



**OFFICE *of* INSPECTOR GENERAL**  
NATIONAL RAILROAD PASSENGER CORPORATION

# **CONGRESSIONAL BUDGET ESTIMATE**

## **Fiscal Year 2025**

SUBMITTED TO THE COMMITTEES ON APPROPRIATIONS, U.S.  
SENATE AND U.S. HOUSE OF REPRESENTATIVES

**MARCH 11, 2024**

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NATIONAL RAILROAD PASSENGER CORPORATION  
OFFICE OF INSPECTOR GENERAL

FISCAL YEAR 2025 PRESIDENT'S BUDGET  
SUBMISSION

**INSPECTOR GENERAL'S OVERVIEW**

We respectfully submit the National Railroad Passenger Corporation (Amtrak) Office of Inspector General's (OIG) fiscal year (FY) 2025 budget proposal. We are requesting \$32,100,000 to support our mission of providing effective and meaningful oversight of Amtrak (the company). These funds will enable us to accomplish our key responsibilities of conducting audits, investigations, and legal analyses and producing other reviews and reports consistent with our mission. In addition, the request includes \$395,000 for staff training and \$128,400 to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE), as provided by the Inspector General Reform Act of 2008, Pub. L. No. 110-409. We affirm that this funding is sufficient to satisfy these requirements and submit the following comments pursuant to Section 6(g) of the Inspector General Act of 1978, as amended.<sup>1</sup>

**FY 2025 oversight background.** We appreciate the increases to our budgets in FY 2020 through 2023, and we have used the additional funding to enhance our oversight. These increases allowed us to strategically improve our capabilities and capacity; in particular:

- adding depth and specialization to our Office of Audits;
- strengthening our Office of Investigation's Digital Investigations Unit (DIU) and providing new equipment to better protect our agents in the field; and
- establishing our Office of Data Analytics and reinforcing its success.

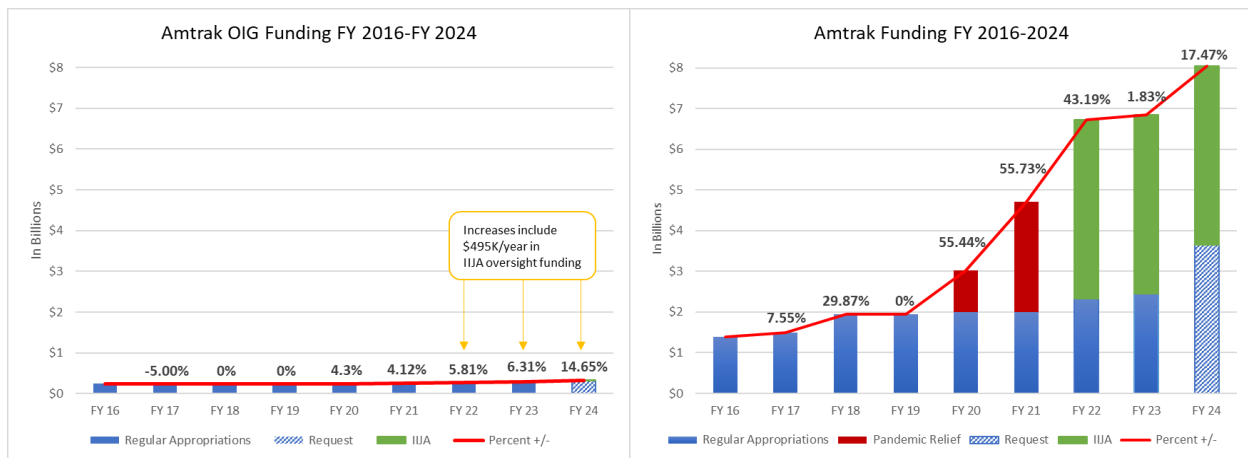
In addition, the funding has allowed our office to transition to a new investigative case management system, as well as an upgraded audit management system. These systems and the data they contain are essential to our operations.

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<sup>1</sup> The Inspector General Act of 1978, as amended, (IG Act) requires Inspectors General to provide comments with respect to the budget proposal. The IG Act further states "the President shall include in each budget of the United States Government submitted to Congress...any comments of the affected Inspector General with respect to the proposal if the Inspector General concludes that the budget submitted by the President would substantially inhibit the Inspector General from performing the duties of the office."

That said, funding for our oversight mission has not been comparable with the increased investment in Amtrak's programs and operations (see Figure 1). In the coming years, our oversight mission will be limited to what our funding can support as the company adds to its role of providing safe passenger rail service across more than 21,000 miles of its network—a significantly complex operation on its own—to include that of a major capital delivery company tackling one of the most significant portfolios of infrastructure work in U.S. history.

**Figure 1. Amtrak OIG Funding Compared to Amtrak Funding, Fiscal Years 2016 through 2024**



Source. Amtrak OIG analysis of annual appropriation laws, pandemic relief laws, and the Infrastructure Investment and Jobs Act.

To provide context on the importance of our work and the significant oversight efforts these challenges demand, the following paragraphs describe some of the high-visibility challenges the company faces. Fully resourced oversight will put meaningful, independent, and objective eyes on Amtrak's unprecedented infrastructure projects, and discerning financial scrutiny over federal funding of the same.

**Safety and Security.** Providing a safe and secure 24/7 travel environment is the cornerstone of the company's viability, and our work has reflected the challenges the company faces in this area. Operating a passenger railroad has inherent risks given the speed and complexity of modern rail operations, coupled with human factors affecting untold decisions made by Amtrak personnel, host railroad personnel, the travelling public, and those in proximity to the tracks. Not surprisingly, human factors accounted for the company's most serious accidents in recent years, with the National

Transportation Safety Board characterizing Amtrak in a 2017 report as having a “weak safety culture.”<sup>2</sup>

The installation of Positive Train Control (PTC)—the company’s automated safety system for preventing train accidents—appears to have improved the company’s safety record. We have issued three reports on PTC and continue to monitor the company’s efforts to operate it, measure its performance, and assess safety risks in keeping with our prior recommendations. We have also reported on the company’s efforts to improve its safety performance via implementation of its Safety Management System, consistent with federal requirements. We reported that the company implemented its system in advance of the Federal Railroad Administration’s (FRA) March 2021 deadline, but we recommended that the company conduct a survey of its safety culture and use the results to assess its progress, which the company agreed with and has taken steps to implement.

Safety and security at stations and facilities owned or used by Amtrak also remain a challenge. Most recently, we reported on safety and security risks that we observed during a site visit to an Amtrak facility while conducting another audit. Our investigators also help promote the company’s safety operations, appropriately interacting with the Amtrak Police Department with our oversight and investigative capabilities, and the company’s critical incident response team following significant incidents such as derailments or collisions.

**Gateway program.** The Gateway program—Amtrak’s highest priority infrastructure program—is a massive capital program that comprises multiple rail projects between Newark, New Jersey, and Penn Station, New York. The program includes the construction of a new tunnel under the Hudson River and the rehabilitation of the existing 113-year-old tunnel, construction of new tracks and platforms at New York Penn Station, construction of three new bridges, and the rehabilitation of a fourth bridge. In total, the Gateway program is expected to cost at least \$30 billion with construction work spanning more than a decade. Robust oversight is critical to protect this level of investment from fraud, waste, abuse, and mismanagement.

Amtrak is partnering with New York, New Jersey, the U.S. Department of Transportation (DOT), and the Gateway Development Commission on the program. The company has significant responsibilities across the program and has received funding to begin implementing them. For example, early in 2023, DOT awarded a \$292 million mega grant to Amtrak for the construction of the final section of concrete casing

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<sup>2</sup> Amtrak Train Collision with Maintenance-of-Way Equipment Chester, Pennsylvania April 3, 2016. <https://www.nts.gov/investigations/AccidentReports/Reports/RAR1702.pdf>

work that will preserve the right-of-way in Manhattan for the new Hudson Tunnel. This Amtrak-sponsored project is expected to begin in 2024.

The Gateway program's Portal North Bridge will replace the existing two-track swing bridge over the Hackensack River in New Jersey. The new bridge is well into construction and is expected to cost at least \$1.8 billion. Amtrak and New Jersey will finance the project, along with federal funding via the DOT providing more than \$766 million. We have already started audit work to assess Amtrak's efforts to partner with New Jersey Transit on this project and oversee its funding as construction advances, and we plan to release our report in the near future.

Notably, our work on the Gateway program found the company had not developed a comprehensive program management framework, which should include details on how the company plans to manage, monitor, and control any capital program. Without such a framework, we found that Amtrak risked managing the Gateway program in an ad hoc, reactive manner rather than in a more disciplined approach guided by defined processes across all projects.

We recommended that Amtrak further develop its program management framework by building out its program management plan; assessing its current and future resource needs; implementing communication protocols to manage how it will generate, collect, and distribute program information; and developing and implementing a risk management process for the program. The company agreed and pledged to address our recommendations. Taking these steps will help the company effectively staff the program, inform decisionmakers, and identify and address risks that could impede progress as projects mature.

**Other significant infrastructure improvements.** The Infrastructure Investment and Jobs Act (IIJA) provided \$24 billion in funding dedicated to infrastructure improvements on Amtrak's Northeast Corridor through the FRA's Federal-State Partnership for Intercity Passenger Rail grant program. In June 2023, the company applied for \$7.3 billion from this grant program for 14 proposed projects that seek to modernize aging infrastructure along the Northeast Corridor. This includes replacement of the 150-year-old Baltimore and Potomac Tunnel with two new tunnels (now known as the Frederick Douglass Tunnel program), as well as efforts to replace the 117-year-old Susquehanna River Bridge and the 116-year-old Connecticut River Bridge. Both bridge projects are expected to begin in 2024. In October 2023, we started our assessment of Amtrak's management and oversight of the \$6 billion Frederick Douglass Tunnel program, including its efforts to identify and mitigate major cost, schedule, and performance risks, and we included a review of the Susquehanna River Bridge project as a likely oversight area in our most recent annual audit plan.

For nearly a decade, we have reported on challenges the company faces managing infrastructure projects that have led to project delays and cost overruns. Our persistence in this area has helped effect positive change in the company. In 2022, Amtrak established the Capital Delivery department to improve its project management capabilities and to implement the majority of the company's current portfolio of infrastructure, facility, and fleet investments under development.

The department currently has efforts underway to strengthen its ability to track and manage project costs, but we continue to find opportunities for it to improve. For example, the company tracks its project costs in multiple systems, but its project teams do not have easy access to detailed and standardized cost data, and its project cost management guidance is outdated. In addition, we found that its project cost data were inconsistent across its multiple systems, and these systems limit its ability to easily tie costs to specific work activities. As a result, project teams can miss emerging problems that might lead to cost overruns. These challenges hinder project teams and company executives from obtaining consistent, detailed cost data to manage the company's portfolio of capital work—foundational capabilities that are critical to effectively managing costs on billions of dollars in taxpayer-funded projects.

**Significant acquisitions.** As it embarks on its expanded construction role, Amtrak is also moving forward with several major passenger train acquisitions designed to replace aging rolling stock serving the Northeast Corridor, long-distance routes, and state-supported routes. Amtrak's owned and leased railcars average 35 years of age, and the company is relying on billions of dollars in federal resources to replace them.

We reported in 2017 that the New Acela program—a \$2.3 billion program backed by a loan from the DOT that was, at the time, the largest single investment in Amtrak's history—faced oversight challenges and schedule risks. In 2020, we again reported that the program continued to face significant risks due both to train manufacturer delays and management weaknesses.

In our fifth review of this high-risk program, released in September 2023, we found Amtrak's New Acela program would likely face additional delays and cost increases because the vendor's trainset designs had not yet met federal safety requirements and each of the trainsets the vendor had produced to date had defects that the vendor is required to fix or modify before the company launches revenue service. The program is now more than three years behind schedule, and current delays have already resulted in significant cost increases, operational impacts, and delayed revenue, and any further schedule slippage would exacerbate these impacts.



The issues we identified on New Acela are similar to challenges that have occurred on other Amtrak rolling stock acquisitions. With Amtrak planning a multi-billion dollar program to replace its fleet of long-distance trains while it is also engaged in the ongoing process of replacing its intercity trains, we recommended that Amtrak enhance its process to formally capture and incorporate lessons learned from New Acela and other rolling stock purchases; direct the vendor to provide complete and accurate schedules to address defects; and work with the vendor to identify the risk of future defects.

In addition, at the close of 2022, we assessed Amtrak's Intercity Trainset program—now known as Amtrak Airo—which is currently the largest active acquisition of passenger rail equipment in the company's history. Amtrak Airo trainsets are designated for service on the Northeast Corridor and state-supported routes. As part of the \$7.3 billion program, the company plans to construct or modify 21 maintenance facilities to accommodate these longer trainsets. It recently announced procurement opportunities for new and renovated facilities in Seattle, Boston, New York City, and Washington, D.C.

Our review, however, found that the company did not validate the trainset and maintenance facility designs with its own personnel early in the program resulting in costly redesigns and schedule delays. For example, just three months after Amtrak signed the contract for these trainsets, it required a redesign of the café car—a \$42.5 million change order to the contract—because food and beverage personnel, who were not involved in the initial design of the car, determined that it did not have sufficient food storage space for longer trips or adequate space for customers to stand and move through the car.

Additionally, in February 2022, program officials visited the Seattle maintenance facility to verify the preliminary facility design, but onsite personnel identified a design element that would have negatively impacted maintenance and commuter train operations in the yard, which resulted in another design change. Amtrak paused all maintenance facility design activities in spring 2022 to conduct stakeholder workshops at each of the 21 facilities, and our report noted that any additional design changes could result in delays of up to 13 months.

Our work will have a positive impact on Airo and other programs. For example, Amtrak agreed with our recommendation to establish and implement controls for program personnel to identify and engage all relevant stakeholders throughout the duration of a program, and the company provided a draft outline of a project development process that it believes will facilitate the company's ability to identify and

engage stakeholders throughout a project’s lifecycle. In addition, Amtrak said its program team will apply this process on future projects.

Amtrak is also early in the process of re-equipping its long-distance fleet. According to officials, the company plans to enter into a contract in 2024 for what it describes as the “largest U.S. order for long-distance equipment since the New York Central Railroad’s purchase of 721 passenger cars in the late 1940s.”<sup>3</sup> Along with the New Acela and Amtrak Airo acquisitions, Amtrak will be managing three history-making purchases of passenger rail equipment over the coming years.

**Workforce management.** The company is hiring thousands of new employees to accommodate its rapidly growing infrastructure portfolio and acquisitions while continuing to manage day-to-day passenger rail operations. The company employs more than 18,000 agreement employees<sup>4</sup>—about 80 percent of its total workforce – and expects to hire about 3,300 more by the end of FY 2024. We continue to review Amtrak’s hiring and recruiting efforts, and our work has yielded positive results related to Amtrak’s workforce.

We previously found that the Human Resources department did not have enough staff to effectively recruit, screen, hire, and onboard new employees. In addition, we found that the company relied heavily on cumbersome manual hiring processes. In a separate report, we found that Amtrak has opportunities to improve recruiting and retention of skilled engineers—who may manage its IJIA-funded infrastructure projects—and better keep pace and compete with the external labor market. We also found that the company had fallen behind on monitoring pay gaps between managers and subordinates and regularly conducting market compensation reviews because its guidance is informal and not communicated to newer managers.

Amtrak committed to addressing the issues we identified, including increasing the staff on its talent acquisition team and addressing competitive barriers in attracting executive talent. It also plans to formalize its compensation policy, regularly analyze workforce metrics such as attrition rates, and use workforce metrics to assess the effectiveness of compensation and work-life balance issues.

**Fraud risks.** As the company continues its rapid recovery from the pandemic and leverages billions of dollars in federal investments to advance its long-term, large-scale

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<sup>3</sup> Written testimony of Amtrak Chief Executive Officer Stephen Gardner before the House Committee on Transportation and Infrastructure, Subcommittee on Railroads, Pipelines, and Hazardous Material, June 6, 2023.

<sup>4</sup> Agreement employees are those covered by collective bargaining agreements.

infrastructure goals, it faces the persistent risk of fraud. Amtrak, of course, is not alone in facing pervasive fraud risks. But detecting and preventing fraud, waste, and abuse—part of our core mission—has become even more important amid the risks inherent with the influx of IIJA funds and attendant increase in major capital projects. Between 2017 and May 2023, our office has investigated 99 fraud-related cases impacting the company and helped recover \$120 million in restitution, forfeitures, and other recoveries. We also issued 22 audit reports during this period identifying weak controls that would-be criminals could exploit.

With the company anticipating that it will have at least \$30 billion in active capital projects in FY 2023, we synthesized some of our prior work into a report on management challenges that illustrated how fraud risks manifest and shared ways the company can mitigate these risks. For example, our prior work exposed contract steering and bid rigging schemes, overcharging by contractors, schemes in which employees conspired with doctors to bill Amtrak’s health care plan, employee theft, and cybercrimes involving Amtrak’s e-voucher program. Our May 2023 report identified four high-risk fraud areas the company faces:

- *Contracts and procurement fraud schemes.* Our recent investigations indicate that the company remains vulnerable to these types of schemes, as shown in the following examples:
  - A former company contracting official steered more than \$7.6 million in contracts to a manufacturer in exchange for cash bribes and other items.
  - A contractor on the Gateway program charged overhead rates that exceeded contractually allowed rates and had to pay back \$3 million.
  - Two architectural, engineering, and construction management firms overbilled the company on separate projects over six years and had to pay back about \$600,000.
  - A construction company used a defunct Disadvantaged Business Enterprise as a financial pass-through to win a contract by creating the appearance of meeting supplier diversity requirements.
  - A former company manager discussed bidding strategies with a vendor and provided exclusive access to company facilities prior to bidding, giving the vendor an unfair competitive advantage.
- *Health care fraud.* Left unchecked, health care fraud can lower the quality of services provided to employees and their dependents. In 2019, we identified nearly \$57 million in claims against the company’s health care plan that were at risk for fraud. Examples of health care fraud schemes we have investigated

include:

- A total of 27 defendants pleaded or were found guilty at trial to a kickback scheme involving billing insurance companies for drug and alcohol treatments the defendants did not provide. The company's plan paid about \$2.5 million to these providers.
- A doctor fraudulently billed the company's health care plan more than \$1.6 million for services that were not provided or were not medically necessary and recruited employees to participate in the scheme by paying kickbacks, including opioid prescriptions.
- A doctor was sentenced to 20 years in prison for fraudulently billing expensive, duplicative, and medically unnecessary tests and treatments for patients seeking care for drug and alcohol addiction across multiple health plans. As part of this scheme, the provider improperly billed the company's health care plan nearly \$2.2 million, of which the company paid the provider more than \$535,000.
- *Employee wrongdoing.* Our investigations regularly lead to convictions, employee terminations, and resignations due to fraud. For example:
  - A supervisor fraudulently claimed 686 hours of overtime, resulting in a loss of more than \$71,000 to the company.
  - Six employees resigned during an investigation that showed they misused their company badges or created counterfeit badges that they swiped for one another to claim fraudulent work hours.
  - Since June 2017, at least 13 employees either resigned or were terminated for engaging in outside employment while on leave under the Family Medical Leave Act.
  - Several ticket agents resigned after stealing cash from the company by waiting until a conductor electronically scanned a ticket then returning it for a refund.
  - A foreman was terminated for misusing a company fuel card to make more than \$7,400 in fuel purchases for his personal vehicle and those of his family members.
- *Cybercrime.* Like all organizations, Amtrak is at risk of the ever-evolving threats of cybercrime, as shown in the following examples:
  - Using stolen usernames and passwords, cybercriminals gained unauthorized access to personal information in certain Amtrak Guest

Rewards accounts, causing the company to incur the cost of offering free identity theft monitoring for affected customers.

- Multiple investigations uncovered individuals who used stolen credit card information to purchase Amtrak tickets valued collectively at more than \$1 million. The individuals then returned the tickets to the company in exchange for electronic vouchers for future trips, which they then sold on the internet.

In addition to the four high-risk fraud areas, we outlined three core elements of an enterprise-wide fraud prevention program:

- building and maintaining a culture of integrity
- instituting effective fraud controls
- fostering fraud awareness and reporting

To its credit, the company recently established its Integrated Risk and Compliance Program to monitor fraud risks and establish capabilities to proactively identify fraudulent activity. We have already engaged with this group, and we are optimistic that our insights will help make the company a harder target for fraud-related crimes.

**Oversight challenges.** The issues we highlight above are just some of the challenges the company faces as it balances its complex roles of providing safe passenger rail operations while managing a massive infrastructure and acquisition portfolio and rapidly adding thousands to its workforce to accommodate this unprecedented change and growth. In the same way, our oversight of Amtrak must be balanced and prioritized across all the company's programs and operations. The influx of new funding and the fundamental shift in the company's role makes our mission—providing objective and independent oversight—more critical than ever. Rapid change increases risk, which requires considerable oversight to ensure the company has effective controls in place to both safeguard and maximize its significant federal investment.

Amtrak's management, its Board of Directors, Congress, and other stakeholders rely on our reports to deliver timely, high-quality, and actionable observations and recommendations that improve the economy, efficiency, and effectiveness of the company's programs, while our investigations safeguard the integrity of the company and its funds and help bring bad actors to justice. Based on our long-standing body of work, we retain an informed perspective to know where Amtrak may face challenges as it balances its roles. In addition, our work continues to foster accountability throughout the company, serves as an added check on the safety of Amtrak's operations, and deters

fraud, waste, abuse, and misconduct.

Continued investment in our organization will help ensure we remain well-positioned to assess high-impact issues going forward, not only as it relates to the IIJA, but throughout the company's programs and operations. With enduring and reasonable investment, we will continue to provide valuable, necessary, and balanced oversight.

## **SUMMARY OF OUR FY 2025 BUDGET REQUEST**

To reasonably align with our increased oversight responsibilities, we are requesting \$32,100,000 for FY 2025—a \$1,690,000 increase over our FY 2024 request. This request identifies the resources we need to support our operations, including for personnel compensation and benefits, contract services, training, travel, supplies, materials, and equipment. It includes the following:

- **\$28.166** million for personnel, benefits, and related costs;
- **\$2.552** million for operational and equipment expenses, including funding for special equipment for criminal investigators, staff training, communications, and IT equipment and support services;
- **\$758,000** in office space and other rental payments; and
- **\$624,000** for consultants and contracted services.

Assuming our FY 2024 budget allows for planned growth to 112 full-time equivalents, we will prioritize adding capacity to address the workloads of our Office of Investigations in FY 2025, which includes detecting pandemic relief fraud and proactive work to prevent IIJA fraud. Of course, emerging issues, new requirements, or unforeseen budget constraints may drive modifications to our plans. In addition, our request will help us absorb the expected cost of inflation in salaries, professional services, construction, travel, and equipment. A more detailed breakdown of additional resources and the associated costs follow:

- **\$461,754** for two Senior Criminal Investigators to support increased case work;
- **\$284,999** for a 5.2 percent payroll increase for the first quarter of FY 2025;
- **\$603,880** for a 3.0 percent payroll increase effective January 1, 2025;
- **\$400,125** to address an actual benefit rate increase of 2.08 percent<sup>5</sup>; and

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<sup>5</sup> Amtrak OIG participates in Amtrak's benefit plan. This is a cost that the OIG does not control, and the rate is typically set by Amtrak after our annual budget submissions to OMB and Congress.

- **\$91,950** to defray inflationary increases of 2.3 percent for all non-payroll program costs.

Notably, recent lease renegotiations allowed for an overall decrease in facilities costs resulting in cost savings of **\$152,708**.

**How we will deploy our resources.** Our FY 2025 request will allow our office to align our long-term oversight with the company's historic portfolio of capital work and acquisitions, while continuing to address the longstanding risks and challenges inherent to core railroad operations. More specifically, our areas of focus may include the following:

- **Safety.** Amtrak's mission is to operate as the safest railroad in the world, and although it has made progress in this area, it continues to face challenges maintaining a strong safety culture and making inroads on persistent issues such as trespasser and vehicle strikes. Rail strikes are the leading cause of railroad-related deaths, and in FY 2023, Amtrak trains were involved in a total of 64 pedestrian and vehicle strikes that resulted in one or more fatalities. In October 2023, we started work to assess Amtrak's effort to reduce the risks of trespasser and vehicle strikes and to identify challenges and opportunities for improvement.
- **Major programs.** We will continue to assess the Gateway program—including our ongoing work examining the Portal North Bridge project. We have also started to review Amtrak's procurement of next generation long-distance trains, which will include assessing its management and oversight of the program. Other ongoing and planned work includes assessing Amtrak's project management on the multibillion-dollar Frederick Douglass Tunnel project and the Susquehanna Bridge replacement.
- **Customer service.** Providing high-quality customer service has been one of the company's longstanding priorities. We have work underway examining Amtrak's efforts to collect and use customer service data to improve the customer experience, which will be the first review in a portfolio of planned customer service work. In another ongoing review, we are assessing Amtrak's efforts to provide high-quality customer service to passengers with disabilities.
- **Fraud detection, prevention, and education.** In addition to our recent work assessing the fraud risks the company faces, our agents are proactively engaged in major infrastructure projects, building relationships with those working on these projects, and advising them to report suspected or actual fraud, waste,

and abuse to our office. Over time, our investigative efforts have brought justice to criminals who bilked Amtrak's health care plan, bribed employees to gain lucrative contracts, cheated Amtrak's electronic voucher program, falsified and colluded on Amtrak bids, and used phony disadvantaged businesses as pass-throughs for fraud. More recently, our work has identified Amtrak employees and others who defrauded pandemic relief funds meant to go to those in need, ultimately garnering guilty pleas and settlements that have returned ill-gotten funds to the government.

Additionally, our office provides many Amtrak employees with fraud awareness training so they can better identify fraud indicators and common schemes. Our Office of Investigations participates in the Department of Justice's Procurement Collusion Fraud Task Force, which is tasked with detecting, investigating, prosecuting, and deterring antitrust crimes such as bid rigging and related fraudulent schemes in the grant, government procurement, and program funding areas. Our Office of Audits is also involved with the New York Area Fraud Task Force for the Gateway Program and has planned work to assess Amtrak's processes and controls to prevent timekeeping fraud, waste, and abuse—an area where our investigations have identified potential risks.

- **Amtrak Connects US.** Amtrak has identified opportunities to deliver more service to 160 new communities, add 39 new routes, enhance 25 existing routes, and increase ridership by as much as 20 million in cities that have seen significant population growth since the company was created in 1971. Through a program called Amtrak Connects US, the company is developing a strategy for adding new routes, frequencies, and expanded service by 2035.

At the same time, states across the country have applied for a new stream of grant funding via the FRA's Corridor Identification and Development program (Corridor ID), a grant program established in the IIJA. Corridor ID provides phased funding and helps guide intercity passenger rail development throughout the country and creates a pipeline of intercity passenger rail projects ready for implementation. Amtrak recently applied for Corridor ID planning grants to increase service frequency on its *Cardinal* (New York to Chicago) and *Sunset Limited* (New Orleans to Los Angeles) routes.

Delivering on these efforts to expand service, however, will require significant federal and state investment, as well as strong partnerships with states and other stakeholders. Notably, our prior work showed that Amtrak has more work to do to improve relationships with its state partners. While Amtrak addressed some of the longstanding concerns associated with cost sharing on its state-supported



routes, challenges persisted around improving relationships and trust with its state partners, clarifying how costs are assigned, and assuring state partners that their bills are accurate. Amtrak is taking steps to address these issues, which could benefit the company as it implements Connects US and works closely with state partners and other stakeholders to expand service.

- **Core railroad operations.** We are overseeing the company's efforts to safely execute its on-time performance goals and in environmentally sound ways; improve the safety of grade crossings and track access; purchase new rolling stock to address an aging passenger rail fleet; and control greenhouse gas emissions.
- **Cybersecurity and technology.** As cybersecurity attacks on our nation's infrastructure increased, we recognized the need to align our resources and build our oversight capability in this high-risk area. From 2021 to 2023, we established a dedicated information technology (IT) audit team of four specialized staff members—hiring three of them during that time. We also developed a risk-based, three-year cybersecurity audit strategy to ensure we focused the team on areas of high impact.

In its first audit, the team recognized the need for the company to have an enterprise-wide approach to managing the cybersecurity of systems Amtrak uses to dispatch, monitor, and control trains. Issued in November 2022, this report has prompted the company to build foundational elements of an effective cybersecurity program for these critical systems. The team's second audit, issued in December 2023, assessed how Amtrak protects information systems and data from insider threats.

As the company expands its mission, future oversight work for this team will likely include reviewing the company's processes to keep its trains running and restore IT infrastructure after a disaster. Other high-risk IT topics include the company's significant IT modernization plans, system integration efforts, adoption of new technology, and other IT projects intended to transform the company's business operations and protect its large capital investments. Our IT audit team has strengthened our oversight of Amtrak, and we hope to continue to enhance its capabilities to ensure this critical technology is implemented and executed effectively.

- **Office of Data Analytics.** Continued investments in our organization have allowed our office to develop and refine dynamic data analytics capabilities to supplement our audit and investigative efforts in multiple areas, including

fraud, employee misconduct, ethics concerns, safety risks, control deficiencies, and program effectiveness and efficiency.

We are also expanding our ability and capacity to access and analyze the company's data on IIJA funding to look for patterns or trends that could indicate fraud or abuse and identify areas where the company may be most vulnerable to these risks. This information could, in turn, spark investigations of possible fraud as well as more systemic audits to identify the causes of these patterns or trends and solutions to address them.

With this success comes an ever-increasing requirement for our data analysts' products in our audits, investigations, and in the court room. Nearly all our work leverages the business intelligence products that our data analytics team produces, and the team has proven to be a force-multiplier in improving the targeting and effectiveness of our audits and investigations.

Among their multiple ongoing efforts, our data analysts and engineers have created (and continue to create) proactive tools that put real-time data into the hands of our auditors and investigators in a user-friendly way. For example, our team has been developing a risk model based on multiple indicators that, when combined, will provide a scorecard of potentially fraudulent vendors to investigate—a proactive measure established before Amtrak began spending billions of dollars in IIJA funds. This not only puts more eyes on Amtrak data—including health care, business, and procurement data—but it also allows proactive analysis that can reveal anomalies indicative of fraud, waste, abuse, or other programmatic issues.

Recently, our data analysts helped identify a \$9 million health care fraud scheme in which Amtrak employees were recruited by a network of providers to participate through the offer of cash payments in exchange for the use of their personal and insurance information to submit fraudulent medical claims. So far, five people have been charged and subsequently pleaded guilty to defrauding Amtrak's health care plan, and they face forfeitures of approximately \$9.4 million. Once again, it was our analysts—not the insurance company—that identified this ongoing fraud.

Working jointly with our Office of Investigations, the data analytics team also collects and analyzes Paycheck Protection Program and Economic Injury Disaster Loan data to identify Amtrak employees who fraudulently applied for and received pandemic related funds and loans.

The Data analytics team also helped our auditors pull data on project costs that are tracked in multiple information systems. The data helped identify that the total reported costs of some projects varied from one system to another, making it difficult to know the accurate status of a given project or the overall portfolio of projects. In addition, the data helped identify that the project teams do not categorize costs the same way for all capital projects, making it difficult for executives to compare progress across projects, measure performance, and plan for future work.

In another example, the data analytics team worked with an audit team to look for contract documents in the company's procurement system. Together, the teams found that the company does not have a centralized and automated repository for storing its procurement contracts. Instead, its 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. The risk is elevated especially when the company is using IIJA funds for multimillion dollar construction work without adequate mechanisms to ensure efficient use of these funds.

On the security front, the data analytics team helped auditors identify 17 contracts with private security firms that were unknown to Procurement and Amtrak Police departments. The team dug through four company systems using commodity codes, vendor and general ledger accounts, and company locations to identify them. Without a comprehensive inventory of private security contracts, Amtrak Police Department's ability to coordinate with or control these contractors when needed is impeded.

- **Congressionally directed oversight.** We continue to monitor the company's use, accounting, and reporting for its remaining COVID-19 relief funds as well as the IIJA funding it receives. In addition, we continue to coordinate our oversight efforts with the DOT OIG, as directed.

**Monetary and programmatic impact.** For the 12-month period through March 2023, the total monetary benefit resulting from our work was \$11.4 million – which includes criminal and civil recoveries. During that time, our Office of Investigations opened 76 investigations and closed 77, and made 17 arrests and 79 criminal referrals. Our investigations, which included many that thwarted multi-million-dollar fraud schemes, resulted in 21 indictments, 29 convictions, and 44 administrative actions.

More importantly, however, our audit and investigative work has substantially impacted and improved the company's programs and operations. Our reports

routinely identify areas for improvement—ranging from safety to program management—and provide relevant recommendations for corrective action. To the company's credit, it takes our recommendations very seriously and has been taking appropriate action to address them. Over the same period, our Office of Audits provided targeted oversight with 10 individual reports that included dozens of recommendations and observations that the company has been acting upon to improve the safety, effectiveness, and efficiency of Amtrak's programs and operations.

The impact of our work often extends beyond an individual program or department. For example, our findings and subsequent recommendations on Amtrak's Airo Program will positively impact future acquisitions such as the company's planned procurement of next generation long-distance trains, potentially saving costs and helping to prevent schedule delays. The same holds true for our long-standing body of work on program management, which is especially important as Amtrak undertakes massive and complex infrastructure projects across the country. These accomplishments do not include the many proactive training activities and recommendations that help improve Amtrak's operations and the hard-to-measure deterrent effect our investigations have on preventing fraud, waste, and abuse.

We are also an active participant in CIGIE and coordinate with its Pandemic Relief Advisory Committee in its oversight of the company's pandemic related funding. In addition, as the Chairperson of its Integrity Committee, our Inspector General serves a key role within the OIG community: that of "watching the watchdogs." The mission of the committee is to receive, review, and refer for investigation, as appropriate, allegations of wrongdoing made against senior officials of an OIG, including inspectors general.

Our OIG is also an active member of CIGIE's Infrastructure Working Group, comprised of Inspectors General who will provide oversight of IIJA funding and directives. CIGIE routinely combines its resources when significant funding is provided across multiple agencies—such as funding distributed through recent pandemic relief laws and the 2009 American Recovery and Reinvestment Act—and the IIJA is no exception. This group ensures an informed and, to the extent possible, coordinated IIJA oversight approach across the accountability community, and it serves as an early warning system for identifying potential misuse and fraud risks related to the IIJA.

**Our workforce:** We currently employ 98 personnel, who are professional, proficient, and dedicated to our oversight mission. Our staff includes auditors, investigators, data analysts, forensic analysts, management analysts, and support staff. Our office competes directly with the federal accountability community to hire and retain its staff of oversight professionals; accordingly, we frequently benchmark our processes and employee engagement ratings against those entities. Annual surveys of our employees consistently show that we remain competitive with our federal colleagues in the following areas:

- Cultivating an environment and office culture in which everyone feels that they, as individuals, are valued and supported at work.
- Providing optimal availability of training to ensure all staff are provided the tools necessary to professionally and effectively conduct our mission.
- Ensuring meaningful feedback about developmental goals and plans.

The values of diversity, equity, and inclusion (DE&I) have been an important element of our continuous improvement efforts and culture. Since 2012, our office has included a question asking whether diversity is respected and valued in the workplace on our employee survey. In our FY 2023 survey, 94 percent of respondents felt that diversity is valued within our organization, compared to 80 percent of federal employees who were asked a similar question.<sup>6</sup> Our DE&I council, comprised of staff throughout our organization, helps to ensure we consider DE&I in our daily operations and long-term plans and provide a workplace where the contributions of all employees are valued.

## PROGRAM DESCRIPTION

The Amtrak OIG was established by the Inspector General Act of 1978 (Public Law 95-452, 5 USC Appendix 3) as amended, to consolidate all existing audit and investigative resources into one independent organization. The Inspector General provides policy direction and leadership for the OIG and serves as an independent and objective source of information and advice to Congress, the Amtrak Board of Directors, company management, and the public.

The OIG's primary activities are audits and reviews that promote economy and effectiveness of operations, and investigations that prevent and detect fraud, waste, and abuse involving the company's programs, operations, and assets. In addition, the OIG employs professional staff with diverse skills that support its mission by performing

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<sup>6</sup> 2022 Federal Employee Viewpoint Survey question 72: "My supervisor demonstrates a commitment to workforce diversity."

legal analysis and review; financial, administrative and IT support; and quality control and data analytics.

The OIG is headquartered in Washington, D.C., with field offices in Boston, Chicago, Miami, Los Angeles, New York, and Philadelphia. In leading the organization, the Inspector General is assisted by the Deputy Inspector General who manages the following operational and support units:

**Office of Audits.** Conducts independent and objective audits across the spectrum of the company's programs and operations. It produces reports aimed at improving the company's performance and saving both taxpayers and the company money, while seeking to detect fraud, waste, mismanagement, and abuse. The office also oversees the audit of the company's annual financial statements.

**Office of Investigations.** Pursues allegations of serious misconduct, which include procurement fraud, kickbacks, bribery, health care fraud, credit card fraud, theft, and a variety of other offenses that affect the company's programs, operations, assets, and other resources. The office has statutory law enforcement authority; its special agents make arrests, execute search warrants, serve subpoenas, and carry firearms. It refers investigative findings to the Department of Justice, and state and local prosecutors for criminal prosecution or civil litigation, or to company management for administrative action. It also identifies actions the company could take to reduce the risk of misconduct and criminal activity.

The Office of Investigations relies heavily on its internal DIU, a highly specialized, technologically advanced team of six who provide cutting-edge support of investigations. DIU develops evidence for criminal and administrative investigations from cell phone data, computer activity such as email and internet search-history, and data recovered from Amtrak vehicles, among other capabilities. Although small in size, its impact is considerable.

**Counsel to the Inspector General.** 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.

**Mission Support.** Responsible for budget and financial management, human capital, contracting and procurement, information technology, space management, and general administrative support.

**Chief of Staff.** Works closely with OIG management to coordinate daily office operations and serves as a liaison between the OIG and congressional staff, the company, and the Inspector General community. The Chief of Staff also manages the OIG's data analytics team, which analyzes company and third-party data to support audits and investigations. Finally, the Chief of Staff performs regular quality assurance reviews for audit, investigative, and mission support activities and as requested by the Inspector General.

## **APPROPRIATIONS LANGUAGE**

### **SALARIES AND EXPENSES**

For necessary expenses of the Office of Inspector General for the National Railroad Passenger Corporation to carry out the provisions of the Inspector General Act of 1978, as amended, \$32,100,000: *Provided*, That the Inspector General shall have all necessary authority, in carrying out the duties specified in the Inspector General Act, as amended (5 U.S.C. App. 3), to investigate allegations of fraud, including false statements to the government (18 U.S.C. 1001), by any person or entity that is subject to regulation by the National Railroad Passenger Corporation: *Provided further*, That the Inspector General may enter into contracts and other arrangements for audits, studies, analyses, and other services with public agencies and with private persons, subject to the applicable laws and regulations that govern the obtaining of such services within the National Railroad Passenger Corporation: *Provided further*, That the Inspector General may select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers, and duties of the Office of Inspector General, subject to the applicable laws and regulations that govern such selections, appointments, and employment within the Corporation: *Provided further*, That concurrent with the President's budget request for fiscal year 2026, the Inspector General shall submit to the House and Senate Committees on Appropriations a budget request for fiscal year 2026 in similar format and substance to those submitted by executive agencies of the Federal Government. (*Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2025.*)

## **RECENT WORK**

### **OFFICE OF AUDITS**

#### **Insights on Fraud Risks as Amtrak Expands Its Mission**

The IIJA provides \$66 billion for passenger and freight rail improvements, the largest investment in rail in generations. Part of this funding is intended to advance Amtrak's

long-term, large scale infrastructure goals. Doing so will significantly expand its passenger rail operations mission to include a major capital delivery mission.

This report offered our perspective relative to fraud risks facing the company as it continues its expansion into large-scale acquisitions and infrastructure programs. If history is any indicator, the IIJA—like other large spending bills—will be targeted by criminals. Our report noted that a culture of integrity, effective fraud controls, and fraud awareness and reporting are relevant enterprise-wide to combat fraud risks facing the company. In addition, our analysis revealed four specific high-risk fraud areas the company faces:

1. **Contracts and procurement.** In FY 2022, the company spent \$2.8 billion on its acquisition of goods and services, and IIJA will likely triple this amount in the years ahead. Industry research has found that the scale, complexity, and large number of stakeholders involved in capital projects can make it easy to hide inflated costs. We noted that our recent investigations and prior audit work show that the company remains vulnerable to fraudulent schemes related to contracts and procurement. As the company prepares for an increase in acquisitions, programs, and projects, we highlighted several mitigation activities that could help reduce its fraud risk. These activities include implementing approvals and segregations of duties, practicing strong contract oversight, resourcing oversight roles, conducting due diligence on vendors, and leveraging technology such as effective electronic internal controls.
2. **Health care.** In FY 2022, the company spent about \$340 million on medical, prescription, and dental claims for its workforce. The company self-insures its medical and prescription plans, and therefore bears a significant risk of improper payments. Consequently, we stated that health care fraud increases costs to the company and its employees. Our report noted that in 2019, we identified nearly \$57 million in claims against the company's health care plans that were at risk of fraud, and our recent investigations show that the company continues to fall victim to health care fraud. Through our prior audits and reviews of industry research, we identified several actions to detect and prevent health care fraud. We noted that educating employees to better recognize and report indicators of potential fraud, reviewing emerging fraud schemes, and monitoring claims for fraud would likely reduce the company's risk associated with these schemes and help it prevent criminals from exploiting the company's health care plan.
3. **Employee wrongdoing.** The company has more than 18,000 employees and has a goal to hire an additional 3,300 agreement employees in FY 2024. This rapid expansion, we noted, increases fraud risk because it may take time for new



employees to develop enough institutional knowledge to identify fraud and, in some cases, to demonstrate whether they fit into a culture of integrity. We noted that, since 2017, our investigations have led to convictions, employee terminations, and resignations due to fraud. Industry research and our prior work suggest several areas to mitigate these forms of internal fraud and theft. These mitigations include maintaining rigorous hiring practices, establishing accountability for employee behavior, encouraging and incentivizing reporting of suspected fraud, and using advanced technology to reduce fraud risks. Without these mitigations, we noted, unethical employees are more likely to commit the types of fraud we have seen over the years, exposing the company to increased legal, safety, and financial risks.

4. **Cybercrime.** In FY 2023, the company had more than 340 different IT systems that process its business data or operational technology. Our audits and investigations show that the company—like all organizations—is at risk of the ever-evolving threats of cybercrime. Protecting the company from such threats, we reported, requires a layered approach with multiple levels of defense. To that end, the company is adopting guidelines set forth by the National Institute of Standards and Technology, which publishes leading industry standards for cybersecurity. We highlighted several mitigations our prior work and industry research identified, including deploying technology that strengthens access controls and monitors and flags unusual network activity, using strong processes to protect data, and developing robust and well communicated plans for preventing and responding to cybercrime incidents. Absent these actions, we noted that bad actors are more likely to attack company systems for their own gain or objective, exposing the company and its customers to financial and safety risks.

### **Amtrak is Strengthening Project Cost Management but Faces Challenges with Systems and Processes for Tracking Costs**

For nearly a decade, we have reported on challenges the company faces managing infrastructure projects that have led to cost overruns. Our objective for this report was to identify any challenges with company systems and processes that could impede the Capital Delivery department's ability to effectively track and manage costs for capital projects. We found that current systems and processes hinder executives and project teams from obtaining consistent, detailed cost data. With IIJA funding potentially tripling Amtrak's annual infrastructure spending over the coming years, having such data is a foundational capability for effectively managing costs on billions of dollars in taxpayer-funded projects.

Additionally, we reported that Amtrak's project costs are tracked in multiple systems, that detailed and standardized cost data are not readily available to project teams, and that its project cost management guidance is outdated. For example, project cost data were inconsistent across multiple systems, and company systems limit Amtrak's ability to easily tie costs to specific work activities. As a result, project teams can miss emerging problems that might lead to cost overruns. In addition, having visibility of costs at a lower, more detailed level could help project teams identify specific cost issues in a timely manner.

In 2022, Amtrak established the Capital Delivery department to improve its project management capabilities and to implement the majority of the company's current portfolio of infrastructure, facility, and fleet investments under development. The department had efforts underway to strengthen its ability to track and manage project costs, but it had additional opportunities to improve.

To address the challenges noted in our report, we recommended Amtrak study how it could develop and use more detailed and standardized costs for effective project cost management, then create a plan specifying the people, processes, and systems it would need to do so. While that study is ongoing, we recommended Amtrak develop and implement rules in the short term that define how project teams should categorize costs using existing systems and processes. Finally, we recommended that Amtrak update and implement project cost management procedures to reflect current processes and requirements.

### **Early Challenges on Amtrak's Airo Train Acquisition Led to Scope Changes, Cost Increases, and Schedule Delays**

In June 2021, Amtrak contracted with Siemens Corporation to purchase up to 83 new trainsets, the largest passenger rail equipment acquisition in its history. The company expects the new trainsets to improve reliability, efficiency, and on-time performance and, as the program progresses, plans to use IIJA funds to pay for them. Our objective for this report was to assess the company's oversight of the Intercity Trainset program—now called Amtrak Airo.

We found that Amtrak did not validate trainset and maintenance facility designs with its own personnel early in this \$7.3 billion program, resulting in costly redesigns and schedule delays. We also found that Amtrak experienced early challenges with stakeholder engagement in its trainset acquisition and maintenance facility modification work. In one example from the report, Amtrak waited until three months after signing the contract with Siemens before its food and beverage personnel reviewed the design of the planned food service car. They found that the initial design for the car did not

have the food storage space necessary to accommodate longer trips and required additional space for customers to stand and move through the galley car. As a result, Amtrak initiated a change order to redesign the café car, which increased program costs by \$42.5 million and will delay the delivery of the first trainsets by five-and-a-half months.

In addition, Amtrak did not engage with key personnel at the maintenance facilities that will accommodate the new trainsets as it developed their designs. For example, in February 2022, program officials visited the Seattle maintenance facility to verify the preliminary design, but onsite personnel identified a design element that would have negatively impacted maintenance and commuter train operations in the yard, which resulted in another design change. Amtrak paused all maintenance facility design activities in spring 2022 to conduct stakeholder workshops at each of the 21 facilities it planned to modify as part of the Intercity Trainset program.

Amtrak identified these challenges and had already begun addressing them. It has also since established a program management framework that closely aligns with company and industry standards, including adding cost, risk, and change management controls. We noted, however, that Amtrak had not established controls to avoid challenges with stakeholder engagement on the Intercity Trainset program or on future major capital programs. We recommended the company ensure program personnel identify and engage all relevant stakeholders to specify requirements early and modify those requirements as program needs and assumptions evolve.

### **Observations on Security Risks at an Amtrak Facility**

We issued this management advisory report to bring immediate attention to risks we identified during a visit to an Amtrak facility for a separate audit. During the visit, most of the 26 employees we interviewed told us, often unsolicited, about significant safety and security risks they regularly face. Specifically, the employees raised concerns about trespassers and their impact on employees' safety and the security of company assets, such as locomotives, track switches, and inventory stored outside the materials warehouse.

According to the employees interviewed, trespassers have assaulted and threatened multiple employees on the property, including one incident in which a trespasser threw a hammer at an employee. It was also a general practice for Mechanical foreman to confront trespassers, who employees said are sometimes violent and dangerous. One such incident occurred during our visit when a trespasser with a weapon gained access to a rail car and defecated inside it. Additionally, employees told us — and

company records supported—that trespassers break into rail cars and locomotives, access the rail lines, and steal company property.

We identified three key vulnerabilities that created these risks. The company agreed with our considerations and is taking corrective action. Some of these actions include interim solutions. Until the company implements longer-term plans, however, the risks related to employee safety and that of company assets will remain imminent unless the interim solutions are put in place.

### **Better Identifying and Tracking Operational Technology Assets Across the Company Would Improve Cybersecurity**

Our objective for this report was to assess the effectiveness of the company's practices for identifying and tracking its Operational Technology (OT) assets to facilitate its ability to protect them from cybersecurity threats. Four types of OT systems support the company's train operations: (1) Dispatching, (2) Communications and Signals, (3) Electric Traction, and (4) Positive Train Control. If compromised, these systems could pose a serious safety and operational risk, as the company relies on them to dispatch trains, monitor and control train movements, manage the flow of electricity to locomotives, and control train signals and other communications equipment.

We found that the company did not effectively identify and track its OT assets for cybersecurity purposes. Contrary to industry standards, the company's Information Security group, which is responsible for the company's cybersecurity program, did not have complete inventory data on all OT assets to identify and mitigate cyber risks. As a result, Information Security was not able to effectively address the security vulnerabilities of these assets, increasing the risk of cyberattacks that could disrupt mission-critical operations.

To improve the effectiveness of company practices and enterprise-wide cybersecurity governance for OT assets, we recommended the company establish a governing body—such as a cross-departmental working group—to facilitate its efforts to identify and track OT assets. Leveraging the working group's collective knowledge, we also recommended the company decide and plan for the OT asset management system it will use for its cybersecurity needs, implement policies and procedures with clear roles and responsibilities, and develop complete network maps.

## OFFICE OF INVESTIGATIONS

### **Two plead guilty in \$9 million health care fraud scheme that targeted Amtrak**

A former Amtrak employee and a New Jersey man pleaded guilty June 27, 2023, to charges related to a health care fraud scheme that bilked Amtrak's health care plan of millions of dollars. Devon Burt, 50, of Blue Bell, Pennsylvania, the former Amtrak employee, and Hallum Gelzer, 44, of East Orange, New Jersey, separately pleaded guilty to charges of conspiracy to commit health care fraud and conspiracy to communicate extortionate threats. As part of their guilty pleas, Burt agreed to pay \$959,072 in restitution, while Gelzer agreed to pay approximately \$1.66 million restitution.

Agents from Amtrak's Office of Inspector General investigated the case, in which Burt and Gelzer worked with health care providers to recruit other Amtrak employees to participate in the scheme. The Amtrak employees were offered cash in exchange for the use of their patient and insurance information, allowing the health care providers to submit fraudulent medical claims on the employees' behalf for services that were never provided or that were medically unnecessary. In total, the Amtrak health care plan paid over \$9 million in claims from providers connected to the scheme.

The investigation revealed that Burt received cash payments from providers for allowing them to use Burt's insurance information and that of his dependents to submit fraudulent claims. In addition, both Burt and Gelzer received cash payments from providers in return for recruiting others to participate in the scheme. Burt and Gelzer also admitted to threatening to injure a health care provider unless Gelzer was paid several thousand dollars.

### **Delray Beach doctor ordered to pay over \$127 million in restitution for health care fraud**

Michael Ligotti, D.O., of Delray Beach, Florida, pleaded guilty on October 4, 2022, to conspiring to commit health care fraud for his participation in a \$681 million years-long health care fraud scheme throughout Palm Beach County, billing for fraudulent tests and treatments for vulnerable patients seeking treatment for drug and/or alcohol addiction. Amtrak's health care plan was billed over \$535,000 as part of the scheme. On January 9, 2023, Ligotti was sentenced to 20 years in prison. On April 27, 2023, Ligotti's sentence was amended to include an order of \$127,427,988 in restitution.

### **Former employee and spouse sentenced for selling misbranded and unapproved drugs**

Keith Kovaleski, a former Amtrak Assistant Foreman, based in New York, was sentenced to 10 months' home confinement in U.S. District Court, District of New Jersey, on July 12, 2023, for marketing and distributing over \$3 million worth of misbranded and unapproved new drugs. On July 11, 2023, his spouse, Sylvia Kovaleski, was also sentenced for her involvement in the scheme to 3 years' probation. The couple was ordered to forfeit over \$3 million as restitution. They pleaded guilty to the charges in March 2022.

### **Amtrak OIG agents support nationwide action to combat alleged COVID-19 health care fraud**

Agents from our office supported a nationwide law enforcement action April 12, 2023, that resulted in criminal charges against 18 defendants for their alleged participation in fraud schemes that exploited the COVID-19 pandemic, resulting in more than \$490 million in false billings to federal programs and theft from federally funded pandemic programs.

The Department of Justice-led operation spanned nine federal districts in six states and one U.S. territory. More than \$16 million in cash and other assets were seized as a result of the operation. Of the 18 defendants charged, seven were licensed medical professionals.

Our agents supported search warrant operations in California in the investigation of Dr. Anthony Hao Dinh, 63, of Orange County, California. Dinh was charged by complaint for allegedly orchestrating an approximately \$230 million fraud on the Health Resources and Services Administration Uninsured Program. Dinh was the second highest biller in the country to the Uninsured Program, and he allegedly submitted fraudulent claims for treatment of patients that were insured, billed for services not rendered, and billed for services not medically necessary. Dinh allegedly used over \$100 million in fraud proceeds to engage in high-risk options trading. Dinh is also charged with two other individuals, Hanna T. Dinh, also known as Hang T. Dinh, 64, also of Orange County, California, and Dr. Matthew Ho, 65, of Brevard County, Florida, for allegedly submitting over 70 fraudulent loan applications under the Paycheck Protection Program and Economic Injury Disaster Loan Program and fraudulently obtaining over \$3 million in loan funds.

**Former Amtrak employee sentenced to prison, restitution after swindling customers out of more than \$23,000 for phony Amtrak trip to New York City**

A former Amtrak employee was sentenced January 4, 2023, for wire fraud related to a fake New York City train trip she invented to bilk customers out of approximately \$23,000 to \$26,000 in payments and for submitting fraudulent sick benefit claims to the Railroad Retirement Board.

Kenya Butler-Small, a former On-board Services Train Attendant, was ordered to serve concurrent terms of six months of incarceration for two wire fraud charges and to pay restitution to the victims. In addition, she was ordered to serve two years of supervised release following her incarceration, the first six months of which will consist of home incarceration with location monitoring as well as a mandatory \$100 special assessment fee for each count.

Butler-Small recruited more than 40 individuals to purchase spots on a completely fabricated excursion she described as a group trip to New York City that included related activities such as shows and museum visits. Butler-Small charged each victim prices ranging from \$250 to \$425 for the fake trip. When the date of the trip approached, Butler-Small falsely claimed that Amtrak canceled the trip when a passenger booked for the trip assaulted an Amtrak employee and issued a bomb threat.

Butler-Small also submitted fraudulent sick benefit claims to the Railroad Retirement Board, claiming she was too sick to work when, in truth, she was working another job. She received approximately \$4,679 in sick benefits as a result.

**FINANCIAL TABLES****BUDGET REQUEST BY SOURCE OF FUNDS  
NATIONAL RAILROAD PASSENGER CORPORATION  
OFFICE OF INSPECTOR GENERAL**

<b>ACCOUNT NAME</b>	<b>FY 2023 ACTUAL</b>	<b>FY 2024 REQUEST</b>	<b>FY 2025 REQUEST</b>
<b>Salary &amp; Expenses</b>	27,935	30,410	32,100



**NATIONAL RAILROAD PASSENGER CORPORATION  
OFFICE OF INSPECTOR GENERAL  
PERSONNEL RESOURCES SUMMARY  
AUTHORIZED FULL-TIME EQUIVALENTS (FTEs)**

<b>ACCOUNT NAME</b>	<b>FY 2023 ACTUAL</b>	<b>FY 2024 REQUEST</b>	<b>FY 2025 REQUEST</b>
<b>Salary &amp; Expenses</b>	101	112	114

**OBJECT CLASSIFICATION—FY 2022 TO FY 2024**  
**SALARIES AND EXPENSES**  
**(\$000)**

<b>OMB ACCOUNT ID: 575-00-2996</b>		<b>FY 2023 PLANNED</b>	<b>FY 2024 REQUEST</b>	<b>FY 2025 REQUEST</b>
Personnel Compensation:				
11.1	Full-time permanent	16,512	19,237	20,188
12.1	Personnel benefits	6,525	7,202	7,978
<b><i>Total Personnel Service and Benefits</i></b>		<b>23,073</b>	<b>26,439</b>	<b>28,166</b>
Contractual Services and Supplies:				
21.0	Travel and transportation (persons)	399	421	486
22.0	Transportation (things)	8	5	10
23.2	Rental payments to others	922	910	758
23.3	Communications, utilities, and miscellaneous charges	1,725	1,352	1,428
24.0	Printing and reproduction	3	10	9
25.1	Advisory and assistance services	860	603	624
25.2	Other services from non-federal sources	122	254	182
26.0	Supplies and materials	127	147	155
<b><i>Total Contractual Services and Supplies</i></b>		<b>4,165</b>	<b>3,702</b>	<b>3,650</b>
31.0	Equipment	446	269	284
99.9	<b><i>Total obligations</i></b>	<b>27,649</b>	<b>30,410</b>	<b>32,100</b>