST BECAUSE ITS COMPENSATION GUIDANCE WAS INFORMAL, AND IT DID NOT COMMUNICATE THE GUIDANCE TO NEWER MANAGERS.**

We found that the company had begun addressing challenges associated with recruiting and retaining a skilled engineering workforce but had additional opportunities to build on these initiatives and improve its ability to compete with the external labor market. The Human Resources department adjusted salaries company-wide to establish more meaningful differences in pay between managers and the employees they supervise and commissioned a consultant to conduct a thorough compensation analysis. The department, however, fell behind on market reviews in the past because its compensation guidance was informal, and it did not communicate the guidance to newer managers. We also found that the IMCS group increased salaries for field engineers, hired more field engineers to better distribute their responsibilities, and began offering one-time sign-on bonuses to agreement employees who move into management. The group did not, however, regularly analyze workforce data that would help determine whether the actions effectively address recruiting and retention challenges.

We recommended that the company formalize and communicate its compensation policies, routinely analyze common workforce metrics, and use these metrics to assess the success of workforce initiatives. The Chief Human Resources Officer agreed with our recommendations and described specific actions the company plans to take by June 2023 to implement them.

### **Ongoing Work**

#### **Audit of Strategies to Grow Agreement Workforce.**

Our objective will be to assess the company's efforts to build and maintain an agreement workforce that can execute its growth and renewal plans.



## Acquisition and Procurement

### Company's Electronic Procurement System Limits Effective Contract Oversight

(Report No. OIG-MAR-2022-013, August 16, 2022)

In FY 2020, Amtrak spent about \$2.8 billion on contracts to support company operations. The recent passage of the IIJA will provide the company with access to as much as \$66 billion in new funding—the largest investment in passenger rail since the company's creation more than 50 years ago. As we have reported, the IIJA will significantly increase the company's capital spending and contracting needs. The multitude of contracts the company expects to award over the coming years, particularly construction contracts, increases the importance of having effective practices for managing contracts.

In December 2021, we initiated a survey to identify key risks in the company's practices for developing and managing construction contracts. During our review, we identified challenges that could limit its ability to store all contracts in a centralized place as well as specific issues with managing construction contracts. We raised these challenges to inform key stakeholders as the company plans to receive its first tranche of IIJA funding, which could exacerbate these challenges. Our scope included companywide storage of contracts and management of construction contracts.

We found that the company does not have a centralized and automated repository for storing its procurement contracts. Instead, the company's contract storage efforts are decentralized and manually driven, which impacts records retention, increases legal risk, and reduces the ability to oversee key procurement metrics companywide. This has been a longstanding concern; in 2018, we recommended that the company address this issue by moving toward a centralized contract management system. The company responded that it planned to use Ariba on Demand for this purpose, but the system was not functioning in that

capacity, nor was any other system. We also found that while Ariba on Demand was functioning well as an approval and workflow system, according to company officials, six key challenges with the system hampered the company's ability to efficiently manage construction contracts. These included a limited ability to protect sensitive information from contractors who used the system, difficulties registering suppliers, and various technical limitations that required manual workarounds. Individually, none of these are major challenges, but collectively they increased the time and effort necessary to develop and manage construction contracts.

We observed that the company should consider whether Ariba on Demand has the capabilities to fulfill the company's needs for an automated repository for all procurement contracts and supporting documentation and, if so, that it implements those capabilities as soon as practical. If not, it should promptly explore and implement other viable solutions to ensure that the company has the capability to store all contract files and supporting documentation in an automated format and generate management data on key procurement metrics. We also observed that it should consider assessing the relative risk of the construction contracting challenges that we identified and prioritize addressing them accordingly.

**...THE COMPANY'S CONTRACT STORAGE EFFORTS ARE DECENTRALIZED AND MANUALLY DRIVEN, WHICH IMPACTS RECORDS RETENTION, INCREASES LEGAL RISK, AND REDUCES THE ABILITY TO OVERSEE KEY PROCUREMENT METRICS COMPANYWIDE.**

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## Financial Management

### Improving Payment Request Controls Could Provide a Better Value for Purchases and Protect the Company's Interests

*(Report No. OIG-A-2022-010, June 15, 2022)*

In FY 2019, Amtrak spent about \$31.8 million on employee purchases of goods and services through its payment request process. The process allows the company's employees to expeditiously make non-recurring and low-dollar purchases and certain high-dollar payments that the company cannot subject to price negotiations or the competitive bidding process. Purchases made using payment requests are typically processed more quickly than those made with the company's standard procurement process because they have fewer administrative requirements. These efficiencies, however, come with inherent risks because the standard procurement process includes controls designed to help protect the company's legal and business interests and ensure that it complies with the procurement requirements in its federal grants; therefore, bypassing this process also bypasses these controls. This report assessed the effectiveness of the company's controls over payment requests.

We found that the company's controls over payment requests appeared to be generally effective in making sure the purchases were for valid business purposes and that it correctly paid the vendors. We identified, however, opportunities to improve the governing policy, training, and oversight controls impacting

its payment request process. During our audit, the company addressed or began addressing the first two controls. Its oversight controls, however, continued to warrant more company attention. We found that the company could have better used its payment request data—through analysis—to improve its purchasing power or identify indicators of non-compliance with its policies and grant requirements.

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### **WE FOUND THAT THE COMPANY COULD HAVE BETTER USED ITS PAYMENT REQUEST DATA—THROUGH ANALYSIS—TO IMPROVE ITS PURCHASING POWER OR IDENTIFY INDICATORS OF NON-COMPLIANCE WITH ITS POLICIES AND GRANT REQUIREMENTS.**

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We recommended that the company more comprehensively and periodically analyze its payment request data to identify patterns of possible non-compliance and opportunities in which the company could do more to protect its interests and get a better value for its purchases through a contract. As part of this, we recommended that it consider potential risk indicators, including dollar amounts paid to a vendor and the type of expense. In commenting on a draft of this report, the company's Executive Vice President and Chief Financial Officer agreed with our recommendation and identified specific actions the company has taken and plans to complete.



## Safety and Security

### *Ongoing Work*

**Review of Controls Over High-Security Keys.** The objective will be to assess the extent to which the company has controls to manage, distribute, track, and retrieve such keys.

**Monitoring Positive Train Control (PTC).** Our objective will be to monitor the company's efforts to operate PTC, measure its performance, and assess safety risks in keeping with the recommendations we made in our last audit report on PTC.

## Asset Management

### *Ongoing Work*

**Audit of the Intercity Trainset Acquisition.** Our objective will be to assess the company's management and oversight of the program, and to assess risks, if any, to delivering the program on time.

## Information Technology

### *Ongoing Work*

**Audit of the Company's Technology Asset Inventory.** Our objective will be to assess the effectiveness of the company's practices for identifying and tracking these assets.







# OFFICE OF INVESTIGATIONS

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## Health Care Fraud

### Two Podiatrists Sentenced in Health Care Fraud Scheme

*August and July 2022*

Dominic Signorelli, a podiatrist based in Los Angeles, was sentenced in U.S. District Court, Central District of California, on August 29, 2022, to five months in prison followed by 5 months' home detention upon his release. He was ordered to pay a fine of \$150,000 and to forfeit \$955,000. Our investigation found that Signorelli received kickbacks from marketing companies for prescribing unnecessary compounded medications to patients without their knowledge.

In the same case, Robert Joseph, another podiatrist based in Los Angeles, was sentenced in U.S. District Court, Central District of California, on July 25, 2022, to two years' probation for conspiracy to commit health care fraud. Joseph was also ordered to pay a fine of \$10,000 and a money judgment forfeiture in the amount of \$332,500. Our investigation found that Joseph prescribed unnecessary compounded medications to patients without their knowledge.

As a result of Signorelli and Joseph's scheme, Amtrak's insurance providers were fraudulently charged approximately \$22,000. A total of 11 defendants have been convicted and sentenced in conjunction with this scheme, with one defendant remaining to be sentenced.

### California Woman Sentenced for Health Care Fraud

*August 2022*

Chau Nguyen, also known as Cindy Le, a resident of Yorba Linda, California, was sentenced on August 22, 2022, in U.S. District Court, Central District of California, to one day in prison (time served), 12 months' home confinement, and was ordered to pay \$7,623,701 in joint restitution to Tricare and \$70,065 to Amtrak. Our investigation found that Cindy Le's husband, Tony Le, who is serving a 70-month prison sentence, used his pharmacy to submit more than

\$13 million in fraudulent claims for unnecessary compounded medications to both Tricare and Amtrak's health care plans. When Tony Le was away from the pharmacy, Cindy Le continued the fraudulent scheme to illegally bilk the insurance plans. Five defendants were convicted and sentenced in this investigation, and a total of \$838,552 in restitution has been ordered paid to Amtrak.

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**A TOTAL OF 11 DEFENDANTS HAVE BEEN CONVICTED AND SENTENCED IN CONJUNCTION WITH THIS SCHEME, WITH ONE DEFENDANT REMAINING TO BE SENTENCED.**

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### Florida Woman Sentenced to 60 Months in Prison, Ordered to Pay \$17 Million in Restitution for Health Care Fraud

*July 2022*

Carie Lyn Beetle, of Lake City, Florida, was sentenced in U.S. District Court, Southern District of Florida, to five years in prison and ordered to pay more than \$17 million in restitution for her participation in a \$58 million health care fraud scheme that billed private health insurers, including Amtrak's health care plan, for services that were never provided and not medically necessary. On April 13, 2022, she was convicted of one count of conspiracy to commit health care fraud and wire fraud, and one count of money laundering. She will also face two years of supervised release once her prison term is complete.

According to court documents, Beetle, with others, billed health insurers for over \$58 million of addiction treatment services that were never rendered and/or were medically unnecessary at two facilities she operated: Real Life Recovery Delray LLC, a substance abuse treatment center, and A Safe Place LLC, doing business as Halfway There Florida LLC, a related recovery residence, also referred to as a "sober home."



**...BEETLE, WITH OTHERS, BILLED HEALTH INSURERS FOR OVER \$58 MILLION OF ADDICTION TREATMENT SERVICES THAT WERE NEVER RENDERED AND/OR WERE MEDICALLY UNNECESSARY AT TWO FACILITIES SHE OPERATED:...**

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Beetle and her co-conspirators recruited patients by providing them with kickbacks and bribes in the form of free or reduced rent, payment for travel, and other benefits in exchange for those patients agreeing to reside at Halfway There, attend drug treatment at Real Life Recovery, and submit to regular and random drug testing (typically two or three times per week) at both locations.

Beetle and her co-conspirators billed the patients' insurance plans for the substance abuse treatment and urine testing, but in many instances, individual patients did not attend the billed treatment sessions. Under the direction of Beetle and her co-conspirators, employees at both facilities forged patient signatures on sign-in sheets to give the appearance that they had attended treatment. In addition, they billed for expensive medically unnecessary urine testing knowing that the tests were excessive, not used in treatment, and not reviewed by medical professionals. Beetle also laundered the proceeds knowing they were derived from fraud and other crimes when she deposited a check from Real Life Recovery.

**Florida Woman Sentenced to 30 Months in Prison for Role in \$4.5 Million Drug-Testing Scheme**

*June 2022*

Marthe Hippolyte, of Wellington, Florida, was sentenced to 30 months in prison on June 29, 2022, for her role in a scheme in which she received illegal kickbacks and bribes in exchange for referring residents of her sober home to a substance abuse treatment center, which billed insurance companies \$4.5 million for medically unnecessary drug testing and purported substance abuse treatment provided to those residents. According to court documents, Hippolyte owned Turning Point Sober Home Inc. and a related marketing company, through which she operated several sober living residences in Florida to house individuals in a drug- and alcohol-free environment while they received treatment at substance abuse treatment centers.

Hippolyte accepted approximately \$254,000 in kickbacks and bribes, often disguised as management fees, from Kenneth Chatman, the operator of Reflections Treatment Center, which purported to operate as a licensed substance abuse treatment center. In exchange for the kickbacks and bribes, Hippolyte

**HIPPOLYTE ACCEPTED APPROXIMATELY \$254,000 IN KICKBACKS AND BRIBES, OFTEN DISGUISED AS MANAGEMENT FEES, FROM KENNETH CHATMAN, THE OPERATOR OF REFLECTIONS TREATMENT CENTER, WHICH PURPORTED TO OPERATE AS A LICENSED SUBSTANCE ABUSE TREATMENT CENTER.**

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## OFFICE OF INVESTIGATIONS

helped bring in patients from outside Florida who could be referred to Reflections Treatment Center and required residents of Turning Point's sober homes to travel to Reflections several times per week to attend purported substance abuse treatment sessions and submit to urine drug testing. For the residents referred to Reflections by Hippolyte, Chatman and others billed private insurers \$4.5 million for substance abuse and bodily fluid testing that was medically unnecessary, not reimbursable, and not provided as represented.



Hippolyte pleaded guilty on January 25, 2022, to one count of conspiracy to violate the Travel Act. Chatman pleaded guilty in 2017 to conspiracy to commit health care fraud, money laundering, and conspiracy to commit sex trafficking, and was sentenced to 330 months imprisonment.

### **New York Doctor Pleads Guilty to Defrauding Amtrak's Health Care Plan, Drug Distribution, and Unlawful Possession of a Firearm.**

*June 2022*

Michael DeNicola, on June 29, 2022, admitted to participating in a health care fraud scheme to defraud Amtrak, distribution of a controlled substance in furtherance of that scheme, and the unlawful

### **DENICOLA ALSO PROVIDED OXYCODONE PRESCRIPTIONS TO AN INDIVIDUAL IN RETURN FOR THE INDIVIDUAL'S AGREEMENT TO ALLOW HIS PATIENT AND INSURANCE INFORMATION TO BE USED FOR THE SUBMISSION OF FRAUDULENT INSURANCE CLAIMS**

possession of a firearm. According to the U.S. Attorney's Office, District of New Jersey, DeNicola and his co-conspirators agreed to engage in a scheme to bill the Amtrak health care plan for fraudulent claims for services that either were never provided or were medically unnecessary. They would recruit Amtrak employees to participate in the scheme by paying them kickbacks for the use of their patient and insurance information to submit false and fraudulent claims. DeNicola and his co-conspirators submitted false and fraudulent claims that caused Amtrak losses of more than \$1.6 million.

DeNicola also provided oxycodone prescriptions to an individual in return for the individual's agreement to allow his patient and insurance information to be used for the submission of fraudulent insurance claims. DeNicola provided oxycodone prescriptions to others at the direction of this individual and did so outside of the usual course of professional treatment and without legitimate medical purpose. From April 2017 through February 2018, DeNicola issued 64 oxycodone prescriptions in this manner. DeNicola also unlawfully possessed a firearm on September 1, 2019, after previously having been convicted in court of a crime punishable by a term of imprisonment exceeding one year.

### **Amtrak OIG Investigation Leads to Convictions in \$1.4 Billion Health Care Fraud Scheme Involving Rural Hospitals**

*June 2022*

Two individuals were convicted on June 27, 2022, for their roles in a conspiracy that fraudulently billed

approximately \$1.4 billion for laboratory testing services in a pass-through billing scheme involving several rural hospitals. According to court documents and evidence presented at a 24-day trial, Jorge Perez and Ricardo Perez, both of Miami, Florida, conspired with each other and others to unlawfully bill for approximately \$1.4 billion of laboratory testing services which were medically unnecessary, and that fraudulently used rural hospitals as billing shells to submit claims for services that mostly were performed at outside laboratories. Jorge Perez and Ricardo Perez were convicted of conspiracy to commit health care fraud and wire fraud, five counts of health care fraud, and conspiracy to commit money laundering of proceeds greater than \$10,000.

**...JORGE PEREZ AND RICARDO PEREZ, BOTH OF MIAMI, FLORIDA, CONSPIRED WITH EACH OTHER AND OTHERS TO UNLAWFULLY BILL FOR APPROXIMATELY \$1.4 BILLION OF LABORATORY TESTING SERVICES WHICH WERE MEDICALLY UNNECESSARY, AND THAT FRAUDULENTLY USED RURAL HOSPITALS AS BILLING SHELLS TO SUBMIT CLAIMS FOR SERVICES THAT MOSTLY WERE PERFORMED AT OUTSIDE LABORATORIES.**

The evidence showed that the defendants targeted and obtained control of financially distressed rural hospitals in Florida, Georgia, and Missouri through management agreements and purchases. These hospitals provide higher reimbursement rates for laboratory testing—a common feature of rural hospital contracts designed to ensure that the hospitals can survive and provide rural communities with care. The defendants promised to save these rural hospitals from closure by turning them into laboratory testing sites, but instead billed for fraudulent laboratory testing worth hundreds of millions of dollars in a years-long “pass-through” billing scheme. The scheme made it appear that the rural hospitals themselves did the laboratory testing when, in most

cases, it was done by testing laboratories controlled by certain defendants.

Much of the laboratory testing billed through these rural hospitals involved urine drug testing for vulnerable addiction treatment patients, often obtained through kickbacks paid to recruiters and providers, frequently at sober homes or substance abuse treatment facilities. The tests billed by the defendants were often not medically necessary. After private insurance companies began to question the defendants’ billings, they would move on to another rural hospital, leaving the rural hospitals they took over in the same or worse financial status as before. Three of the four rural hospitals targeted in the scheme closed shortly after the defendants moved on to a different rural hospital.

Private insurance companies, including Amtrak’s, paid out approximately \$400 million between November 2015 through February 2018 for urine and blood tests that were medically unnecessary. We determined that Amtrak’s health care plans paid out more than \$610,000 to three rural hospitals and associated laboratories.

**Amtrak OIG-Led Investigation Leads to Arrests, Charges in Multimillion Dollar Health Care Fraud Scheme**  
*June 2022*

Three men and one woman were arrested June 23, 2022, for allegedly participating in a health care fraud scheme that bilked Amtrak’s health care plan of at least \$9 million, according to the U.S. Attorney’s Office, District of New Jersey. Muhammad Mirza, of Cedar Grove, New Jersey; Devon Burt, of Blue Bell,

**AFTER PRIVATE INSURANCE COMPANIES BEGAN TO QUESTION THE DEFENDANTS’ BILLINGS, THEY WOULD MOVE ON TO ANOTHER RURAL HOSPITAL, LEAVING THE RURAL HOSPITALS THEY TOOK OVER IN THE SAME OR WORSE FINANCIAL STATUS AS BEFORE.**



## OFFICE OF INVESTIGATIONS

Pennsylvania; and Hallum Gelzer, of East Orange, New Jersey, were charged by complaint with conspiracy to commit health care fraud in Newark federal court. Punson Figueroa, also known as Susie Figueroa, of Long Island City, New York, was charged in the same complaint with 15 counts of health care fraud.

According to documents filed in this case, Mirza, Figueroa, Gelzer, Burt and others allegedly recruited Amtrak employees—primarily from New York and New Jersey—to participate in the scheme by offering them cash kickbacks in exchange for the employees agreeing to allow Mirza, Figueroa, and others to use their patient and insurance information. Mirza, Figueroa, and others allegedly used this information to fraudulently bill Amtrak’s health care plan for services that were never provided or that were medically unnecessary.

### **Florida Man Pleads Guilty to Conspiracy to Commit Health Care Fraud and Wire Fraud** *April 2022*

Nestor Rojas, of Miami, Florida, pleaded guilty in U.S. District Court, Middle District of Florida, to one count of conspiracy to commit health care fraud and wire fraud on April 21, 2022. Our investigation found that Rojas conspired with others to unlawfully bill for approximately \$1.4 billion of laboratory testing services which were medically unnecessary and fraudulently used rural hospitals as billing shells to submit claims for services that mostly were performed at outside laboratories. As a result of this scheme, Amtrak’s health care plans paid out more than \$610,000 to



three rural hospitals and associated laboratories. Rojas will be sentenced at a future date. Criminal judicial proceedings for additional co-conspirators are pending.

### **POON WAS FOUND GUILTY IN JUNE 2021 OF FIVE COUNTS OF HEALTH CARE FRAUD, THREE COUNTS OF MAKING FALSE STATEMENTS RELATING TO HEALTH CARE MATTERS, AND ONE COUNT OF AGGRAVATED IDENTITY THEFT. IN ADDITION TO HER PRISON SENTENCE, POON WAS ALSO ORDERED TO PAY \$1,379,622 IN RESTITUTION TO HER VICTIMS.**

### **California Chiropractor Sentenced to 70-Months in Prison, Ordered to Pay \$1.3 Million in Restitution for Defrauding Health Insurers** *April 2022*

Susan H. Poon, of Dana Point, California, a former chiropractor, was sentenced to 70 months in federal prison on April 21, 2022, for bilking health insurers by submitting \$2.2 million in fraudulent billings for services that were never provided, medical diagnoses never given, office visits that never occurred, and medical devices that were falsely prescribed. Poon was found guilty in June 2021 of five counts of health care fraud, three counts of making false statements relating to health care matters, and one count of aggravated identity theft. In addition to her prison sentence, Poon was also ordered to pay \$1,379,622 in restitution to her victims.

During her scheme, Poon submitted false reimbursement claims to Amtrak’s health care plan and plans from other health insurance companies for services that were never performed. Claims included fraudulent prescriptions for individuals she never met, including spouses and children of individuals insured by the health care plans Poon targeted. Poon unlawfully took and used the dependent’s personal identifying information in her reimbursement request and prescriptions. Over the course of the scheme, Amtrak’s health care plan was billed \$17,310 and paid \$7,145.

## Ticket Fraud

### Michigan Man Sentenced in Ticket Fraud Case *August 2022*

Earl Kendricks, Jr., a resident of Roseville, Michigan, was sentenced on August 3, 2022, in U.S. District Court, Eastern District of Michigan, to 30 months in prison and ordered to pay \$49,332 in restitution, of which \$870 is payable to Amtrak. On April 19, 2022, he pleaded guilty to wire fraud and making a false statement involving the acquisition of a firearm. Kendricks was sentenced to 30 months in prison for each charge, to be served concurrently. Our investigation found that Kendricks used stolen credit card information to purchase Amtrak tickets and then cancelled the tickets and received Amtrak vouchers, which he then sold on eBay for his own personal gain. The scheme caused the company to issue more than \$49,000 in fraudulent ticket vouchers. Our investigation also found that Kendricks made false statements to a licensed firearms dealer to purchase an assault rifle for Christian Newby, who was a wanted fugitive at the time and a defendant in this investigation.

### Former Employee Sentenced for Theft of Amtrak eVouchers

*May 2022*

John Flores, a former reservation sales agent based in Riverside, California, was sentenced on April 25, 2022, in U.S. District Court, Central District of California, to three years' probation and \$25,137 in restitution to the company. He pleaded guilty to Theft from Programs Receiving Federal Funds on September 29, 2021. Our investigation found that Flores stole hundreds of eVouchers valued at over \$25,000 from customers' accounts by exploiting the company's computer system. He then resold the stolen eVouchers for his own personal gain. Flores resigned from the company on May 2, 2017.

**OUR INVESTIGATION FOUND THAT FLORES STOLE HUNDREDS OF EVOUCHERS VALUED AT OVER \$25,000 FROM CUSTOMERS' ACCOUNTS BY EXPLOITING THE COMPANY'S COMPUTER SYSTEM. HE THEN RESOLD THE STOLEN EVOUCHERS FOR HIS OWN PERSONAL GAIN.**





## Policy Violations and Employee Misconduct

### Two Employees Resign After Participating in a Scheme to Sell Misbranded and Unapproved New Drugs *September 2022*

An Electronic Specialist and a Maintainer based in Newark, New Jersey, resigned in lieu of their disciplinary hearings on September 14, 2022, and September 27, 2022, respectively. We determined that Keith Kovaleski, an Assistant Foreman based in New York who is currently awaiting sentencing after pleading guilty on March 21, 2022, to conspiring to distribute misbranded and unapproved new drugs, paid the two former employees to set up financial accounts to accept payments on behalf of Kovaleski for his illegal activities in exchange for a portion of the proceeds. In addition, the Maintainer received packages at his home for Kovaleski that contained misbranded and/or unapproved new drugs from Kovaleski's company, All American Peptide. The Electronic Specialist ordered and received misbranded and/or unapproved new drugs from All American Peptide at his home. The former employees are ineligible for rehire.

### Employee Terminated for Engaging in Self Employment While on Medical Leave of Absence *August 2022*

A service/train attendant based in New Orleans was terminated from his position on August 18, 2022, following his administrative hearing. Our investigation found that the former employee violated company policies by engaging in outside self-employment while on a medical leave of absence.

### Employee Resigns Following Investigation into Abuse of COVID-19 Leave *August 2022*

A service attendant based in Seattle resigned from his position on August 17, 2022, as a result of our investigation into his alleged abuse of COVID-19 Leave. Our investigation found that the employee

was placed on COVID-19 leave on July 8, 2022, a type of leave that is granted for a five-day period. The employee failed to produce proof of a COVID-19 diagnosis as required by the company and remained away from work for 30 days. Our investigation found that the employee was working as a travel advisor for a travel agency at the time of his resignation.

**THE EMPLOYEE FAILED TO PRODUCE PROOF OF A COVID-19 DIAGNOSIS AS REQUIRED BY THE COMPANY AND REMAINED AWAY FROM WORK FOR 30 DAYS. OUR INVESTIGATION FOUND THAT THE EMPLOYEE WAS WORKING AS A TRAVEL ADVISOR FOR A TRAVEL AGENCY AT THE TIME OF HIS RESIGNATION.**

### Employee Resigns Prior to Administrative Hearing for Violation of Leave Policy *July 2022*

A lead service/train attendant based in New Orleans resigned from her position on July 18, 2022, prior to her administrative hearing. Our investigation found that the former employee violated company policies by engaging in outside employment while on a medical leave of absence. During an interview with our agents, the former employee admitted she had been employed as a full-time contract driver for a trucking company while on medical leave from the company.



### **Employee Suspended for Attempting to Sell High Security Switch Keys**

*July 2022*

A conductor based in Sanford, Florida, was suspended from his position without pay, in lieu of termination, on July 15, 2022, following his administrative hearing. The employee was held out of service without pay for a total of 68 days from May 26, 2022, through August 1, 2022. Our investigation found that the employee violated company policies by attempting to sell high-security switch keys and other assorted railroad keys on Facebook Marketplace, including keys used by Amtrak.

### **Two Employees Resign for Committing Time and Attendance Violations**

*June 2022*

A trackman/watchman based at Sunnyside Yard, New York, resigned on June 22, 2022, prior to his disciplinary hearing for time and attendance violations. Our investigation found that, between February 2020 and June 2021, the former employee improperly claimed and accepted payment for hours he did not work in violation of company policies. A driver, also from Sunnyside Yard, admitted to us, however, that he clocked out for the Trackman/Watchman on approximately seven occasions and confirmed that the employee left work early on various occasions. The Driver resigned on June 21, 2022. Both employees are ineligible for rehire.

### **Employee Resigns After Failing to Report for Duty While Under Investigation**

*May 2022*

An operation supervisor based in Miami, Florida, resigned from the company on May 31, 2022, after he failed to respond to company letters advising him to report as available for duty. Prior to his resignation, our investigation found that he violated company policies by engaging in self-employment as an independent realtor while on a medical leave of absence and while receiving short-term disability benefits. The company issued the employee a Notice of Investigation following the issuance of our investigative report and he failed to report to work.

### **Employee Terminated for Engaging in Outside Employment While on Leave Approved Under the Family Medical Leave Act**

*May 2022*

A crew management representative based in Wilmington, Delaware, was terminated from the company on May 3, 2022, after a disciplinary hearing. Our investigation found that the employee violated company policies by engaging in outside employment while on a medical leave of absence and receiving short-term disability benefits. The employee is not eligible for rehire.

### **Employee Resigns After Failure to Report Two Arrests**

*April 2022*

A trackman/watchman based in New York resigned on April 12, 2022, prior to his disciplinary hearing. The former employee failed to report his two alcohol related arrests in August 2017 and August 2019 and their corresponding convictions in July 2019 and April 2021.

### **A CONDUCTOR BASED IN MIAMI, FLORIDA, WAS SUSPENDED FROM HIS POSITION ON FEBRUARY 24, 2022, FOR FAILING TO REPORT A CONVICTION AND TWO DRIVER'S LICENSE SUSPENSIONS RELATED TO ALCOHOL**

### **Employee Suspended for Failure to Report Driving Under the Influence Arrests and Conviction**

*April 2022*

A conductor based in Miami, Florida, was suspended from his position on February 24, 2022, for failing to report a conviction and two driver's license suspensions related to alcohol. Our investigation found that the employee violated company policies by failing to report these actions to the company. Prior to his administrative hearing, the employee signed a waiver accepting responsibility and agreed to attend Employee Assistance Program (EAP) counseling. The employee was held out of service without pay until he was cleared by EAP to return to work. The employee served an 81-day suspension.



## Theft

### **Employee Terminated for Theft of Company Funds** *July 2022*

A red cap/baggage handler based in Chicago was terminated from employment on July 21, 2022, following his administrative hearing. Our investigation found that the former employee violated company policies by failing to remit parcel check revenue for cash paying customers on 22 occasions between March 18 and March 26, 2022, and kept the cash for himself instead. We also found that he falsified a parcel check form in order to remit only half of the revenue he collected and was observed putting the cash in his pocket.

### **Former Employee Sentenced to Prison for Fraudulently Obtaining, Selling \$76,000 Worth of Chainsaws and Chainsaw Parts** *April 2022*

A former employee was sentenced April 19, 2022, in U.S. District Court, District of New Jersey, to 18 months in prison for fraudulently obtaining over \$76,000 worth of Amtrak-owned chainsaws and chainsaw parts and selling

them for personal profit. Jose Rodriguez, of Brick, New Jersey, previously pleaded guilty to one count of mail fraud. Rodriguez, a former senior engineer and repairman based in North Brunswick, obtained approximately 114 chainsaws, 122 chainsaw replacement bars, and 222 replacement chains from Amtrak under the false pretense that this equipment would be used for Amtrak projects. Rodriguez, however, sold the equipment either on an online auction service or directly to purchasers. Rodriguez used the U.S. Postal Service to mail the stolen chainsaws and chainsaw parts to purchasers throughout the United States, including purchasers in Ohio, Pennsylvania, and West Virginia. In addition to the prison term, Rodriguez was sentenced to three years of supervised release.

**RODRIGUEZ, A FORMER SENIOR ENGINEER AND REPAIRMAN BASED IN NORTH BRUNSWICK, OBTAINED APPROXIMATELY 114 CHAINSAWS, 122 CHAINSAW REPLACEMENT BARS, AND 222 REPLACEMENT CHAINS FROM AMTRAK UNDER THE FALSE PRETENSE THAT THIS EQUIPMENT WOULD BE USED FOR AMTRAK PROJECTS.**



### **Employee Resigns Prior to Administrative Hearing for Theft** *April 2022*

A conductor based in Miami, Florida, resigned from his position on April 12, 2022, prior to his administrative hearing. Our investigation found that the former employee violated company policies by stealing supplies from a contractor doing business with Amtrak. The former employee was captured on video entering the contractor's building, which is co-located at the Amtrak yard. The former employee stole the supplies and loaded them into the trunk of his personally owned car.

## Pandemic Relief Fraud

### **Former Employee Indicted for Pandemic Relief Fraud** *September 2022*

A Philadelphia woman and former Amtrak employee was charged September 9, 2022, with one count of mail fraud, two counts of theft of public money, and one count of bank fraud all related to her alleged scheme to defraud pandemic relief programs, according to U.S. Attorney's Office, Eastern District of Pennsylvania. The indictment alleges that Ricarda Burrell, of Philadelphia, fraudulently applied for and received Pandemic Unemployment Assistance while employed full-time at Amtrak. In June 2020, Burrell allegedly submitted a pandemic unemployment assistance program application that falsely claimed that she had lost her job due to the pandemic, and she continued to submit weekly certifications that stated she had no unemployment income despite being an Amtrak employee at the time. In sum, Burrell received \$9,379 in unemployment benefits throughout her alleged scheme.

In addition, Burrell applied for and received a Paycheck Protection Program (PPP) loan for what she claimed was a small catering business. As part of the application, she allegedly made false statements about the business' date of establishment, monthly payroll, number of employees, and prior year's income. She allegedly submitted other fraudulent documents to substantiate the loan amount of \$134,552.50. Burrell was terminated from employment with Amtrak after the alleged crimes occurred.

### **Florida Man Pleads Guilty to Wire Fraud** *August 2022*

Alain Galette, of Miami, Florida, pleaded guilty in U.S. District Court, Southern District of Florida, to one count of wire fraud on August 4, 2022, in relation to his application for a PPP loan and in obtaining an Economic Injury Disaster Loan (EIDL) in the amount of \$149,900. The PPP loan was in the amount of \$150,000 but was denied. Our investigation found that Galette used an invalid social security number and

included other false information on the PPP and EIDL applications. Upon receipt of the EIDL funds, Galette did not use the money for authorized purposes.

### **Former Employee Sentenced for Defrauding PPP and Unemployment Fraud** *July 2022*

A former train attendant based in New Orleans was sentenced in the Eastern District of Louisiana on July 25, 2022, to three years' probation and 12 months' home confinement for theft of government funds and making false statements. In addition, he was ordered to pay restitution of \$64,874.64 to the Small Business Administration and \$22,725 to the Louisiana Workforce Commission. Our investigation found that the former employee made false statements to the Small Business Administration and fraudulently obtained \$89,583 in pandemic-related relief loans funded through the PPP. He also fraudulently applied for and received unemployment benefits through the Louisiana Workforce Commission despite being fully employed by Amtrak at the time. He was terminated from the company on April 4, 2022, and pleaded guilty to the charges on April 27, 2022.

**OUR INVESTIGATION FOUND THAT THE FORMER EMPLOYEE MADE FALSE STATEMENTS TO THE SMALL BUSINESS ADMINISTRATION AND FRAUDULENTLY OBTAINED \$89,583 IN PANDEMIC-RELATED RELIEF LOANS FUNDED THROUGH THE PPP.**

## Other Crimes

### **Arsonist Sentenced to Eight Years in Prison for Torching Amtrak Facilities, Apartment Building** *September 2022*

Casey Sage, of Beech Grove, Indiana, was sentenced September 20, 2022, to eight years in federal prison for burning down two Amtrak buildings on its Beech Grove maintenance facility and for setting an apartment



ablaze in Greenwood weeks earlier. Sage trespassed onto the grounds of Amtrak's Beech Grove maintenance facility on the night of May 1, 2021. In the early morning hours, Sage ignited a railroad flare and threw it into a building used to store highly flammable products such as acetone, paint, denatured alcohol, varnish, spray paint, degreaser, engine starting fluid, and paint remover. This quickly started a fire, which spread to another building close by that was also used to store flammable material. Video surveillance captured explosions and flying debris as first responders arrived and fought the flames. Both buildings were destroyed, causing more than \$1.1 million in damages to the Amtrak facility.

**CASEY SAGE, OF BEECH GROVE, INDIANA, WAS SENTENCED SEPTEMBER 20, 2022, TO EIGHT YEARS IN FEDERAL PRISON FOR BURNING DOWN TWO AMTRAK BUILDINGS ON ITS BEECH GROVE MAINTENANCE FACILITY AND FOR SETTING AN APARTMENT ABLAZE IN GREENWOOD WEEKS EARLIER.**

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During the investigation, investigators discovered that Sage also set fire to his ex-girlfriend's apartment in Greenwood a few weeks before the Amtrak fire. Sage intentionally started a fire in her master bedroom. The fire eventually spread to most of her apartment and caused damage to two other units before it was successfully extinguished. Sage caused more than \$100,000 in damages to the apartment building and approximately \$10,000 in property loss to the apartment tenant.

**Florida Man Pleads Guilty to Access Device Fraud**  
*September 2022*

Darius Lopez, of Tampa, Florida, pleaded guilty in U.S. District Court, Middle District of Florida, to fraud and related activity in connection with access devices on September 1, 2022. Lopez was arrested on April 15, 2021, by the Citrus County Sheriff's Department for using counterfeit credit cards to purchase over \$20,000 of

landscaping equipment. At the time of his arrest, Lopez was in possession of numerous counterfeit credit cards, including a fake GSA SmartPay purchase card with a purchase card number that was issued to Amtrak.

**New Jersey Man Pleads Guilty to Making \$78,000 in Fraudulent Fuel Charges for Amtrak Vehicles**  
*July 2022*

Umer Hassan Mir, of South Amboy, New Jersey, a manager of a Delta gas station in Metuchen, New Jersey, pleaded guilty on July 12, 2022, to making approximately \$78,000 in fraudulent fuel charges using account information belonging to more than 17 customers, including Amtrak. According to the U.S. Attorney's Office, District of New Jersey, Mir caused numerous fraudulent fuel charges to be entered on General Services Administration fuel credit cards assigned to Amtrak vehicles from February 2018 through August 2021. Mir collected and saved account information from these credit cards during legitimate fuel transactions. He later entered account information from these cards into the station's point-of-sale terminal, then withdrew cash in the amounts of the fraudulent transactions from the cash register. Mir used the cash for personal expenses and to pay another employee for working extra hours on Mir's behalf.

**Former Employee Sentenced for Identity Theft**  
*April 2022*

Dominique Henley, a former baggageman based in Chicago, pleaded guilty to identity theft and was sentenced in the Circuit Court of Cook County, Illinois, on April 20, 2022, to 24 months' probation. Our investigation found that Henley was in possession of 21 Social Security cards and 13 state and government-issued identification cards belonging to 21 different individuals. We found that of the 21 individuals' identification documents in his possession, 19 were previously located in the Chicago Union Station lost and found or were reported lost on Amtrak trains. Henley was terminated from employment on November 3, 2020.





## APPENDIX A: STATISTICAL DATA

**TABLE A.1. FINANCIAL IMPACT**

MONETARY BENEFIT TYPE	AMOUNT THIS PERIOD
Better Use of Funds	—
Questioned Costs	—
Recoveries and Restitution	\$3,064,852.89
Forfeitures	\$1,287,500.00
Cost Avoidance	—

**TABLE A.2. AUDIT ACTIVITY DURING THE PERIOD**

REPORT INFORMATION	BETTER USE OF FUNDS	QUESTIONED COSTS
Business Case for Company's New Unified Operations Program Needs to be Updated <i>Issued May 11, 2022 Report No. OIG-A-2022-009</i>	—	—
Improving Payment Request Controls Could Provide a Better Value for Purchases and Protect the Company's Interests <i>Issued June 15, 2022 Report No. OIG-A-2022-010</i>	—	—
Quality Control Review of Amtrak's Single Audit for Fiscal Year 2021 <i>Issued June 23, 2022 Report No. OIG-A-2022-011</i>	—	—
The Company is Addressing Engineering Management Workforce Challenges, but Additional Work Remains <i>Issued July 12, 2022 Report No. OIG-A-2022-012</i>	—	—
Company's Electronic Procurement System Limits Effective Contract Oversight <i>Issued August 16, 2022 Report No. OIG-MAR-2022-013</i>	—	—
<b>Total Monetary Impact</b>	—	—

**TABLE A.3. ONGOING AUDITS**

ONGOING PROJECT STATUS	NUMBER OF PROJECTS
Audit Projects In-process, as of 3/31/2022	14
Audit Projects Canceled	1
Canceled Audit Projects Not Disclosed to the Public	—
Audit Projects Started Since 3/31/2022	3
Audit Products Issued Since 3/31/2022	5
Audit Projects In-process, as of 9/30/2022	11

**TABLE A.4. ADVISORY FUNCTIONS DURING THE PERIOD**

ACTIVITY	ACTIONS
Freedom of Information Act (FOIA) Requests Received	6
FOIA Requests Processed	6
FOIA Requests Referred to Amtrak	3
FOIA Requests with Responses Pending	—
FOIA Appeals Received	—
FOIA Appeals Processed	—
Legislation Reviewed	1
Regulations Reviewed	2
Outside Agency Consultation	—





## APPENDIX

**TABLE A.5. INVESTIGATIVE ACTIVITY DURING THE PERIOD**

INVESTIGATIVE CASELOAD	NUMBER
Investigations Opened	33
Investigations Closed	38
Closed Investigations of Senior Employees Not Publicly Disclosed	3 <sup>a</sup>

CASES OPENED	NUMBER
Major Misconduct and General Crimes	29
Health Care Fraud	2
Contract and Procurement Fraud	2
Federal Employers' Liability Act and Other Claims Fraud	—

HOTLINE ACTIVITY	NUMBER
Referred to Amtrak Management	137
Referred to Customer Service	113
Referred to Amtrak Police Department	—
Referred for Audit	—
Referred for Investigation	6
Referred to Other Agency	—
Request from Other Agency	—
No Action Warranted	24

JUDICIAL AND ADMINISTRATIVE ACTIONS	NUMBER
Criminal Referrals to Department of Justice	28
Criminal Referrals to State and Local Prosecuting Authorities	23
Criminal Referrals Declined	9
Arrests	10
Indictments/Informations	9 <sup>b</sup>
Convictions	17
Investigative Reports Issued to the Company	24
Administrative Actions	19

Notes:

<sup>a</sup> One investigation involving a senior level employee that was not publicly disclosed is from a prior reporting period.

<sup>b</sup> Indictments/Informations include all indictments, informations, and complaints sealed and unsealed, of individuals who were charged during this reporting period by federal, state, and local prosecutors. Of the nine indictments/informations/complaints reported during this reporting period, eight were referred for prosecution in a prior reporting period and one was referred in the current period.

**TABLE A.6. REPORTS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTIONS ARE NOT COMPLETE<sup>A,B</sup>**

REPORT INFORMATION	BETTER USE OF FUNDS	QUESTIONED COSTS
Rightsizing Workforce and Using It More Flexibly Could Reduce Costs at Preventative Maintenance Facilities <i>Issued 9/3/2019   Report No. OIG-A-2019-012</i>	—	—
Better Management of Reimbursable Projects Could Help the Company Consider Benefits and Recover its Costs <i>Issued 10/23/2019   Report No. OIG-A-2020-002</i>	\$10,400,000	—
Stronger Controls Would Help Identify Fraudulent Medical Claims Sooner and Limit Losses <i>Issued 12/10/2019   Report No. OIG-A-2020-003</i>	—	—
Mobile Device Security Needs to Improve to Better Protect Company Data from Compromise <i>Issued 5/8/2020   Report No. OIG-A-2020-010</i>	—	—
Management of the Police Department Has Recently Improved, but Foundational Decisions Are Needed on its Role and Priorities <i>Issued 7/1/2020   Report No. OIG-A-2020-012</i>	—	—
More Effective Planning and Coordination of Track Outages Would Help Achieve a State of Good Repair <i>Issued 9/14/2020   Report No. OIG-A-2020-016</i>	—	—
The Company Can Take Steps to Evaluate Its Current Safety Culture <i>Issued 10/2/2020   Report No. OIG-A-2021-001</i>	—	—
Amtrak Expects Positive Train Control will be Interoperable with Other Railroads but Could Better Measure System Reliability <i>Issued 12/11/2020   Report No. OIG-A-2021-004</i>	—	—
Department Will Face Challenges Supporting Workforce Growth Plans <i>Issued December 7, 2021 Report No. OIG-A-2022-003</i>	—	—
Amtrak Has Begun to Address State Partners' Concerns About Shared Costs But Has More Work to Do to Improve Relationships <i>Issued January 31, 2022 Report No. OIG-A-2022-005</i>	—	—
Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program <i>Issued February 4, 2022 Report No. OIG-A-2022-006</i>	—	—
Better Requirements Could Help the Company Implement Technology Projects More Effectively <i>Issued March 11, 2022 Report No. OIGA2022007</i>	\$17,900,000	—
<b>Total Monetary Impact</b>	<b>\$28,300,000</b>	—

Notes:

<sup>a</sup> We received comments for all audit reports within 60 days.<sup>b</sup> Please visit <https://www.amtrakoig.gov/reports/audits> for a copy of the reports listed in this table.



**TABLE A.7. RESOLUTION STATUS OF AUDITS WITH QUESTIONED COSTS**

RESOLUTION STATUS	NUMBER	DOLLAR VALUE
Reports with No Management Decision Made by the Commencement of the Reporting Period	—	—
Reports Issued During the Reporting Period	—	—
<b>MANAGEMENT DECISION DURING THE PERIOD</b>		
Amounts Agreed to by Management	—	—
Amounts Not Agreed to by Management	—	—
<b>NO MANAGEMENT DECISION AT END OF PERIOD</b>		
Reports Carried Over to Next Reporting Period	—	—

**TABLE A.8. RESOLUTION STATUS OF AUDITS WITH RECOMMENDED FUNDS TO BE PUT TO BETTER USE BY MANAGEMENT**

RESOLUTION STATUS	NUMBER	DOLLAR VALUE
Reports with No Management Decision Made by the Commencement of the Reporting Period	—	—
Reports Issued During the Reporting Period	—	—
<b>MANAGEMENT DECISION DURING THE PERIOD</b>		
Amounts Agreed to by Management	—	—
Amounts Not Agreed to by Management	—	—
<b>NO MANAGEMENT DECISION AT END OF PERIOD</b>		
Reports Carried Over to Next Reporting Period	—	—



## APPENDIX B: REVIEW OF LEGISLATION, REGULATIONS, AND MAJOR POLICIES

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Section 4(a)(2) of the Inspector General Act of 1978, as amended, provides that the Inspector General shall review existing and proposed legislation and regulations relating to programs and operations of such establishment. Also, the Inspector General shall make recommendations in the semiannual reports concerning the impact of such legislation or regulations on the economy and efficiency in the administration of such programs and operations administered or financed by such establishment—or the prevention and detection of fraud and abuse in such programs and operations.

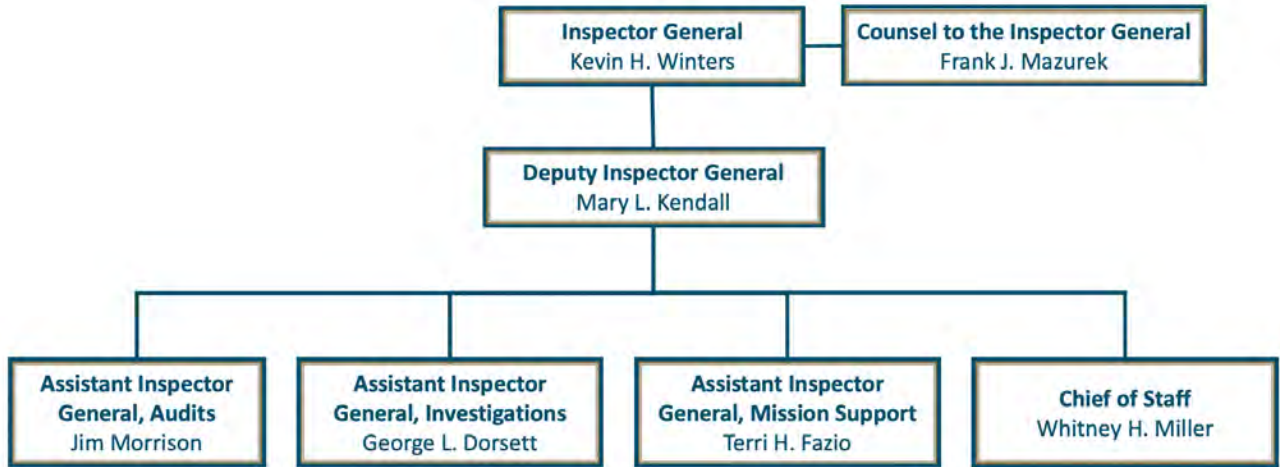
During the last reporting period, the OIG reviewed and provided comments on two Amtrak corporate policies or mandates and continued its efforts to ensure the American taxpayers' dollars entrusted to Amtrak were protected.

**H.R. 8294.** In June 2022, the OIG reviewed and provided comments on report language accompanying H.R. 8294, the Transportation, Housing and Urban Development, Agriculture, Rural Development, Energy and Water Development, Financial Services and General Government, Interior, Environment, Military Construction, and Veterans Affairs Appropriations Act, 2023.





## APPENDIX C: OIG ORGANIZATION



The OIG headquarters is based in Washington, D.C., with field offices in Boston, Chicago, Florida, Los Angeles, New York, and Philadelphia.

The Inspector General provides policy direction and leadership for the OIG and serves as an independent and objective voice to management, the Board of

Directors, and Congress by identifying opportunities and promoting solutions for improving the company's programs and operations, while preventing and detecting fraud, waste, and abuse. The Deputy Inspector General serves in the stead of the Inspector General, as required, and leads the operational and support staffs within the OIG.

**Counsel to the Inspector General.** This office provides legal assistance and advice to OIG senior management and supports audits, investigations, and special reviews. The Office of Counsel also coordinates OIG legal matters with external entities, such as the Department of Justice, and federal and state law enforcement.

**Audits.** This office conducts independent and objective audits across the spectrum of the company's programs and operational activities. It produces reports aimed at improving the company's economy, efficiency, and effectiveness, while seeking to detect and prevent fraud, waste, and abuse.

**Investigations.** This office pursues allegations of fraud, waste, abuse, and misconduct that could affect the company's programs, operations, assets, and other resources. It refers investigative findings to the Department of Justice for criminal prosecution or civil litigation, or to management for administrative action. It also develops recommendations to reduce vulnerability to abuse and criminal activity.

**Mission Support.** This office provides budget and financial management; contracting and procurement; information technology; general administrative support and human capital, which ensures that the best qualified people are hired, developed, retained, and rewarded appropriately in accordance with applicable laws, regulations, and OIG policy. It also ensures that an effective and efficient performance management system is implemented to provide employees with timely and meaningful feedback and coaching on performance.

## APPENDIX D: PEER REVIEW RESULTS

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The Dodd-Frank Wall Street Reform and Consumer Protection Act (P. L. 111–203, July 21, 2010) requires that OIGs include in semiannual reports to Congress the results of any peer review conducted by another OIG during the reporting period, or—if no peer review was conducted—a statement identifying the date of the last peer review. Also required is a list of all peer reviews conducted during the period by the OIG of another OIG, and the status of any recommendations made to or by the OIG.

During FY 2022, our Office of Audits was the subject of a Council of the Inspectors General on Integrity and Efficiency peer review by the Office of Personnel Management (OPM) OIG. The OPM OIG concluded that our audit organization’s system of quality control was suitably designed and complied with to provide reasonable assurance of conforming with applicable professional standards and legal and

regulatory requirements. Accordingly, in its report, the OPM OIG provided a “pass” rating and made no recommendations. The report was released on December 16, 2021.

During FY 2019, our Office of Investigations was the subject of a CIGIE peer review by the Federal Deposit Insurance Corporation (FDIC) OIG. The FDIC OIG concluded that the system of internal safeguards and management procedures for our investigative function was in compliance with the quality standards established by CIGIE and the Attorney General’s Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority. The FDIC OIG identified a number of best practices in our investigative operations that they believed warranted acknowledgment.

Our office did not complete any peer reviews of any other OIG during the reporting period.





## APPENDIX E: ABBREVIATIONS

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<b>EAP</b>	Employee Assistance Program
<b>EIDL</b>	Economic Injury Disaster Loan
<b>FOIA</b>	Freedom of Information Act
<b>FY</b>	Fiscal Year
<b>IIJA</b>	Infrastructure Investment and Jobs Act
<b>IMCS</b>	Infrastructure Maintenance and Construction Services
<b>IPA</b>	Independent Public Accountant
<b>IT</b>	Information Technology
<b>OIG</b>	Office of Inspector General
<b>OPM</b>	Office of Personnel Management
<b>PPP</b>	Paycheck Protection Program
<b>PTC</b>	Positive Train Control
<b>the company</b>	Amtrak
<b>UOC</b>	Unified Operations Center

## APPENDIX F: REPORTING REQUIREMENTS

INSPECTOR GENERAL ACT CITATION	REPORTING REQUIREMENT	PAGE
4(a)(2)	Review of Legislation and Regulations	29
5(a)(1)	Significant Problems, Abuses, and Deficiencies	5-22
5(a)(2)	Recommendations for Corrective Action to Significant Problems	5-22
5(a)(3)	Audit Reports Described in Previous Semiannual Reports for Which Corrective Actions are Not Complete	27
5(a)(4)	Matters Referred to Prosecutive Authorities	26
5(a)(5)	Information Assistance Refused or Not Provided	N/A
5(a)(6)	Audit Reports Issued in This Reporting Period	24
5(a)(7)	Summary of Significant Reports	5-22
5(a)(8)	Audit Reports with Questioned Costs	28
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5(a)(10)	Previous Audit Reports Issued with No Management Decision Made by End of This Reporting Period	28
5(a)(11)	Significant Revised Management Decisions	N/A
5(a)(12)	Significant Management Decisions with Which the OIG is in Disagreement	N/A
5(a)(13)	Federal Financial Management Improvement Act-Related Reporting	N/A
5(a)(14–16)	Peer Review Results	31
5(a)(17-18)	Investigative Reporting Statistical Tables	26
5(a)(19)	Investigations on Senior Government Employees Where Allegations are Substantiated	N/A
5(a)(20)	Instances of Whistleblower Retaliation	N/A
5(a)(21)	Instances of Interference with Independence or Restrictions on Access	N/A
5(a,b)(22)	Instances of Inspections, Evaluations, Audits, and Investigations Not Disclosed to the Public	24, 26



## MISSION

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The Amtrak OIG's mission is to provide independent, objective oversight of Amtrak's programs and operations through audits and investigations focused on recommending improvements to Amtrak's economy, efficiency, and effectiveness; preventing and detecting fraud, waste, and abuse; and providing Congress, Amtrak management and Amtrak's Board of Directors with timely information about problems and deficiencies relating to Amtrak's programs and operations.

## OBTAINING COPIES OF REPORTS AND TESTIMONY

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Available at our website [www.amtrakoig.gov](http://www.amtrakoig.gov)

## REPORTING FRAUD, WASTE, AND ABUSE

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Report suspicious or illegal activities to the OIG Hotline [www.amtrakoig.gov/hotline](http://www.amtrakoig.gov/hotline) or **800-468-5469**

## CONTACT INFORMATION

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