

SEMIANNUAL REPORT

TO THE UNITED STATES CONGRESS

APRIL 1, 2020 – SEPTEMBER 30, 2020 | #62



OFFICE of INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION



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As we move into the new fiscal year and as the global pandemic continues, we remain committed to our critical oversight mission focused on preventing and detecting fraud, waste, and abuse and identifying ways the company can improve its programs and operations.



Kevin H. Winters | *Inspector General*

FROM THE INSPECTOR GENERAL

I am pleased to submit the Amtrak Office of Inspector General *Semiannual Report to the United States Congress* for the six months ending September 30, 2020. During this period, Amtrak continued to face numerous and unprecedented challenges related to the coronavirus pandemic. As a result, we conducted our work with a keen sensitivity that respected the company's extraordinary efforts to maintain operations as an essential service provider, maintain its financial viability, and keep its customers and employees safe. While Congress provided Amtrak \$1 billion in coronavirus relief to help stabilize it through fiscal year 2020, the company is moving forward with plans to reduce its services and workforce in anticipation of a slow recovery in ridership and revenue. Our sensitivity to Amtrak's situation did not, however, diminish the importance of our oversight on Amtrak's programs, operations, and financial management.

As we worked to balance our mission requirements with the increased demands on Amtrak, our own operations were also impacted by the pandemic. We shifted our operations to full-time telework, limited travel for OIG employees for mission essential purposes only, and learned to build, train, and maintain our staff in a remote setting. While these tasks were initially daunting, the drive and dedication of our staff made the transition nearly seamless. We were among the first OIGs to report on our review of the use and controls over funds provided through the Coronavirus Aid, Relief, and Economic Security Act, where we found that Amtrak demonstrated fiscal responsibility over its use of these funds, but that additional focus on data transparency with its state partners, more timely verification of pandemic-related expenses, and controls to safeguard pandemic-related supplies would help reduce risks.

Our audit teams produced eight other high-impact reports during this period. For example, our review of

Amtrak's Police Department found that Amtrak has not defined the role and priorities of its police department, and until Amtrak makes these foundational decisions, it will not have reasonable assurance that it is using its police department efficiently and effectively and could be exposed to unanticipated risks. We also continued to advance our body of work on Amtrak's longstanding issues with program management, and we examined Amtrak's coordination of track outages. We recommended the company incorporate a multi-year focus into its outage planning process, look at new planning tools, and better define departmental roles in coordinating outages.

Our investigators adjusted quickly to the pandemic and continued to produce impressive results relating to complex health care fraud cases, ticket fraud schemes, and multiple cases in which Amtrak employees violated company policies and/or committed criminal acts such as theft of company property and customer funds, failure to report arrests and convictions, and conflicts of interest. In health care fraud cases spanning the country, our work resulted in more than \$30 million in restitution for a variety of crimes such as false billing, insurance fraud, bribery, and tax evasion. We also closed a brazen ticket fraud case in which a Michigan resident bilked the company out of \$540,000 in tickets by using stolen credit cards. The perpetrator was sentenced to six years in prison and agreed to a forfeiture of \$550,000.

As we move into the new fiscal year and as the global pandemic continues, we remain committed to our critical oversight mission focused on preventing and detecting fraud, waste, and abuse and identifying ways the company can improve its programs and operations. We appreciate Congress' continued support of our OIG, our employees, and our mission. We trust that you will find this report informative.



Safety and Security

Amtrak OIG Information Report: Key Practices for Rail Police Management

(Report No. OIG-SP-2020-015, August 17, 2020)

In July 2020, our office issued a report on Amtrak's management of its police department.¹ Our objective for that audit was to evaluate the extent to which Amtrak employed key practices to ensure the efficiency and effectiveness of its police force.

When we initiated our assessment, there were no agreed-upon best practices for rail policing and no commonly accepted list of the top performers. To develop a list of key practices to assess Amtrak, we reviewed and compiled information from a range of public- and private-sector sources.² This included information from semi-structured interviews and site visits with 14 of the 16 largest rail organizations in the United States and from site visits with national rail police and security departments in Canada, France, Germany, Great Britain, and Italy.

Based on this research, we identified eight key practices that domestic and international rail and police organizations use to effectively manage their police departments. These practices apply to organizations' decisions about the policing model they implement, the priorities they set for the police department, the size and composition of the workforce they determine they need to meet these priorities, how they allocate this workforce, and how they set goals and metrics to measure the performance and relative return on investment.

¹ *Safety and Security: Management of the Police Department Has Recently Improved, but Foundational Decisions Are Needed on its Role and Priorities* (OIG-A-2020-012), July 1, 2020.

² These key practices are also grounded in common standards of public and private-sector program management. See: Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014; and Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control Integrated Framework*, May 2013.

WE FOUND THAT THE COMPANY HAD SIGNIFICANTLY IMPROVED THE OVERSIGHT AND MANAGEMENT OF ITS POLICE DEPARTMENT BUT HAD NOT REACHED A CONSENSUS ON THE FULL SCOPE OF APD'S ROLE AND PRIORITIES—A FOUNDATIONAL DECISION FROM WHICH ALL OTHER POLICING DECISIONS FLOW. WITHOUT THIS CONSENSUS, THE COMPANY COULD NOT ENSURE THAT THE DEPARTMENT HAD THE OPTIMUM SIZE AND STAFFING COMPOSITION TO MEET ITS NEEDS.

Management of the Police Department Has Recently Improved, but Foundational Decisions Are Needed on its Role and Priorities

(Report No. OIG-A-2020-012, July 1, 2020)

Amtrak (the company) has identified safety and security as one of its top priorities. The Amtrak Police Department (APD) is responsible for providing security for the company's 32.5 million annual passengers,³ 19,000 employees, and key infrastructure across 46 states. Over the years, however, the company has wrestled with decisions about APD's size and activities. In fall 2018, for example, the company proposed a 20 percent reduction to APD's workforce, generating questions about the basis for this reduction and its possible impacts. Given these questions, our objective was to evaluate the extent to which the company employs key practices to ensure the efficiency and effectiveness of its police force.

We found that the company had significantly improved the oversight and management of its police department but had not reached a consensus on the full scope

³ The company projects significantly lower ridership in fiscal year 2020 because of the COVID-19 pandemic.

of APD's role and priorities—a foundational decision from which all other policing decisions flow. Without this consensus, the company could not ensure that the department had the optimum size and staffing composition to meet its needs. Moreover, while the company had developed a relatively sophisticated process for allocating the staff it already has, it had not developed systematic processes to determine APD's optimum size or composition. As a result, the company did not have reasonable assurance that it was using its police department efficiently and effectively, which could expose it to unforeseen risks to its security, operations, finances, and brand. In addition, APD and company executives developed some specific, measurable goals and metrics for basic policing issues such as crime and assaults, but we identified additional metrics that other organizations use that could also be useful for APD.

To better ensure that APD is effectively and efficiently meeting the company's needs and addressing its risks, we recommended that the company and police department reach a consensus on the full scope of APD's role and priorities. We also recommended that, once they have done so, they develop data-driven, risk-based processes to determine the department's optimal size and staffing composition and ensure that those decisions—as well as decisions about allocation, goals, and metrics—align with these role and priorities. The company agreed with our recommendations and identified specific actions it plans to take by July 1, 2021, to implement them.

Ongoing Work

Audit of the Company's implementation of the Safety Management System. Our objective is to assess the company's progress in implementing and overseeing the Safety Management System and to identify risks, if any, to meeting the company's safety goals.

Audit of the Company's Monitoring of Prescription Opioid Misuse in its Workforce. Our objective is to assess company efforts to monitor the use of prescription

opioids by employees in safety-sensitive positions and mitigate the potential safety risks they pose.

Train Operations

More Effective Planning and Coordination of Track Outages Would Help Achieve a State of Good Repair (Report No. OIG-A-2020-016, September 14, 2020)

Amtrak has reported it will cost an estimated \$31 billion over the next decade to bring tracks, bridges, and other infrastructure to a state of good repair to ensure the reliability and safety of trains running on the Northeast Corridor (NEC). Track outages—taking track out of service to accommodate repairs—are critical to performing this work, but they typically disrupt passenger travel. Ineffective track outage planning and coordination can negatively affect the company's ability to achieve its state-of-good-repair goal, which impacts revenue, customer service, and its relationships with external stakeholders. Our audit objective was to assess the effectiveness of the company's efforts to plan and coordinate track outages. We focused on major outages planned for the NEC in fiscal year (FY) 2020.





We found that, starting in 2018, the company had built a more disciplined process to plan and coordinate major track outages but had not yet institutionalized certain practices critical to maximizing track access time to conduct needed work and reducing service disruptions. Specifically, we found the company did not have a multi-year companywide plan for outages, which limited its ability to ensure that labor was available and leverage opportunities to conduct multiple activities during a single outage. In addition, we found that its information technology (IT) system and software tools were outdated, which inhibited the Engineering department's ability to make timely updates to the outage plan. Finally, we found the company had not clearly defined each department's unique role in coordinating the outage plan with commuters and other external organizations, and that more effective coordination would likely improve the company's relationship with these customers, some of whom the company depends on to fund maintenance of the NEC.

We recommended that the company incorporate a multi-year focus into its planning process, research options with the IT department on ways to update its system and/or software tools, and clearly define departmental roles in coordinating the plan with

affected external organizations. In commenting on a draft of this report, the Chief Operations Officer agreed with our recommendations and identified specific actions the company plans to complete by July 1, 2021, to implement them.

Ongoing Work

Audit of Positive Train Control. Our objective will be to assess the company's efforts to implement and operate positive train control.

Governance

Early Planning and Oversight Deficiencies Led to Initial Program Failures and Continued Risks to the Moynihan Train Hall Program

(Report No. OIG-A-2020-014, August 17, 2020)

New York Penn Station is the busiest rail station in the country and has been operating well above its intended capacity. To help alleviate crowding and improve passenger comfort and security, the company partnered with the state of New York to transform a former post

SINCE THE PROGRAM BEGAN, THE COMPANY HAD REQUESTED AN ADDITIONAL \$72.8 MILLION FROM THE BOARD OF DIRECTORS TO COMPLETE IT. THIS WAS LARGELY BECAUSE THE COMPANY DID NOT INITIALLY BUDGET FOR BASIC COSTS THAT A MAJOR CONSTRUCTION PROJECT WOULD TYPICALLY INCLUDE, SUCH AS PROGRAM AND CONSTRUCTION MANAGEMENT AND INFORMATION TECHNOLOGY.

office building into the new Moynihan Train Hall, which will be the company's flagship location in New York City. In 2017, the company began to design its spaces in the new hall, which is scheduled to open at the end of 2020. We have previously reported on the company's challenges delivering large, complex programs on time and within budget and found several instances of the company not following guidance set by its Enterprise Program Management Office. Given this history and requests from the company's Executive Leadership Team for a review of the program, our objective for this report was to assess the effectiveness of the company's management and oversight of the Moynihan Train Hall program, including the extent to which it has identified and mitigated schedule and budget risks.

We found that the company had taken significant steps to remedy early program management deficiencies on the Moynihan program. It did not, however, take these actions soon enough to avoid cost increases and ensure that it could complete its entire station relocation by the end of 2020. These cost and schedule risks were the result of ineffective executive oversight coupled with inexperienced staff during the program's first two years, and a failure to follow the company's

program management standards. In December 2019, the company changed the program's leadership and team who significantly improved the program structure, management, and oversight. Nevertheless, the team was not able to fully recover from the earlier program management deficiencies, which had the following impacts:

- **Costs had increased.** Since the program began, the company had requested an additional \$72.8 million from the Board of Directors to complete it. This was largely because the company did not initially budget for basic costs that a major construction project would typically include, such as program and construction management and information technology. In addition, the company did not require executive oversight of additional cost commitments to ensure they were justified. The company had since taken a series of steps to improve cost management of the program and may complete the program within the current, approved budget, but some financial exposure remained from unresolved change orders.
- **Some parts of the program needed for opening day were at risk of delays.** The program schedule had no slack. Therefore, the team was prioritizing the completion of customer-facing spaces, but some "must have" functions—including passenger information displays—had schedule risks that could impact the planned opening date. In addition, the company was unlikely to deliver other spaces until March 2021. A key contributor was that, until June 2020, the program team did not have a reliable schedule for planning and management.

Because of the limited time remaining on the Moynihan program, we did not identify any additional actions the company could take to better mitigate the risk of delays, but continued active program management and executive oversight would help the company meet its planned schedule for opening. Although the company had largely addressed the



initial program management deficiencies, the lessons learned from this program could help it avoid similar problems going forward. Correcting these deficiencies will have a meaningful impact on the company's plans to spend billions of dollars to upgrade its trains, stations, and infrastructure.

Observations on Amtrak's Use of CARES Act Funds (August 5, 2020, OIG-MAR-2020-013)

Beginning in March 2020, Amtrak experienced a sharp drop in ridership and passenger revenues as a result of the coronavirus pandemic. The company responded with cost-cutting actions, including canceling some train service and reducing management pay and retirement benefits. Despite these actions, the company projected that revenues would still not cover its reduced costs and requested assistance from Congress. Congress responded by providing the company with \$1.018 billion through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)⁴ to "prevent, prepare for, and respond to" the coronavirus pandemic. One key restriction, however, is that the Act sets aside \$239 million to offset

costs that states owe to the company for providing them with intercity passenger rail service, also referred to as state-supported service. Projecting a slow return of passengers through next year, the company requested an additional \$1.475 billion in supplemental funding for FY 2021, which company executives say is necessary to operate minimum service levels across the passenger rail network and continue capital investments for the future. Our objective is to monitor and assess how the company is using CARES Act funds and the controls it has in place to accurately account for and report on them.

We found that the company moved swiftly to develop a comprehensive plan for using, tracking, and reporting on CARES Act funds. Company managers communicated this plan to primary stakeholders and adjusted it based on their feedback. Nonetheless, we identified three areas where additional focus could reduce risks. First, we found that the drastic impact of the pandemic on state-supported service levels has heightened longstanding issues between the company and some states relating to how costs are shared. Although the company told us it is taking steps to improve communication and data sharing, state officials told us they believe the company needs to do more to ensure that states have the information they need to align service decisions with fiscal constraints. We also found that the company's independent review of CARES Act expenditures through June is behind schedule; therefore, the company cannot ensure that the data it is reporting to the Federal Railroad Administration are accurate and complete. Such testing would help verify that purchases charged to accounting codes related to coronavirus represent appropriate uses of CARES Act funds. Finally, we found that the company is taking positive steps to ensure equitable distribution of scarce cleaning supplies and personal protective equipment but will need to continue to focus on protecting these goods from loss at end-user locations like offices and crew bases. If worksite managers do not protect these supplies adequately, there may not be enough to maintain safe worksites and instill confidence in employees that returning to work is safe.

⁴ Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, div. B, title XII, 134 Stat. 281 (2020).

Quality Control Review of Amtrak's Single Audit for FY 2019

(Report No. OIG-A-2020-011, July 1, 2020)

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

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

Ongoing Work

Audit of Amtrak's Compliance with the Americans with Disabilities Act. Our objective will be to assess the company's progress toward achieving compliance with the Americans with Disabilities Act.

Audit of Cost-Sharing on State-Supported Routes. Our objective will be to evaluate the company's actions to address longstanding concerns with cost-sharing methodology and the company's billing process with its state partners.

Monitoring and Assessing Special Appropriations Related to Coronavirus Impacts. Our objective is to monitor and assess how the company uses, accounts for, and reports on the funds provided under the CARES Act and any other special appropriations related to the coronavirus pandemic.

Monitoring the Work of the Independent Public Accountant Conducting the FY 2020 Audit of Amtrak's Consolidated Financial Statement.

Our objectives are to (1) determine whether the Independent Public Accountant performed the audit of the company's Consolidated Financial Statements in accordance with generally accepted government auditing standards and (2) monitor the company's administration and facilitation of the audit.

Monitoring the Work of Amtrak's Independent Public Accountant Conducting the FY 2020 A-133 Audit.

The objective is to determine whether the Independent Public Accountant performed the single audit in accordance with generally accepted government auditing standards and the Office of Management and Budget Circular A-133.

Acquisition and Procurement

Improved Procurement Practices Could Help Ensure Lowest Prices for Materials and Maximum Savings

(Report No. OIG-A-2020-008, April 15, 2020)

In FY 2019, Amtrak spent about \$1.8 billion buying goods and services through purchase orders from about 3,800 vendors. Because of the value of these transactions, sound purchasing practices are necessary to ensure that the company obtains these goods and services in a timely, efficient, and economical manner. In 2015, however, we reported that the company had weaknesses in its purchasing practices, including obtaining the lowest prices from vendors and negotiating optimum payment terms. The company agreed to implement our recommendation of using more economical purchasing practices that could save up to \$9.4 million a year. Our objective for this audit was to assess the extent to which the company has effectively implemented these actions.





We found that the company was realizing some of the cost-saving opportunities we identified in 2015 but still had not fully addressed the gaps in procurement practices we highlighted. As a result, our analysis of the company's FY 2019 purchase data found missed cost-saving opportunities of up to \$9.9 million. Specifically, the company could have saved up to \$4.5 million in material costs if it had a robust data analytics capability. The company was beginning to assess data from past procurements to help it determine why it did not pay the best price for some materials, a promising lessons-learned tool. The company did not, however, have a predictive analytics capability—a leading industry practice—to forecast future demand for its materials and use this information to obtain the best prices for new purchases. Finally, we found that the company had opportunities to reduce costs in its purchase order contracts by negotiating early payment discounts, which could have saved up to \$5.4 million in FY 2019.

Accordingly, we recommended that the company develop and implement such a capability and direct its buyers to negotiate for both early payment discounts and extended payment terms. The company agreed with our recommendations and identified specific actions with planned completion dates to create a robust analytics tool and negotiate beneficial payment terms with the vendors.

Information Technology

Mobile Device Security Needs to Improve to Better Protect Company Data from Compromise (Report No. OIG-A-2020-010, May 8, 2020)

The company has issued employees mobile devices, such as cellular phones and tablets, to support everyday company operations and communications. The company also allows employees to use their personally owned mobile devices to access its systems and data, such as business emails. Although convenient, mobile devices pose inherent risks because their small size and portability makes them easy to be lost or stolen. Moreover, these devices are a potential source of cybersecurity breaches because of their constant connection to networks, real-time access to company information, and capability to store large amounts of company data. The objective of this audit was to assess the extent to which the company is accurately accounting for and securing mobile devices. Given the sensitive nature of this report's information, we summarized our findings in a public version of the report.

We identified areas where the company could improve its ability to account for and secure its mobile devices, reducing the cybersecurity risk to company data. The company does not have an accurate and complete inventory of the mobile devices its employees use

to access company networks and data. Without a complete inventory, it cannot comprehensively account for its mobile devices, and it cannot effectively apply its cybersecurity protocols. The company is also at risk of mobile devices being lost or stolen, compromising its data, in part because it does not provide users enough guidance on how they should physically protect their devices.

We recommended certain improvements, which are sensitive in nature, to company management to help address these and other cybersecurity concerns. The company agreed with our recommendations and identified actions that it is taking or plans to take to address them.

Observations on Risks to the Acela 21 Information Technology Program Element

(Report No. OIG-MAR-2020-009, April 22, 2020)

The \$2.5 billion Acela 21 program is the largest single investment in Amtrak's 49-year history. In a prior report,⁵ we identified management and structural weaknesses in this program. That report identified five key steps the company needed to complete to launch service by the planned date in 2021. One of these was the program's IT element, which involves the IT department developing and implementing eight different systems—or workstreams—needed for critical functions like performing trainset maintenance and federally required daily safety inspections. We initiated this follow-on review to better understand the IT department's efforts to manage these eight workstreams and to mitigate any potential risks to completion.

We found that the IT department had taken some steps to improve its management and oversight of its eight Acela 21 workstreams, but it had not taken other key steps. Specifically, the department had not finalized detailed schedules for each workstream and provided them to the Acela 21 program office or

finalized a full assessment of risks and risk mitigation plans for each workstream. This is contrary to company standards, which require teams to develop these tools early in a project. We had been requesting detailed schedules, along with risk assessments and mitigation plans, since October 2019 and repeatedly after that through the course of this follow-on work. IT department representatives told us that they understood the importance of developing and finalizing these schedules and provided them to the company's Acela 21 program office in April 2020. This information should allow the Acela 21 program office to work with the department to fully identify schedule-based risks that could impact on-time service launch and develop mitigation strategies; therefore, we did not make any recommendations. We noted, however, that going forward the IT department should continue working with the Acela 21 program office to update its schedules as needed, identify any significant, remaining risks to the eight IT workstreams, and take any necessary actions to mitigate them.

Ongoing Work

Audit of the Company's Processes to Determine its Information Technology Needs. Our objective will be to assess how the company's departments identify their IT needs and collaborate with the IT department to prioritize and meet them.



⁵ *Train Operations: Acela 21 Program Continues to Face Significant Risk of Delays, Warranting More Contingency Planning* (OIG-A-2020-004), January 21, 2020.

AMTRAK
STAFF



OFFICE OF INVESTIGATIONS

Health Care Fraud

Fraudulent Billing, Tax Evasion

September 2020

Saffron Gustafson, 43, of Springfield, Oregon, was sentenced to federal prison on September 2, 2020, for defrauding six health insurance plans of approximately \$1.3 million and for evading \$99,000 in federal income tax payments. Gustafson owned several durable medical equipment stores and defrauded health insurance plans by submitting bills requesting payment amounts inflated by 600 percent or more. To support these false billings, Gustafson and employees acting at her direction fabricated invoices from her wholesaler. Gustafson and her employees destroyed the genuine wholesaler invoices so insurance companies could not review them during audits. After pleading guilty to the charges in November 2019, Gustafson was sentenced to 21 months in federal prison and three years' supervised release. Gustafson was also ordered to pay more than \$1.3 million in restitution to the victim insurance plans. During the course of Gustafson's scheme, Amtrak's health care plan was billed more than \$3.2 million and paid more than \$655,000.

GUSTAFSON OWNED SEVERAL DURABLE MEDICAL EQUIPMENT STORES AND DEFRAUDED HEALTH INSURANCE PLANS BY SUBMITTING BILLS REQUESTING PAYMENT AMOUNTS INFLATED BY 600 PERCENT OR MORE.

Health Insurance Fraud

August 2020

Babar Iqbal, a California-based doctor and owner of Riverside Regional Surgery Center, was sentenced in the Superior Court of California, County of Riverside, on August 31, 2020, to 27 months in prison and was ordered to pay restitution of \$2,799,550 for health care

insurance fraud. Iqbal targeted patients whose insurance paid higher reimbursement amounts to providers who were considered out of network, and he performed services that were medically unnecessary. Iqbal also conspired with marketers to obtain fraudulent insurance policies for individuals who did not have health insurance. The marketers then referred these individuals to Iqbal at the Riverside Regional Surgery Center. In return, the marketers received a commission based on the reimbursement amount the insurance companies paid Iqbal. Amtrak's health insurance plan was fraudulently billed approximately \$1,653,210 as a result of the scheme. Iqbal previously pleaded guilty to several charges related to health care insurance fraud in June 2020.

Fraudulent Billing

August 2020

James Chen, 51, of Monterey Park, California, was sentenced to 34 months in federal prison on August 26, 2020, for submitting more than \$62 million in fraudulent claims to TRICARE, the military's health insurance plan, and other health care plans including Amtrak's for bogus compounded medication prescriptions. He was also ordered to pay \$28,283,844 in restitution. Chen, through his company Haeoyou Pharmacy, paid referral fees to outside businesses and his own marketers to obtain compounded medication prescriptions. Chen knew that none of the prescriptions arose from a legitimate physician-patient relationship and that a substantial number of the prescriptions were sent to Haeoyou from marketers, not physicians, though the claim forms falsely indicated otherwise. Haeoyou never attempted to collect copayments from patients and patients denied ever seeking the compounded medications. All the medications were for generic pain, scarring, stretch marks, erectile dysfunction, or "metabolic general wellness" (vitamins), according to court documents. Chen pleaded guilty in June 2017 to one count of health care fraud. In the course of the scheme, Amtrak's health care plan paid out more than \$26,800 in claims for just two compounded medication prescriptions.

CHEN KNEW THAT NONE OF THE PRESCRIPTIONS AROSE FROM A LEGITIMATE PHYSICIAN-PATIENT RELATIONSHIP AND THAT A SUBSTANTIAL NUMBER OF THE PRESCRIPTIONS WERE SENT TO HAEYOU FROM MARKETERS, NOT PHYSICIANS, THOUGH THE CLAIM FORMS FALSELY INDICATED OTHERWISE

Fraudulent Billing, Wire Fraud

July 2020

Michael J. Ligotti, D.O., 46, of Delray Beach was charged with conspiring to commit health care fraud and wire fraud on July 31, 2020, for allegedly participating in a years-long scheme in which patients seeking care for drug and/or alcohol addiction were fraudulently billed for tests and treatments. Ligotti owned and operated a private medical clinic, Whole Health, which offered addiction treatment, family care, and urgent care. From May 2011 through March 2020, Ligotti allegedly played a central role in the massive fraud scheme in which Medicare and insurance companies, to include Amtrak's, were billed approximately \$681 million for laboratory testing claims and other services.

Ligotti allegedly served as "medical director" for more than 50 addiction treatment facilities or sober homes and signed over 136 standing orders authorizing medically unnecessary and duplicative urinalysis tests. In exchange for the authorizations, the other facilities and sober homes were allegedly required to bring their patients to Whole Health, allowing Ligotti and Whole Health to bill medical treatments for these patients at his own clinic for false and fraudulent treatments and testing. In cases where urinalysis tests authorized by Ligotti were conducted at outside laboratories, the labs would also bill insurance companies and some labs

paid kickbacks to the treatment facilities and sober homes. Ligotti also allegedly authorized and conducted bodily fluid tests for revenue-generation and did not use the test results in patient treatments. Additionally, Ligotti allegedly billed for psychiatric services and therapy sessions that never happened and that he and his staff were not qualified to conduct. Finally, the complaint alleged that Ligotti improperly prescribed controlled substances to patients. Amtrak's health care plan was billed more than \$1.2 million and paid out more than \$365,000.

Illegal Kickbacks

July 2020

Joseph Kieffer, a marketer from Los Angeles, California, pleaded guilty on July 20, 2020, in U.S. District Court, Central District of California, to conspiracy to pay illegal remunerations related to a health care fraud scheme. Kieffer paid kickbacks to patients and to marketers for patient referrals for medically unnecessary compounded drugs. As part of the scheme, Fusion RX Compounding Pharmacy then billed health care providers for the compounded drugs at rates much higher than average medications. The owner of Fusion Rx Compounding Pharmacy was also charged for his role in the scheme. The Amtrak health insurance plan was fraudulently billed approximately \$17,000 as a result of the scheme.

Employee Participation in Health Care Fraud Scheme

July 2020

Four Chicago-based employees were terminated from employment on June 18, July 6, and July 9, 2020, and another retired on June 25, 2020, prior to her administrative hearing. The five former employees participated in a medical fraud scheme in violation of company policies.

Our investigation found that the former employees provided a chiropractor, based in Dolton, Illinois, with their medical and personally identifiable information, typically their names and dates of birth or those of their dependents, in exchange for cash kickbacks.

The chiropractor used the information to fraudulently bill Amtrak's health insurance plan for services that were not provided. In addition, all five employees were uncooperative or lied to our agents during their interviews.

OUR INVESTIGATION FOUND THAT THE FORMER EMPLOYEES PROVIDED A CHIROPRACTOR, BASED IN DOLTON, ILLINOIS, WITH THEIR MEDICAL AND PERSONALLY IDENTIFIABLE INFORMATION, TYPICALLY THEIR NAMES AND DATES OF BIRTH OR THOSE OF THEIR DEPENDENTS, IN EXCHANGE FOR CASH KICKBACKS.

Fraudulent Medical Claims

July 2020

John McKoy was sentenced on July 8, 2020, to six months' imprisonment, three years' supervised probation, and ordered to pay restitution to Amtrak in the amount of \$291,255. McKoy previously pleaded guilty in U.S. District Court, Eastern District of Pennsylvania, on June 14, 2019, to multiple health care fraud charges related to a scheme to defraud Amtrak's health care plan. McKoy was the owner and operator of several neighborhood health care facilities, including Mt. Pleasant Medical Management, Inc. and Harris Medical Management, Inc. Between November 2004 and October 2007, McKoy submitted, and caused to be submitted, hundreds of false and fraudulent claims to United Health Care Corporation and was paid approximately \$291,000 for services purportedly rendered to predominately Amtrak patients who were never seen or treated for those services.

Rural Hospital Billing Scheme

June 2020

Ten individuals, including hospital managers, laboratory owners, and billers and recruiters were charged June 29, 2020, for their participation in an elaborate scheme that used rural hospitals as billing shells for the submission of \$1.4 billion in fraudulent medical claims.

The conspirators allegedly would take over small, rural hospitals, often in financial trouble, using management companies they owned and operated. The conspirators would then bill private insurance companies through those rural hospitals for millions of dollars of expensive urinalysis drug tests and blood tests, conducted mostly at outside laboratories they often controlled or were affiliated with, using billing companies that they also controlled. While outside laboratories did most of these laboratory tests, the conspirators allegedly billed private insurance companies as if these laboratory tests were done at the rural hospitals. These rural hospitals had negotiated contractual rates with private insurers that provided for higher reimbursement than if the tests were billed through an outside laboratory. Accordingly, the scheme used the hospitals as shells to fraudulently bill for such tests. The conspirators allegedly would obtain urine specimens and other samples for testing through kickbacks paid to recruiters and health care providers, often sober homes and substance abuse treatment centers. The indictment also alleged that the conspirators engaged in sophisticated money laundering to promote the scheme and to distribute the fraudulent proceeds.

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

Health Insurance Fraud, Practicing Dentistry without a License

June 2020

Five individuals who worked for Empire Care Dental at various California locations, including one dentist, one dental hygienist, and three office managers pleaded guilty to Health Insurance Fraud and to Practicing Dentistry Without a License. Our investigation disclosed that representatives of Empire Care Dental offered \$50 - \$100 payments to Amtrak employees if they used their services. In addition, our investigation found that Empire Care Dental submitted false claims for procedures more expensive than the ones performed and that the dentist practiced dentistry without a license. The five individuals were sentenced to 2-3 months in prison and ordered to pay joint restitution in the amount of \$62,836.

FIVE INDIVIDUALS WHO WORKED FOR EMPIRE CARE DENTAL AT VARIOUS CALIFORNIA LOCATIONS, INCLUDING ONE DENTIST, ONE DENTAL HYGIENIST, AND THREE OFFICE MANAGERS PLEADED GUILTY TO HEALTH INSURANCE FRAUD AND TO PRACTICING DENTISTRY WITHOUT A LICENSE.

Employee Participation in Health Care Fraud Scheme

June 2020

A Technician in Los Angeles was terminated from employment on May 20, 2020, and a Customer Service Supervisor and an Operations Supervisor from Los Angeles were terminated from employment on June 23, 2020, following their administrative hearings. Our investigation found that the employees violated company policy by allowing a doctor to fraudulently bill the company's group health plan on their behalf. The employees accepted monetary gifts from the doctor, while allowing her to fraudulently bill the company's group health plan.

Ticket Fraud

Ticket Fraud, Identity Theft

September 2020

Christian Newby, 32, of Milan, Michigan, was sentenced to 72 months in federal prison on September 25, 2020, after our investigation uncovered his role in a massive ticket fraud scheme responsible for bilking Amtrak of more than \$540,000. From March 2018 through January 2019, Newby used information from 1100 stolen credit cards to purchase Amtrak tickets online. Newby then canceled the Amtrak tickets and received vouchers for the value of those tickets from Amtrak. Newby sold the Amtrak vouchers online to unwitting buyers at a fraction of their face value.

As part of the investigation, agents executed a search warrant at Newby's residence and recovered a large amount of U.S. currency, credit cards, false identities, numerous electronic devices, several improvised explosive devices, narcotics, firearms, and ammunition. He was sentenced for charges of wire fraud, aggravated identity theft, and firearms offenses. As part of his plea agreement, he agreed to a forfeiture of \$550,000 and to forfeit jewelry, gold and silver coins, and various weapons and ammunition.





Contractor Misconduct

Wrongful Upload of Company Data

May 2020

A contractor providing IT security services for Amtrak violated company policies by wrongfully uploading sensitive and proprietary Amtrak data to his personal Google cloud storage and a personally owned USB flash drive without company knowledge or approval. Our agents were able to identify and remove the company's data from his cloud storage and flash drive. In addition, the company has remediated certain vulnerabilities and continues to take steps to address security weaknesses identified as part of our investigation.

Policy Violations and Employee Misconduct

Outside Employment, Conflict of Interest

September 2020

A Boilermaker/Welder based in Beech Grove, Indiana, violated Amtrak policies by engaging in outside employment to work for his own companies while on sick leave. We also confirmed that he was conducting and engaging in work for his own companies on days that he requested leave for "union business." Our

investigation found that he did not seek or request written approval from Amtrak to engage in outside employment which, according to the website for his personal business, advertises services for the railroad industry and, as a result, violated the company's Conflict of Interest Policy. The employee was terminated from employment on September 15, 2020.

Offensive Social Media Posts

September 2020

A Mechanical Inspector based in Beech Grove, Indiana, violated Amtrak policies by posting images and material characterized as disturbing, offensive, and inappropriate on a publicly available social media site. The former employee admitted to posting images which promoted Nazi ideologies on a social media website which identified him as a company employee. We also found that he was arrested in November 2016 for Driving Under the Influence and did not report his arrest to the company as required. The employee resigned on September 9, 2020, in lieu of a disciplinary hearing and is not eligible for rehire.

THE FORMER EMPLOYEE ADMITTED TO POSTING IMAGES WHICH PROMOTED NAZI IDEOLOGIES ON A SOCIAL MEDIA WEBSITE WHICH IDENTIFIED HIM AS A COMPANY EMPLOYEE.

Theft of Customer Funds

July 2020

An Amtrak Customer Service Representative in Reno, Nevada, was terminated from employment on July 20, 2020, following his administrative hearing. Our investigation found the employee stole funds from credit cards presented to him by Amtrak customers purchasing train travel. The cards, known as J-Pay Release cards, were pre-loaded with \$200 in funds and were issued by the California Department of Corrections to inmates upon their release from custody. The former employee surreptitiously switched out fully-loaded J-Pay cards presented to him by those customers after debiting for the requested travel and returned completely depleted J-Pay cards instead. It is estimated that the former employee stole over \$100,000 in stored value from the stolen J-Pay cards.

Theft and sale of Company Property

July 2020

A former Carman/Welder in Beech Grove, Indiana, pleaded guilty in United States District Court, Southern District of Indiana, to theft of property on July 17, 2020. The former employee was sentenced to one-year probation, a \$4,000 fine and ordered to pay \$56,297 in restitution to Amtrak. Our investigation found the employee stole power tools and scrap metal from the company and sold it for his personal gain. The employee previously resigned from the company on April 28, 2017, immediately prior to his administrative hearing.

THE FORMER EMPLOYEE WAS SENTENCED TO ONE-YEAR PROBATION, A \$4,000 FINE AND ORDERED TO PAY \$56,297 IN RESTITUTION TO AMTRAK. OUR INVESTIGATION FOUND THE EMPLOYEE STOLE POWER TOOLS AND SCRAP METAL FROM THE COMPANY AND SOLD IT FOR HIS PERSONAL GAIN.

Failure to Report Arrests, Convictions

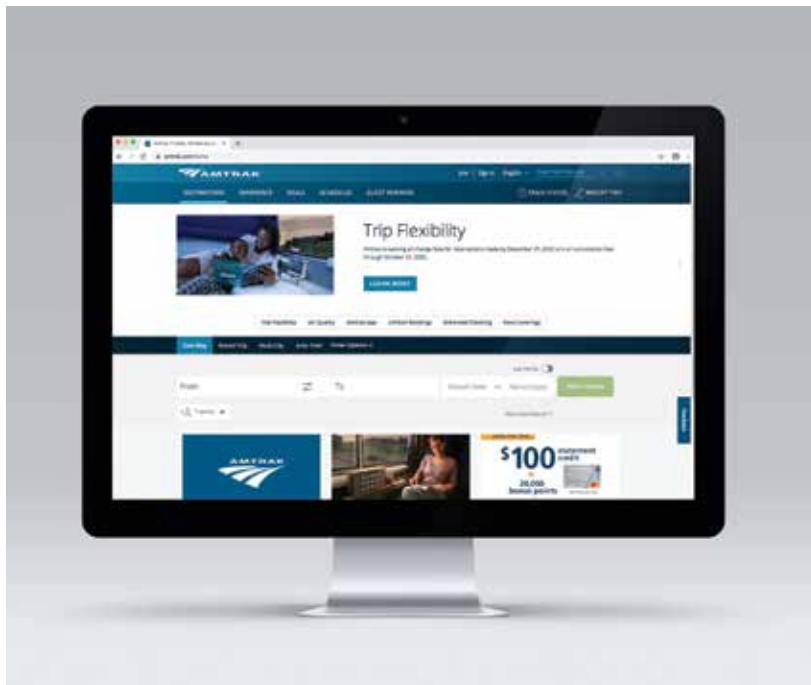
June 2020

A Coach Cleaner in New Orleans, Louisiana, was terminated from employment on June 18, 2020, following an administrative hearing for violating company policy. Our investigation found that the employee failed to report multiple arrests and criminal convictions for drug- and weapons-related charges during his tenure with the company. Specifically, we found that he failed to disclose his 2017 and 2019 arrests and their subsequent convictions to the company.

Inappropriate use of Company Computer

June 2020

A former Machinist based in Albany-Rensselaer, New York, violated company policies by viewing pornographic videos during work hours on his company-owned computer. The videos were stored and accessed on a USB device. He admitted to viewing the videos and resigned on June 18, 2020, following his interview by our agents. The former employee is not eligible for rehire.



Misuse of Company Vehicle

June 2020

A supervisor and foreman in Chicago, Illinois, were terminated from employment on June 11, 2020, and issued a written reprimand on June 18, 2020, respectively, for violating company policies. Specifically, our investigation found that the supervisor violated company policies by driving a company-owned vehicle for personal use and operated the vehicle in excess of 90 mph while using a cellular telephone without a hands-free device. In addition, the supervisor directed the foreman to use another company-owned vehicle to tow the supervisor's personally owned vehicle.

Falsified Employment Information

June 2020

A Trackman in Jackson, Michigan, was terminated from employment on June 15, 2020, following an administrative hearing for violating company policy. Our investigation found that the employee submitted false information on the background questionnaire of his employment application, which was inconsistent with police investigative findings related to a previous felony criminal conviction. Specifically, the employee maintained that he was never in possession of a controlled substance. The court records signed by the employee, however, confirmed that he pleaded guilty to a charge of intent to deliver controlled substances. In addition, the employee was dishonest with our agents during his interview.

Fraudulent Identification, Falsified Employment Information

May 2020

An Assistant Passenger Conductor based in Washington, D.C., was terminated from employment on May 27, 2020, after our investigation revealed that he had gained employment at the company by using fraudulent forms of identification. During his employment with the company, the employee was arrested and convicted for several felonies and misdemeanors. On several occasions, he



inappropriately used leave granted under the Family Medical Leave Act, including one occasion while he was under home confinement wearing an ankle GPS tracker. He is currently serving a 10-month prison sentence for violating federal probation.

Failure to Report Arrests, Convictions

May 2020

A Carman/Welder in Beech Grove, Indiana, was terminated from employment on May 19, 2020, following an administrative hearing for violating company policy. Our investigation found that the employee failed to disclose his criminal convictions occurring prior to his employment on his initial application and during his employment, and he also failed to disclose multiple drug- and/or alcohol-related arrests once employed. Additionally, the employee inappropriately used or remained on sick leave and leave granted under the Family Medical Leave Act while serving time in jail.

Employee Theft

May 2020

One Amtrak electrician in Beech Grove, Indiana, resigned from his position on May 4, 2020, and a second was terminated from employment on May 11, 2020, following his administrative hearing. Our investigation found that both employees entered a supply area without authorization and stole company materials. Both employees admitted to the unauthorized entry and to stealing gloves and batteries.

Tampering with Dashboard Camera

May 2020

A Communications and Signals employee violated Amtrak policy by repeatedly disabling the Dash Cam system—designed to monitor and record incidents of unsafe driving—in his company-assigned vehicle, including on December 1, 2019, when he was involved in an accident while operating this vehicle. During our investigation, the employee denied that he tampered with, disconnected, or reconnected his vehicle's Dash Cam system. The evidence, however, demonstrated that he manually disconnected the Dash Cam system at the times in question. The employee retired on May 6, 2020, prior to his administrative hearing.

Misuse of Company Email

May 2020

Two senior-level employees in Washington, D.C., were counseled about misuse of company email as a result of an OIG investigation. Our investigation found that the employees violated company policy by inappropriately using company e-mail to make political statements and to sending politically biased content to each other and to co-workers. The employees were counseled that personal political opinions should be kept separate and should not be associated with their Amtrak employment.

AN AMTRAK ELECTRICIAN IN CHICAGO, ILLINOIS, RESIGNED FROM EMPLOYMENT ON APRIL 14, 2020, FOLLOWING OUR INVESTIGATION WHICH REVEALED THE EMPLOYEE VIOLATED COMPANY POLICIES BY ESTABLISHING A BUSINESS AND USING IT TO ENGAGE IN FRAUDULENT CREDIT CARD SCHEMES FOR PERSONAL GAIN DURING A PORTION OF HIS CONTINUOUS FMLA LEAVE.

Misuse of Leave

April 2020

An Amtrak electrician in Chicago, Illinois, resigned from employment on April 14, 2020, following our investigation which revealed the employee violated company policies by establishing a business and using it to engage in fraudulent credit card schemes for personal gain during a portion of his continuous FMLA leave. The employee admitted that he used the proceeds from his business-related fraud scheme to travel and party. Further, he was initially dishonest with our agents when asked about his conduct.

Conflict of Interest

April 2020

A Senior Director in Washington, D.C., was terminated from employment on April 14, 2020, following the issuance of our investigative report to the company. Our investigation found that the employee violated company policy when she participated on a Technical Evaluation Committee involved in the rating and selection of her friend's company to conduct work for Amtrak. In addition, we found that the employee accepted a gift from this vendor.

Violation of Company Policies

April 2020

A manager violated company policies by repeatedly directing company employees to provide a deluxe bedroom free of charge to a passenger, resulting in a potential financial loss to the company of \$11,512. On April 8, 2020, a counseling letter was issued to the manager and included a requirement that he attend courses in Ethics in the Workplace and Workplace Harassment.

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APPENDIX A: STATISTICAL DATA

TABLE A.1. FINANCIAL IMPACT

MONETARY BENEFIT TYPE	AMOUNT THIS PERIOD
Better Use of Funds	\$9,900,000
Questioned Costs	—
Recoveries and Restitution	\$33,302,004.03 ^a
Forfeitures	\$114,271.00
Cost Avoidance	—

^a This includes recoveries and restitution to numerous health care providers impacted by fraud identified in health care fraud investigations we supported, ticket fraud schemes, and employee theft cases.

TABLE A.2. AUDIT ACTIVITY DURING THE PERIOD

REPORT INFORMATION	BETTER USE OF FUNDS	QUESTIONED COSTS
Improved Procurement Practices Could Help Ensure Lowest Prices for Materials and Maximum Savings <i>Issued 4/15/2020 Report OIG-A-2020-008</i>	\$9,900,000	—
Observations on Risks to the Acela 21 Information Technology Program Element <i>Issued 4/22/2020 Report OIG-MAR-2020-009</i>	—	—
Mobile Device Security Needs to Improve to Better Protect Company Data from Compromise <i>Issued 5/8/2020 Report OIG-A-2020-010</i>	—	—
Quality Control Review of Amtrak's Single Audit for Fiscal Year 2019 <i>Issued 7/1/2020 Report OIG-A-2020-011</i>	—	—
Management of the Police Department Has Recently Improved, but Foundational Decisions Are Needed on its Role and Priorities <i>Issued 7/1/2020 Report OIG-A-2020-012</i>	—	—
Observations on Amtrak's Use of CARES Act Funds <i>Issued 8/5/2020 Report OIG-MAR-2020-013</i>	—	—
Early Planning and Oversight Deficiencies Led to Initial Program Failures and Continued Risks to the Moynihan Train Hall Program <i>Issued 8/17/2020 Report OIG-A-2020-014</i>	—	—
Amtrak OIG Information Report: Key Practices for Rail Police Management <i>Issued 8/17/2020 Report OIG-SP-2020-015</i>	—	—
More Effective Planning and Coordination of Track Outages Would Help Achieve a State of Good Repair <i>Issued 9/14/2020 Report OIG-A-2020-016</i>	—	—
Total Monetary Impact	\$9,900,000	—

TABLE A.3. ONGOING AUDITS

ONGOING PROJECT STATUS	NUMBER OF PROJECTS
Audit Projects In-process, as of 3/31/2020	10
Audit Projects Canceled	—
Canceled Audit Projects Not Disclosed to the Public	—
Audit Projects Started Since 3/31/2020	8
Audit Products Issued Since 3/31/2020	9
Audit Project In-process, as of 9/30/2020	9

TABLE A.4. ADVISORY FUNCTIONS DURING THE PERIOD

ACTIVITY	ACTIONS
Freedom of Information Act (FOIA) Requests Received	9
FOIA Requests Processed	7
FOIA Requests Referred to Amtrak	1
FOIA Requests with Responses Pending	2
FOIA Appeals Received	—
FOIA Appeals Processed	—
Legislation Reviewed	1
Regulations Reviewed	9
Outside Agency Consultation	2



TABLE A.5. INVESTIGATIVE ACTIVITY DURING THE PERIOD

INVESTIGATIVE CASELOAD	NUMBER
Investigations Opened	35
Investigations Closed	36
Closed Investigations of Senior Employees Not Publicly Disclosed	—

CASES OPENED	NUMBER
Major Misconduct and General Crimes	28
Health Care Fraud	4
Contract and Procurement Fraud	1
Federal Employers' Liability Act and Other Claims Fraud	2

HOTLINE ACTIVITY	NUMBER
Referred to Amtrak Management	150
Referred to Customer Service	94
Referred to Amtrak Police Department	8
Referred for Audit	1
Referred for Investigation	16
Referred to Other Agency	—
Request from Other Agency	1
No Action Warranted	50

JUDICIAL AND ADMINISTRATIVE ACTIONS	NUMBER
Criminal Referrals to Department of Justice	20
Criminal Referrals to State and Local Prosecuting Authorities	3
Criminal Referrals Declined	5
Arrests	12
Indictments/Informations	14 ^a
Convictions	8
Investigative Reports Issued to the Company	13
Administrative Actions	29

^aIndictments/Informations include all indictments, informations, and complaints sealed and unsealed, of individuals who were charged during this reporting period by federal, state, and local prosecutors. Of the 14 indictments/informations/complaints reported, all were referred for prosecution in a prior reporting period.

TABLE A.6. REPORTS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTIONS ARE NOT COMPLETE^{a,b}

REPORT INFORMATION	BETTER USE OF FUNDS	QUESTIONED COSTS
Background Checks Process Has Improved, but Some Inefficiencies and Gaps Persist <i>Issued 11/1/2018 Report OIG-A-2019-001</i>	—	—
Weaknesses in Contract Oversight Pose Financial, Operational, and Legal Risks <i>Issued 3/4/2019 Report OIG-A-2019-004</i>	—	—
Improving Management Processes Could Reduce Costs and Generate Additional Revenues <i>Issued 3/29/2019 Report OIG-A-2019-006</i>	\$17,600,000	—
Improving Cybersecurity and Resiliency of Train Control Systems Could Reduce Vulnerabilities <i>Issued 7/9/2019 Report OIG-A-2019-008</i>	—	—
Rightsizing Workforce and Using It More Flexibly Could Reduce Costs at Preventative Maintenance Facilities <i>Issued 9/3/2019 Report OIG-A-2019-012</i>	\$6,300,000 ^c	—
Improving Controls Over the Use of Procurement Cards Could Better Ensure Compliance and Limit Potential Misuse <i>Issued 9/30/2019 Report OIG-A-2019-013</i>	—	—
Better Estimates Needed of the Financial Impacts of Poor On-Time Performance <i>Issued 10/14/2019 Report OIG-A-2020-001</i>	—	—
Better Management of Reimbursable Projects Could Help the Company Consider Benefits and Recover its Costs <i>Issued 10/23/2019 Report OIG-A-2020-002</i>	\$10,400,000	—
Stronger Controls Would Help Identify Fraudulent Medical Claims Sooner and Limit Losses <i>Issued 12/10/2019 Report OIG-A-2020-003</i>	—	\$57,000,000
Acela 21 Program Continues to Face Significant Risk of Delays, Warranting More Contingency Planning <i>Issued 1/21/2020 Report OIG-A-2020-004</i>	—	—
Addressing Security Weaknesses and Operational Impacts of Amtrak Express is Critical to the Program's Future <i>Issued 1/22/2020 Report OIG-A-2020-005</i>	—	—
More Effective Management of Vehicle Fleet Would Improve Safety and Reduce Costs <i>Issued 3/17/2020 Report OIG-A-2020-006</i>	\$2,707,000 ^d	—
Total Monetary Impact	\$37,007,000	\$57,000,000

^a We received comments for all audit reports within 60 days.

^b Please visit <https://www.amtrak.oig.gov/reports/audits> for a copy of the reports listed in this table.

^c \$2.1 million annually projected over three years.

^d This includes a one-time savings of \$91,000 and \$872,000 annually projected over three years.

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

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

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

RESOLUTION STATUS	NUMBER	DOLLAR VALUE
Reports with No Management Decision Made by the Commencement of the Reporting Period	—	\$—
Reports Issued During the Reporting Period	1	\$9,900,000
MANAGEMENT DECISIONS DURING THE PERIOD		
Amounts Agreed to by Management	1	\$9,900,000
Amounts Not Agreed to by Management	—	—
NO MANAGEMENT DECISION AT END OF PERIOD		
Reports Carried Over to Next Reporting Period	—	—



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

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

During the last reporting period, the OIG reviewed and provided comments on nine Amtrak corporate policies and continued its efforts to ensure the American taxpayers' dollars entrusted to Amtrak were protected by continuing its work with the U.S. Senate Committee on Commerce, Science, and Transportation on the Preventing Opioid and Drug Impairment in Transportation Act (S. 2979) and providing oversight of the additional funds Amtrak received through the Coronavirus Aid, Relief, and Economic Security Act.

S. 2979. On December 4, 2019, new legislation entitled, “Preventing Opioid and Drug Impairment in Transportation Act” was introduced in the U.S. Senate by the Chairman of the Senate Commerce, Science, and Transportation Committee. If enacted, this Act would require the Department of Transportation (DOT) to review 49 C.F.R. §§ 240, 242 to determine whether locomotive engineers and conductors should be required to report all drug or alcohol-related arrests or offenses immediately to Amtrak Human Resources.

Currently, Amtrak employees, such as coach cleaners and on-board service personnel, must report any drug or alcohol-related arrest or conviction to Amtrak Human Resources. For those who physically operate the trains, however, the rules are not as restrictive. Specifically, for locomotive engineers and conductors, Amtrak’s policy reflects the C.F.R. rules that simply require conductors and engineers to report any conviction of, or completed state action to cancel, revoke, suspend, or deny a motor vehicle driver’s license for, operating a motor vehicle while under the influence of or impaired by alcohol or a controlled substance to Amtrak. The policy also requires engineers and conductors to report any type of temporary or permanent denial to hold a motor vehicle driver’s license when found to have either refused an alcohol

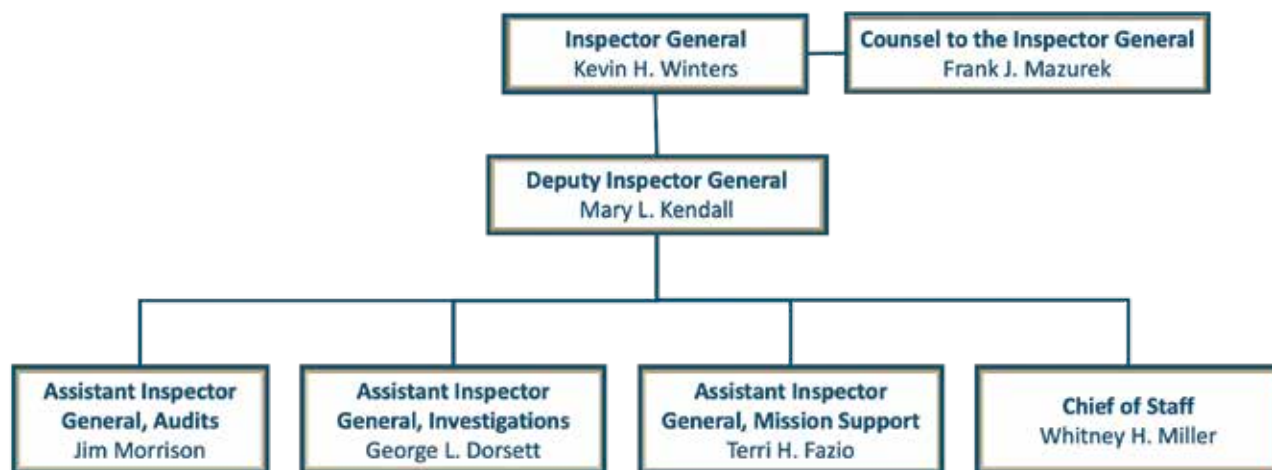
or drug test, or to be under the influence or impaired when operating a motor vehicle. No requirement exists, however, for these safety-sensitive personnel to report an alcohol-related arrest, such as public intoxication, as is required for other Amtrak employees.

If this legislation becomes law, and DOT makes a determination to require notification of all drug or alcohol-related arrests or offenses, Amtrak will be able to refer those employees to the Employee Assistance Program for an evaluation to determine whether the employee has a substance abuse issue. This will allow Amtrak to assess the risk that employees may pose to themselves and to the traveling public. In addition, if the DOT believes that the C.F.R. should be updated, it would be required to notify the Senate Commerce, Science, and Transportation Committee and the House Transportation and Infrastructure Committee on its determination and publish a notice in the Federal Register within 18 months of a proposed revision.

While this matter remains in the legislative process, we believe this bill would ensure the safety and security of Amtrak passengers and employees, while also further safeguarding its federal funding from fraud, waste, and abuse.

CARES Act Oversight. The OIG reviewed the language in the Coronavirus Aid, Relief, and Economic Security Act, which provided more than \$1 billion to Amtrak, as well as the corresponding language outlining the oversight responsibility of those funds. While both the Amtrak OIG and the newly created Pandemic Response Accountability Committee (PRAC)—of which the Department of Transportation (DOT) Office of Inspector General is a member—have the authority to oversee the approximately \$1 billion in funds designated for Amtrak, the OIG proactively engaged with the PRAC and DOT OIG to coordinate the oversight of Amtrak’s additional funding. As a result of this work, the OIG, the PRAC, and DOT OIG came to a mutual agreement that the Amtrak OIG would be the driving oversight organization over the CARES Act funding that was provided to Amtrak. This joint decision was based on the conclusion that the Amtrak OIG was best positioned to provide the most efficient, timely, and effective oversight of the funding. Finally, the Amtrak OIG also committed to sharing our recent work and our future CARES Act reports with the U.S. Government Accountability Office to assist them with any of their future oversight work of Amtrak and Amtrak funding.

APPENDIX C: OIG ORGANIZATION



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

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

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

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

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

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

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

APPENDIX D: PEER REVIEW RESULTS

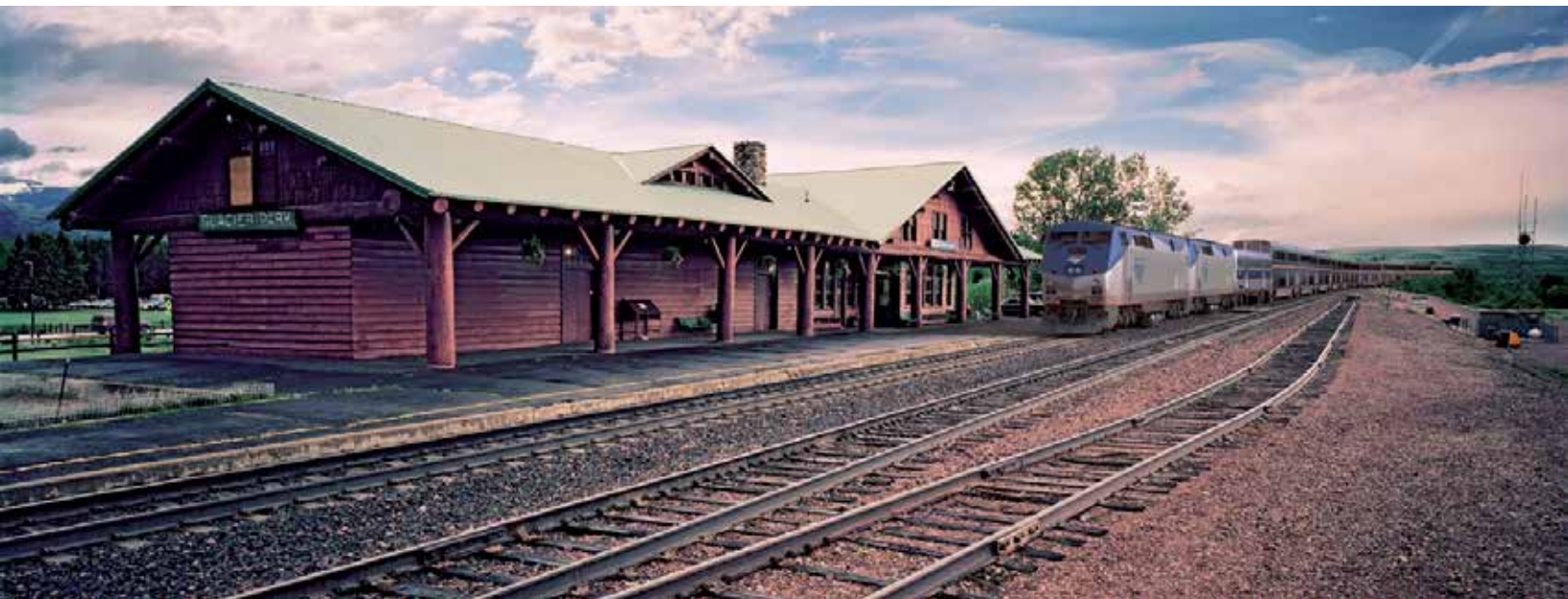
The Dodd-Frank Wall Street Reform and Consumer Protection Act (P. L. 111–203, July 21, 2010) requires that OIGs include in semiannual reports to Congress the results of any peer review conducted by another OIG during the reporting period, or—if no peer review was conducted—a statement identifying the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

During fiscal year 2019, our Office of Audits was the subject of a Council of the Inspectors General on Integrity and Efficiency (CIGIE) peer review by the Tennessee Valley Authority OIG. The Tennessee Valley Authority OIG determined that the system of quality control for our audit function has been suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

Accordingly, the Tennessee Valley Authority OIG provided a “pass” rating and made no recommendations. The report was released on April 15, 2019.

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

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



APPENDIX E: ABBREVIATIONS

APD	Amtrak Police Department
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DOT	Department of Transportation
FDIC	Federal Deposit Insurance Corporation
FY	Fiscal Year
IT	Information Technology
NEC	Northeast Corridor
OIG	Office of Inspector General
PRAC	Pandemic Response Accountability Committee



APPENDIX F: REPORTING REQUIREMENTS

INSPECTOR GENERAL ACT CITATION	REPORTING REQUIREMENT	PAGE
4(a)(2)	Review of Legislation and Regulations	27
5(a)(1)	Significant Problems, Abuses, and Deficiencies	3-20
5(a)(2)	Recommendations for Corrective Action to Significant Problems	3-20
5(a)(3)	Audit Reports Described in Previous Semiannual Reports for Which Corrective Actions are Not Complete	25
5(a)(4)	Matters Referred to Prosecutive Authorities	24
5(a)(5)	Information Assistance Refused or Not Provided	N/A
5(a)(6)	Audit Reports Issued in This Reporting Period	22
5(a)(7)	Summary of Significant Reports	3-20
5(a)(8)	Audit Reports with Questioned Costs	26
5(a)(9)	Audit Reports with Recommendations That Funds Be Put to Better Use	26
5(a)(10)	Previous Audit Reports Issued with No Management Decision Made by End of This Reporting Period	26
5(a)(11)	Significant Revised Management Decisions	N/A
5(a)(12)	Significant Management Decisions with Which the OIG is in Disagreement	N/A
5(a)(13)	Federal Financial Management Improvement Act-Related Reporting	N/A
5(a)(14–16)	Peer Review Results	29
5(a)(17-18)	Investigative Reporting Statistical Tables	24
5(a)(19)	Investigations on Senior Government Employees Where Allegations are Substantiated	13-20
5(a)(20)	Instances of Whistleblower Retaliation	N/A
5(a)(21)	Instances of Interference with Independence or Restrictions on Access	N/A
5(a,b)(22)	Instances of Inspections, Evaluations, Audits, and Investigations Not Disclosed to the Public	24-25

MISSION

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

OBTAINING COPIES OF REPORTS AND TESTIMONY

Available at our website www.amtrakoig.gov

REPORTING FRAUD, WASTE, AND ABUSE

Report suspicious or illegal activities to the OIG Hotline www.amtrakoig.gov/hotline or **800-468-5469**

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