

ALABAMA WORKFORCE INVESTMENT SYSTEM

Alabama Department of Economic and Community Affairs
Workforce Development Division
401 Adams Avenue
Post Office 5690
Montgomery, Alabama 36103-5690

November 4, 2003

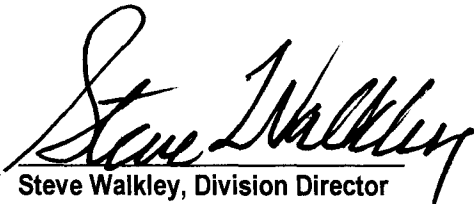
GOVERNOR'S WORKFORCE DEVELOPMENT DIRECTIVE NUMBER PY2003- 09

SUBJECT: USDOL - Office of Inspector General (OIG)

1. **Purpose.** To transmit information regarding the OIG.
2. **Discussion.** The U.S. Department of Labor's Regional Office of Inspector General is located in Atlanta, Georgia. The OIG serves the American worker and taxpayer by conducting audits, investigations, and evaluations that result in improvements in the effectiveness, efficiency, and economy of programs and operations.

In regard to the Region III OIG, Mr. Douglas Colon is the current Regional Inspector General. He may be contacted at telephone number (404) 562-2746. There is also a regional hotline number (800-347-3756) that may be used to report allegations of fraud, waste, and abuse of Federal funds. The regional telephone number for OIG Audits is (404) 562-1363. There's also a website that provides information on the Office of Inspector General. The website address is www.oig.dol.gov. Copies of pertinent information obtained from this website are attached as well as a copy of Title 18, United States Code-Crimes and Criminal Procedures, a list of Potential Fraud Indicators, an explanation of Qui Tam, and Information on Qui Tam Whistleblowers.

3. **Action.** This information is being disseminated for informational purposes keeping in mind that allegations of fraud, waste, and abuse reported to the OIG should be supported by documentation. Unsubstantiated reports may result in the person(s) filing such reports being held personally accountable for any costs the OIG may incur investigating such reports.
4. **Contact.** If anyone believes that a report should be filed, he/she should contact the Regional OIG at (404) 562-2746 to ensure that proper procedures are followed as well as to ascertain the OIG's opinion as to whether or not a report should be officially filed with his office.



Steve Walkley, Division Director
Workforce Development Division



October 21, 2003

Our Mission

The Office of Inspector General serves the American Worker and Taxpayer by conducting audits, investigations, and evaluations that result in improvements in the effectiveness, efficiency, and economy of Departmental programs and operations. We detect and prevent fraud and abuse in DOL programs and labor racketeering in the American workplace. We provide advice to the Secretary and the Congress on how to attain the highest possible program performance.

OIG's Vision Statement

To be widely recognized in the Department and the Congress for providing timely, quality, and useful information, recommendations, and technical assistance that improve key programs and operations of the Department of Labor. To make a significant and positive impact on the Government's effort to control the influence of organized crime and reduce labor racketeering in the workplace.


From a management perspective, to create and foster an organizational culture of employee respect, acceptance and inclusion in which OIG employees believe they are valued, believe their ideas have merit, and know their talents are fully utilized.

[Latest Semiannual Report to the Congress \[PDF\]](#)
(October 1, 2002 - March 31, 2003)

[Semiannual Highlights \[PDF\]](#)
(October 1, 2002 - March 31, 2003)

[Top Management Issues at the U.S. Department of Labor \(January 2003\)](#)

The top management issues are also contained in the **Department's Annual Report on Performance and Accountability**, as required by the Reports

Consolidation Act of 2000. To view PDF files you need Acrobat reader. 
To view the pdf file as html [Go to Adobe's PDF-to-HTML conversion tool](#)

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About OIG

Background

- The Office of Inspector General (OIG) was established at the Department of Labor (DOL), as well as at eleven other Federal agencies, by the Inspector General Act of 1978 (IG Act). Since its establishment, six Inspectors General have served at the Department of Labor.
- The Congress created the Offices in response to a series of government scandals that had occurred over the preceding decade. Congress believed that by establishing independent Inspectors General (IG) within each major Federal agency, taxpayers' funds could be more prudently used and accurately accounted for; that government would be better equipped to prevent and detect fraud, waste, and abuse; and that the public's confidence in their government would be enhanced.
- A major benefit of the IG Act was perhaps most succinctly stated in testimony provided to Congress by the Department of Justice and cited in the IG Act's legislative history:

"The combining of audit and investigation functions under an Inspector General in the respective departments and agencies virtually ensures that the performance of the agencies will improve."

- Over the intervening years, Congress has required the establishment of Offices of Inspector General in 63 Federal agencies.

Authorities

- The OIG conducts and supervises independent and objective audits relating to all programs and operations of DOL and recommends policies and procedures which promote economy, efficiency, and effectiveness in program administration.
- The OIG conducts investigations of employee misconduct and alleged or suspected criminal violations of laws, rules, or regulations pertaining to DOL programs, operations, and appropriated funds by DOL employees, contractors, and grantees. Complainants are protected against reprisal for making complaints or providing information to the OIG.
- The OIG investigates the influence of organized crime and labor racketeering on employee benefit funds, labor-management relations, and internal union affairs.
- The OIG is required to expeditiously report to the Attorney General whenever there are reasonable grounds to believe that Federal criminal laws have been violated.
- The OIG reviews existing or proposed legislation and regulations to make recommendations to the

Department and the Congress concerning the impact on the economy and the efficiency of program administration or on the prevention and detection of fraud, waste, and abuse.

Under the IG Act, the Inspector General has the right to direct and prompt access to the Secretary. The OIG keeps the Secretary and the Congress fully informed about problems and deficiencies in programs administered by the Department and the need for timely corrective action. This is accomplished through meetings and briefings with departmental officials, members of the Congress and their staffs; congressional testimony; the IG's Semiannual Report to the Congress; and – for particularly serious or flagrant problems – through a report (often called a "7-day Letter") to the Secretary, who then must transmit that report to the Congress within seven days.

- The OIG investigates complaints from DOL employees and the public concerning suspected fraud or other violations of laws, mismanagement, gross waste of funds or resources, abuse of authority, and dangers to public safety and health. DOL employees are required to report serious abuse or criminal behavior to the OIG. Complainants are protected against reprisals for making complaints or providing information to the OIG.

The Inspector General's Independence

- The IG is appointed by the President and confirmed by the Senate, without regard to political affiliation and solely on the basis of integrity and demonstrated ability. The IG is non-political and, therefore, subject to the Hatch Act. An IG may only be removed by the President, who must notify both Houses of Congress of the reasons for such removal.

The IG is under the general supervision of the Secretary and Deputy Secretary. General supervision does not include authority for those outside of the OIG to supervise or interfere in any audit, investigation or oversight matter. The IG has the authority to select and appoint employees, directly contract for program services, and maintain Legal Counsel which reports directly to the IG.

- The IG has authority to have direct and prompt access to the Secretary for any purpose relating to the performance of the OIG's mission and responsibilities.
- The IG has independent authority to initiate and conduct audits and investigations and to issue administrative subpoenas to individuals or entities outside the Federal Government in order to obtain full access to documents and records. The OIG also has access to all records, reports, papers, documents, and other materials available to the Department, as well as the authority to request information or assistance from any Federal, State, or local Government agency and to report any refusals to the agency head without delay.
- The IG is ensured independence by the IG Act's explicit statement that the head of the agency cannot prevent or prohibit the IG from initiating, carrying out, or completing any audit or investigation.

How the OIG Plans its Work

- The OIG develops its strategic work plan through consultations with its customers, stakeholders and others including DOL program management, Congressional committees, U.S. Attorneys, the General Accounting Office, as well as other Government entities. After consideration of the concerns, trends and emerging issues that have been surfaced through this process, the OIG prioritizes the potential areas of review, and -- based on a risk assessment that considers program dollar size, vulnerability to abuse, potential impact

on the public, prior audit and investigative history, among others -- develops a comprehensive, coordinated strategy to address those high-priority areas. After consideration of the availability of OIG staff resources, any planned initiatives of the GAO, the Department of Justice, and others, the OIG develops its annual work plan of initiatives.

- Program fraud investigations typically result from allegations or suspicions of wrongdoing involving DOL programs, operations or personnel. They may also be the result of broad initiatives arising out of prior OIG activities, or as part of broad interagency initiatives, normally in consultation with the appropriate U.S. Attorneys.
- Labor racketeering investigations give highest priority to traditional organized crime domination of labor unions and/or employee benefit plans. Priority is also given to organized crime influence or manipulation of labor unions and/or employee benefit plans, while third and fourth priorities involve cases where the perpetrators are not members of traditional organized crime, but can be considered (either by criminal background or the nature of the activity) to be professional criminals who have used a position of trust or control for criminal purposes. In this context, we are giving particular attention to issues involving bogus unions and labor leasing.

How the OIG Reports on its Work

- As a general rule, during the course of an audit, OIG staff keeps DOL management and/or the auditee advised of findings as they are developed. Before the audit report is issued, an exit conference is held to communicate audit results to appropriate program or agency management and to obtain the auditee's management comments on proposed findings and recommendations. Management's input is important to ensure that the audit results are fairly presented, audit recommendations are reasonable and feasible, and any errors or misrepresentations are corrected. Following the exit conference, a draft report will normally be issued to the appropriate assistant secretary, with a request that management provide written comments on the facts, conclusions, and each recommendation presented in the report within 30 days. At the end of the response period, the OIG issues the final audit report which is the primary document used by the OIG to officially present audit findings and recommendations to appropriate officials.
- Audit recommendations are considered resolved when managers and the auditors agree on the required corrective actions. After the agreed-upon corrective actions have been completed, the recommendations are considered closed. When recommendations cannot be resolved because of disagreement between the management officials and the OIG, the matter may be referred to the Deputy Secretary who acts as the DOL Audit Follow-up Official and ensures that disagreements between the OIG and the Agency are resolved.
- Reports of investigation detailing investigative results and evidence obtained during investigations involving DOL programs, operations or personnel, as well as labor racketeering or organized crime involvement, are provided to the United States Attorney's Office, or other appropriate prosecutive office, for consideration of criminal and/or civil actions. Investigative findings of program fraud are reported to the Department's agencies for their consideration of corrective administrative action.
- In addition to keeping management of the Department informed through the usual reporting processes -- such as exit conferences, draft and final audit and evaluation reports, letter reports, or investigative memoranda -- the OIG also keeps the Secretary and Congress informed through a number of other ways. They include meetings and briefings; testimony; the IG's Semiannual Report to the Congress (which the Secretary transmits to the Vice President and the Speaker of the House within 30 days of its receipt); and a special 7-day report for notifying the Secretary and the Congress of any particularly serious or flagrant problems requiring immediate attention.

Legislative Review

The IG Act requires that the OIG review and comment, as appropriate, on all proposed and existing legislation and regulations in order to identify weaknesses and recommend necessary corrective actions. Accordingly, as part of its review of DOL programs and operations, the OIG often makes legislative or regulatory recommendations to the Department and the Congress. These recommendations may be made as part of the Department's ongoing legislative review and clearance process; incorporated within audit and evaluation reports or investigative memoranda provided to DOL program agencies; included in our Semiannual Report to the Congress; or presented as part of our testimony during Congressional oversight hearings.

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HOTLINE

What is the Hotline?


The U.S. Department of Labor (USDOL), Office of Inspector General(OIG) Hotline is open 24 hours a day, 7 days a week to receive allegations of fraud, waste, and abuse. An operator is on duty during normal business hours. At all other times, a message can be recorded.

The purpose of Hotline is to provide the public and Federal employees with the opportunity to report allegations of:

- violations of laws, rules, or regulations related to U.S DOL programs and operations;
- mismanagement related to U.S.DOL programs and operations;
- fraud, employee integrity, and gross waste of funds related to U.S. DOL programs and operations, or ;
- substantial and specific dangers to the public health and safety which are related to U.S. DOL programs and operations.

In addition, the U.S. DOL/ OIG is unique among federal Offices of Inspector General in that it is mandated by Congress to carry out a criminal enforcement program to combat organized crime influence and labor racketeering in the workplace. Labor racketeering includes the misuse of union or benefit plan assets or power.

If you want to report such allegations, you may do so by using one of the following methods:

1. Fill out a  [HOTLINE FORM](#)
2. You can send allegations to this e-mail address: hotline@oig.dol.gov (put "**hotline complaint**" in the subject)
3. You can call the toll-free telephone number: **1-800-347-3756 or 202-693-6999.**
4. You can send a fax to: **202-693-7020.**
5. You can write to:

**U.S. Department of Labor
Office of Inspector General
200 Constitution Avenue, N.W.
Room S-5506
Washington, D.C. 20210**

The **U.S. DOL/ OIG Hotline Form** is an Internet mechanism used to facilitate reporting of allegations of fraud, waste, abuse, or mismanagement in programs administered or funded by U.S. DOL.

To use a Hotline Form, you must have a web browser that supports both forms and HTML 3.0 tables.

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In all cases, please provide as much detail as possible concerning your allegations, including **who, when, where, what, how and how much**. You do not need to provide your name, please note the Privacy and Security statement below.

U.S. DOL/ OIG Hotline Confidentiality Policy

Individuals who provide information on allegations of fraud, waste, abuse, and mismanagement of federal funds in programs administered or funded by the U.S. Department of Labor, may remain anonymous, ask that their identities be held in confidence, or provide their names, with no restrictions. Your request for confidentiality must be specified.

Our policy is to honor requests for confidentiality and not to release any data that would identify such individuals unless required to do so by order of law (e.g., court order, subpoena).

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Hotline Form

Note: use Tab or mouse to move between fields in form.

You do not need to provide identifying information, although doing so may facilitate the OIG's review of your allegations.

Your Name

E-mail Address

Street Address

Building/Room

City , State and Zip Code

Daytime Phone Number

Would you like to remain Anonymous?

 No

What DOL Agency does your Allegation involve?

The following are examples of information you may be able to provide:

1. Type of USDOL funds or programs involved and any specific restrictions, rules, or regulations that relate to them.
2. What the individual(s) did. Include anything the individual may have done to avoid detection.
3. Names, positions, organizations involved in the activity, as well as the names of individuals involved. Include the name, address, and telephone numbers, if possible.
4. Date(s) of the misconduct or wrongdoing

When providing information concerning contractor and/or grantee fraud, it is helpful to provide the:

1. Name and address of the sub- and primary contractors,
2. Nature of the wrongdoing (e.g., intentional misuse of funds for other purposes, cost mischarging, defective pricing, or conflict of interest);
3. Type of contract (e.g., fixed-fee or cost-plus);
4. Bid, contract, or grant numbers;
5. Date of the contract or grant award;
6. Name of the agency official responsible for the contract or grant; and
7. Cost and terms of the contract.

Labor Racketeering violations may include:

1. Payoffs from management to labor officials or other illegal payments or kickbacks;
2. Theft or misuse of union assets;
3. False reports on ERISA- required documents;
4. Deprivation of union rights by violence;
5. Embezzlement from an employee benefit plan;
6. Extortion or obstruction of interstate commerce by threat or violence.

If the misconduct has been reported to another federal office, provide as much information as possible on when it was reported and who received the report.

Enter Allegations below. Please also provide us with any special instructions about contacting you during the day, should we need further information or details.

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OIG Office of Labor Racketeering and Fraud Investigations

The Office of Labor Racketeering and Fraud Investigations administers an investigative program to detect and deter fraud, waste, and abuse in Departmental programs; and to identify and reduce labor racketeering and corruption in employee benefit plans, labor management relations, and internal union affairs.

- [Press Releases](#)
- [AIGI Testimony \(pdf\)](#)
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Labor Racketeering Division

The Division of Labor Racketeering conducts investigations in three general areas:

- Employee Benefit Plans
- Labor-management Relations
- Internal Union Affairs

Top priority is given to organized crime influence of labor unions and/or employee benefit plans

Priority is also given to cases wherein the perpetrator utilizes a position of trust (e.g. trustee, third party administrator, union official) for criminal purposes

Traditional organized crime entities who employ the use of "strong arm" tactics and intimidation as well as "new generation" racketeers who make use of sophisticated financial schemes, fall within the investigative purview of the Division of Labor Racketeering.

Evidence of labor racketeering or organized crime involvement is presented to the U.S. Attorney's Office for prosecutive opinion.

Program Fraud Division

The Division of Program Fraud conducts criminal, civil, and administrative investigations relating to violations of Federal laws or regulations, concerning the United States Department of Labor.

Program Fraud investigations address:

- Criminal activity
- Program abuse
- Employee misconduct
- Unethical behavior by recipients of resources administered by the United States Department of Labor, including grant and contract funds.

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July 10, 2003.

The Division of Program Fraud coordinates with the other Office of Inspector General components and works closely with the Department of Justice and other Federal, state and local law enforcement organizations.

Return on Investment

FY 2002

Office of Labor Racketeering and Fraud Investigations activities resulted in \$330 million in ordered monetary recoveries during fiscal year 2002.

For every dollar spent on investigations, the Office of Labor Racketeering and Fraud Investigations realized a return of \$32.19. This figure reflects the costs associated with the direct hours devoted to investigations.

The Office of Labor Racketeering and Fraud Investigations accomplished 458 total indictments and 345 total convictions in fiscal year 2002.

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TITLE 18, UNITED STATES CODE CRIMES AND CRIMINAL PROCEDURES

2. Principals

(a) Whoever commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal.

(b) Whoever willfully causes an act to be done which if directly performed by him or another would be an offense against the United States, is punishable as a principal.

286. Conspiracy to defraud the Government with respect to claims

Whoever enters into any agreement, combination, or conspiracy to defraud the United States, or any department or agency thereof, by obtaining or aiding to obtain the payment or allowance of any false, fictitious or fraudulent claim, shall be fined not more than \$10,000 or imprisoned not more than ten years or both.

371. Conspiracy to commit offense or to defraud the United States

If two or more persons conspire either to commit any offense against the United States, or to defraud the United States, or any agency thereof in any manner or for any purpose, and one or more of such persons do any act to effect the object of the conspiracy, each shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

If, however, the offense, the commission of which is the object of the conspiracy, is a misdemeanor only, the punishment for such conspiracy shall not exceed the maximum punishment provided for such misdemeanor.

641. Public money, property or records

Whoever embezzles, steals, purloins, or knowingly converts to his use or the use of another, or without authority, sells, conveys or disposes of any record, voucher, money or thing of value of the United States or of any department or agency thereof, or any property made or being made under contract for the United States or any department or agency thereof; or whoever receives, conceals or retains the same with intent to convert it to his use or gain, knowing it to have been embezzled, stolen, purloined or converted, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both; but if the value of such property does not exceed the sum of \$100, he shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

The word "value" means face, par, or market value, or cost price, either wholesale or retail, whichever is greater.

665. Theft or embezzlement from employment and training funds: Improper inducement: Obstruction of investigations

(a) Whoever, being an officer, director, agent, or employee of , or connected in any capacity with any agency or organization receiving financial assistance or any funds under the Comprehensive Employment and Training Act or the

Job Training Partnership Act knowingly enrolls an ineligible participant, embezzles, willfully misapplies, steals, or obtains by fraud any of the monies, funds, assets, or property which are the subject of a financial assistance agreement or contract pursuant to such Act shall be fined not more than \$10,000 or imprisoned for not more than 2 years, or both; but not if the amount so embezzled, misapplied, stolen, or obtained by fraud does not exceed \$100, such person shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

(b) Whoever, by threat or procuring dismissal of any person from employment or of refusal to employ or refusal to renew a contract of employment in connection with a financial assistance agreement or contract under the Comprehensive Employment and Training Act or the Job Training Partnership Act induces any person to give up any money or thing of any value to any person (including such organization or agency receiving funds) shall be fined not more than \$1,000 or imprisoned not more than 1 year, or both.

(c) Any person whoever willfully obstructs or impedes or willfully endeavors to obstruct or impede, an investigation or inquiry under the Comprehensive Employment and Training Act or the Job Training Partnership Act, or the regulations thereunder, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than 1 year, or by both such fine and imprisonment.

1001. Statements or entries generally

Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or

fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than 5 years, or both.

1341. Frauds and swindles

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, or to sell, dispose of, loan, exchange, alter, give away, distribute, supply, or furnish or procure for unlawful use any counterfeit or spurious coin, obligation, security, or other article, or anything represented to be or intimated or held out to be such counterfeit or spurious article, for the purpose of executing such scheme or artifice or attempting so to do, places in any post office or authorized depository for mail matter, any matter or thing whatever be sent or delivered by the Postal Service, or takes or receives therefrom, any such matter or thing, or knowingly causes to be delivered by mail according to the direction thereon, or at the place at which it is directed to be delivered by the person to whom it is addressed, any such matter or thing, shall be fined not more than \$1,000 or imprisoned not more than five years, or both.

666. Theft or bribery concerning programs receiving federal funds

(a) Whoever, being an agent of an organization, or of a state or local government agency, that receives benefits in excess of \$10,000 in any one year period pursuant to a federal program involving a grant, a contract, a subsidy, a loan, a guarantee, insurance, or another form of federal assistance, embezzles, steals, purloins, willfully misapplies, obtains by fraud, or otherwise knowingly without authority converts to his own use or to the use of another, property having a value of \$5,000 or more owned by or under

the care, custody, or control of such organization Or state or local government agency, shall be imprisoned for not more than ten years or fined not more than \$100,000 or an amount equal to twice that which was obtained, demanded, solicited or agreed upon in violation of this subsection, whichever is greater, or both so imprisoned and fined.

(b) Whoever, being an agent of an organization, or of a state or local government agency, described in subsection (a), solicits, demands, accepts, or agrees to accept anything of value from a person or organization other than his employer or principal for or because of the recipient's conduct in any transaction or matter or a series of transactions or matter involving \$5,000 or more concerning the affairs of such organization or state or local government agency, shall be imprisoned for not more than ten years or fined not more than \$100,000 or an amount equal to twice that which was obtained, demanded, solicited or agreed upon in violation of this subsection, whichever is greater, or both so imprisoned and fined.

(c) Whoever offers, gives, or agrees to give to an agent of an organization or of a state or local government agency, described in subsection (a), anything of value for or because of the recipient's conduct in any transaction or matter or any series of transactions or matters involving \$5,000 or more concerning the affairs of such organization or state or local government agency, shall be imprisoned not more than ten years or fined not more than \$100,000 or an amount equal to twice that offered, given or agreed to be given, whichever is greater, or both so imprisoned and fined.

(d) For purposes of this section:

- (1) "agent" means a person or organization authorized to act on behalf of another person, organization, or a government and, in the case of an organization or a government, includes a servant or employee, a partner, director, officer, manager, and representative.

- (2) "organization" means a legal entity, other than a government, established or organized for any purpose, and includes a corporation, company, association, firm, partnership, joint stock company, foundation, institution, trust, society, union, and any other association of persons.
- (3) "government agency" means a subdivision of the executive, legislative, judicial, or other branch of a government, including a department, independent establishment, commission, administration, authority, board, and bureau; or a corporation or other legal entity established by, and subject to control by, a government or governments for execution of a governmental or intergovernmental program.
- (4) "local" means of or pertaining to a political subdivision within a state.

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Fraud by wire, radio, television

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in the interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined under this title or imprisoned not more than five years, or both. If the violation affects a financial institution, such person shall be fined not more than \$1,000,000 or imprisoned not more than 30 years, or both

POTENTIAL FRAUD INDICATORS

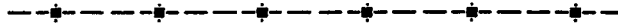
1. SIGNIFICANT LACK OF INTERNAL CONTROLS
2. QUESTIONABLE AND SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS
3. REFUSAL/FAILURE TO ALLOW INDEPENDENT AUDIT
4. EXCESSIVE DESTRUCTION OF CONTROLLED DOCUMENTS
5. EXCESSIVE OR UNJUSTIFIED CHANGES IN ACCOUNTING PERSONNEL
6. PAYMENTS TO FICTITIOUS COMPANIES OR PERSONS
7. LACK OF SUFFICIENT VOUCHERS AND SUPPORTING DOCUMENTS
8. FALSE OR ALTERED ENTRIES AND DOCUMENTS
9. EXCESSIVE BAD DEBT WRITE-OFF
10. USE OF NOMINEES
11. PERSONAL EXPENSES PAID WITH CORPORATE FUNDS

12. EXCESSIVE SPOILAGE/DAMAGED GOODS
13. FAILURE TO RECONCILE BANK STATEMENTS
14. CONFLICTS OF DUTIES OF ACCOUNTING PERSONNEL
15. UNEXPLAINED INCREASE IN EMPLOYEES ON PAYROLL
16. LACK OF COMPETITIVE BIDDING
17. INAPPROPRIATE TRENDS IN RELATION TO OTHER EVENTS
18. UNEXPLAINED OR QUESTIONABLE WEALTH OF EMPLOYEE
19. APPARENT RELUCTANCE OF ACCOUNTING PERSONNEL TO TAKE VACATIONS
20. EXCESSIVE CHANGES IN ACCOUNTING PRINCIPLES OR DISREGARD FOR GAAP
21. EXCESSIVE PHOTOCOPIES OF INVOICES IN FILES
22. EXCESSIVE BUSINESS CHECKS TO CASH OR INDIVIDUALS

23. LARGE COMPANY LOANS TO EMPLOYEES OR OTHER PERSONS
24. SECOND OR THIRD ENDORSEMENTS ON CORPORATE CHECKS
25. EXCESSIVE OR LARGE CASH TRANSACTIONS
26. ASSETS SOLD OR TRANSFERRED FOR LESS THAN ADEQUATE
27. ISSUING POST DATED CHECKS
28. PERIODIC OR EXCESSIVE CONVERSION OF CASH FOR EXCHANGE ITEMS
29. ASSETS SOLD BUT POSSESSION MAINTAINED
30. ENCUMBRANCES AND LIENS SHORTLY BEFORE BANKRUPTCY
31. EXCESSIVE NUMBER OF CHECKING ACCOUNTS WITHOUT A TRUE BUSINESS PURPOSE
32. PATTERN OF EXCESSIVE OVERTIME PRIOR TO RETIREMENT

33. BUSINESS DEALINGS WITH NO APPARENT ECONOMIC PURPOSE
34. EXCESSIVE/QUESTIONABLE DEALINGS WITH SUBSIDIARIES
35. USE OF MANAGEMENT FRONTS TO CONCEAL TRUE OWNERSHIP CONTROL
36. MAINTAINING TWO SETS OF BOOKS AND RECORDS

What is Qui Tam?



Qui tam (Black's Law Dictionary pronunciation: kwày tæm) is an abbreviation from the Latin "*qui tam pro domino rege quam pro sic ipso in hoc parte sequitur*" meaning "who as well for the king as for himself sues in this matter."

Black's Law Dictionary defines a qui tam action as "an action brought by an informer, under a statute which establishes a penalty for the commission or omission of a certain act, and provides that the same shall be recoverable in a civil action, part of the penalty to go to any person who will bring such action and the remainder to the state or some other institution."

* **Qui tam is a provision of the Federal Civil False Claims Act that allows private citizens to file a lawsuit in the name of the U.S. Government charging fraud by government contractors and others who receive or use government funds, and share in any money recovered.**

This unique law was enacted by Congress in order to effectively identify and prosecute government procurement and program fraud and recover revenue lost as a result of the fraud.

The qui tam provision has had the effect of privatizing government legal remedies by allowing private citizens to act as "private attorneys general" in the effort to prosecute government procurement and program fraud. Although most of the early successes in qui tam actions have been against defense contractors, more and more actions are being filed that involve other governmental agencies such as Health and Human Services, Environment, Energy, Education, NASA, Agriculture and Transportation. Successful recoveries for a qui tam case, to date, have been as high as \$125-150 million.

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Information for Qui Tam Whistleblowers

If you are a whistleblower who is interested in filing a qui tam lawsuit, there are many things that you need to consider and research before you take the plunge. A qui tam suit will require much of your time and energy so you need to make informed decisions. The following list of items was designed to give you information before you approach an attorney.

- How the law was amended in 1986 to help the modern whistleblower.
- How to decide if your charges can be turned into a successful qui tam case.
- Choosing an attorney.
- Stages of a qui tam suit and the whistleblower's involvement in each stage.

SINCE WE ARE NOT ATTORNEYS, THE INFORMATION PROVIDED IN THIS SECTION SHOULD NOT BE CONSTRUED AS LEGAL ADVICE. YOU SHOULD CONSULT AN ATTORNEY FOR ANY NEEDED LEGAL ADVICE.

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