

# SEMIANNUAL REPORT

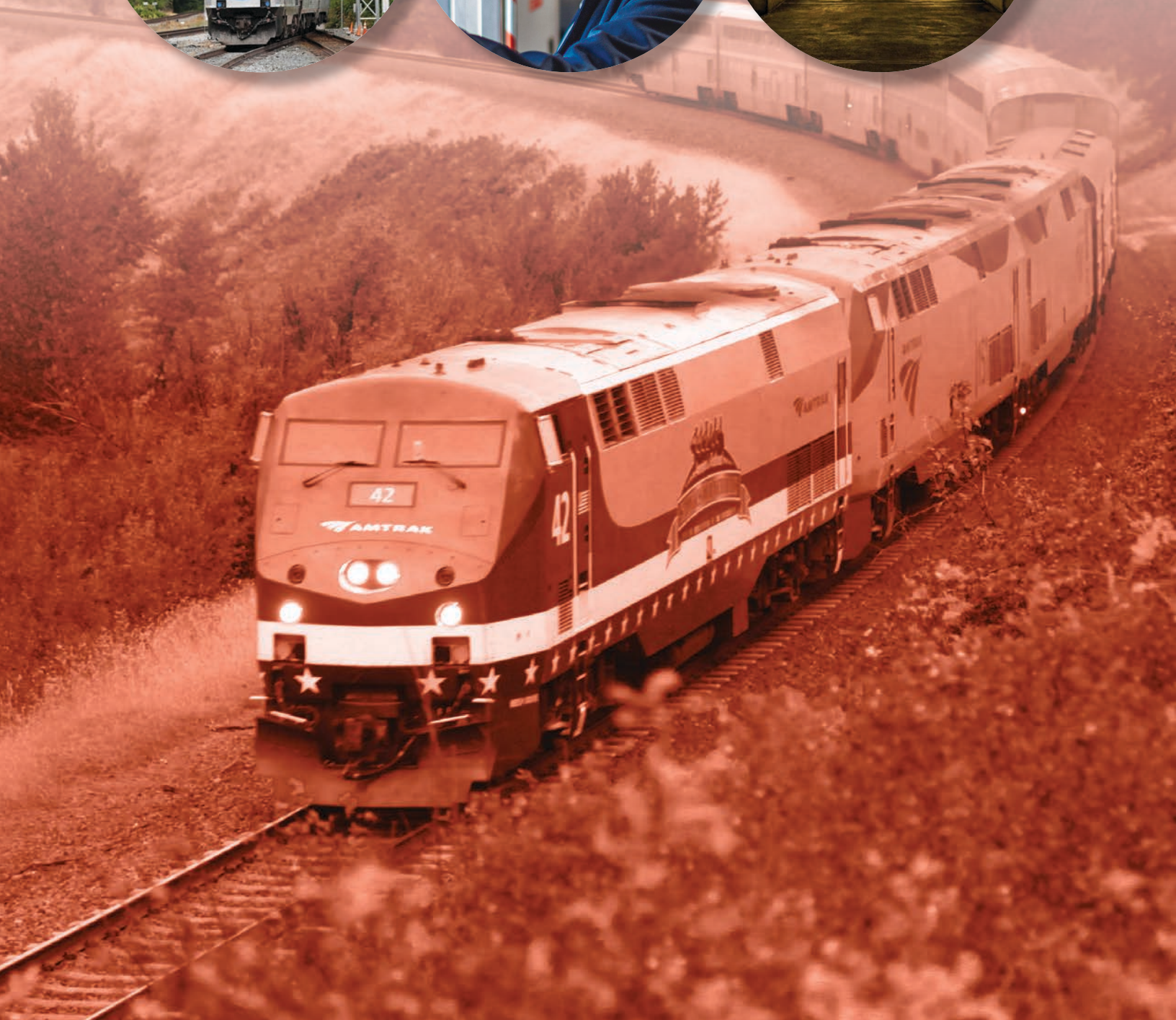
TO THE UNITED STATES CONGRESS

October 1, 2022 – March 31, 2023



OFFICE of INSPECTOR GENERAL  
NATIONAL RAILROAD PASSENGER CORPORATION





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Kevin H. Winters | *Inspector General*



## FROM THE INSPECTOR GENERAL

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I am pleased to submit the Amtrak Office of Inspector General (OIG) Semiannual Report to the United States Congress for the six months ending March 31, 2023, which summarizes our independent and objective reviews and investigations related to Amtrak's programs and operations.

Amtrak continues to recover from the pandemic with ridership increasing and routes that are being restored across the country. Simultaneously, the company is planning and executing multiple major capital projects and acquisitions made possible by federal funding through the Infrastructure Investment and Jobs Act (IIJA), and it is working with state partners who seek to expand passenger rail service. In addition, the company is in the process of hiring more than 4,000 new employees in fiscal year (FY) 2023 to help support its growing operations.

As we previously reported, the sheer size of the IIJA's funding and requirements presents a potential strain on the company's ability to manage its current operations while concurrently planning and managing a long-term multibillion-dollar infrastructure portfolio. And as the company begins to implement these

capital projects, it is clear that oversight—at various levels—will play a critical role in ensuring Amtrak maximizes the federal investment entrusted to its care.

Amtrak OIG is an important component to that oversight, as we continue to monitor, assess, and report on high-impact areas of the company's programs and operations while taking deliberate steps to detect and deter fraud, waste, and abuse. In our prior semiannual report, we also highlighted the significant role Amtrak's Board of Directors plays as an oversight body. We noted that all six appointed members of the Board (the law provides for eight) were selflessly serving far beyond the five-year terms of their Senate-confirmed appointments. Now, only five of eight seats are filled, which underscores the urgency of identifying qualified candidates for Board membership and successfully navigating the nomination process. Understanding that there are multiple competing national priorities, the nomination and confirmation of new Board members will help give Amtrak, the Administration, Congress, and the American taxpayers additional assurance that Amtrak has the necessary oversight as it implements these historic federal investments.





We also remain broadly focused on fraud that targets major federal programs. The recent work of the 74-member Inspectors General community has exposed billions of dollars of fraud and potential fraud in pandemic relief programs such as the Paycheck Protection Program and the Economic Injury Disaster Loan program. Two of our agents are currently supporting the Pandemic Response Accountability Committee's (PRAC) Fraud Task Force and have produced impressive results. Meanwhile, our own investigations have exposed multiple cases of Amtrak employees who have fraudulently applied for and received pandemic relief funds, overbilling by Amtrak contractors and vendors, and multiple cases of health care fraud where wrongdoers have targeted Amtrak's health insurance.

Just as the rapid influx of trillions of dollars in pandemic-relief created a lucrative target for fraud, we strongly believe that Amtrak and other federal recipients will face similar risks as the flow of IIJA funding begins on various massive capital projects around the country. Amtrak, for example, has access to up to \$66 billion in funding to support capital projects and efforts to bring existing infrastructure into a state of good repair. Even on smaller acquisitions and procurements, our prior investigations have identified multiple procurement fraud schemes including bid rigging, collusion, contract steering, substandard materials and work, conflicts of interest,

and overbilling. To its credit, Amtrak has taken steps to mitigate its fraud risk, such as its recent creation of the "Integrated Risk and Compliance Program" that is intended to monitor fraud risks and establish new fraud detection capabilities. Regardless, our audit and investigative teams are proactively building relationships with key stakeholders on major capital projects, participating in procurement fraud task forces, and identifying and accessing project-related data crucial to fraud detection and prevention. In addition, our Office of Data Analytics has created procurement dashboards that leverage real-time or close-to-real-time data that will help our staff better understand the risk environment and the resulting fraud indicators and warnings. Taken together, we believe our efforts will help serve as a hedge against potential fraud and provide the company with valuable insight that will improve the economy and efficiency of its operations.

The following report provides an overview of our oversight work during the reporting period, which underscores the dedication, experience, and value of our staff and the importance of our oversight mission. In the next six months, we will continue to focus our efforts on high-impact areas important to the company, the Board of Directors, Congress, and the public. We trust that you will find this report informative.













# OFFICE OF AUDITS

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## Safety and Security

### Amtrak Has Opportunities to Strengthen Controls over High-security Keys

(Report No. OIG-MAR-2023-003, December 12, 2022)

High-security keys protect Amtrak's (the company's) critical infrastructure and valuable assets and help provide a safe environment for passengers and employees. These keys provide access to the company's secure areas, as well as those of other railroads. In July 2022, our investigation found that a Florida-based employee violated company policies by attempting to sell high-security switch keys and other railroad keys in an online marketplace.<sup>1</sup> This investigation identified risks related to the rigor of the company's oversight of its high-security keys, especially as it began distributing a new type of high-security key. Given these risks, we initiated a review to assess the extent to which the company had controls to manage, distribute, track, and retrieve high-security keys.

Our review found that the company had not consistently implemented controls over the distribution, tracking, and retrieval of its high-security keys, contributing to security and safety risks. Keys were available in the public domain in part because the company did not exercise strong, industry-recommended controls such as serializing its keys or periodically verifying key-holders. Further, because the company had few safeguards in place when it began distributing the new type of keys, as of December 2022, it could not account for some of those keys. This lapse underscored the need for strong controls to prevent further loss. Senior officials told us the company had measures in place to largely mitigate serious risks, but the broad availability of these keys could still give bad actors an opportunity to disrupt train operations, causing unnecessary delays and costs. In addition, senior officials told us it would be futile to try to retrieve keys that departing employees

failed to return over the years, and cost-prohibitive to re-key the thousands of locks. The company had not, however, formally assessed the risk associated with keys currently in circulation or the practicality and benefit of taking actions to mitigate them. For example, re-keying locks may not be a cost-effective or practical option but verifying and documenting all current keyholders may be.

**THE BROAD AVAILABILITY OF THESE KEYS COULD STILL GIVE BAD ACTORS AN OPPORTUNITY TO DISRUPT TRAIN OPERATIONS, CAUSING UNNECESSARY DELAYS AND COSTS.**

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Accordingly, we communicated that the company may want to consider assessing the cost and risks associated with implementing better controls over high-security keys currently in circulation and implementing those that are practical. In addition, it may want to consider developing a key management policy that institutes new controls and establishing a company-wide mechanism—such as a key management software—to implement

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<sup>1</sup> *Employee Suspended for Attempting to Sell High-Security Switch Keys* (OIG-WS-2022-331), July 15, 2022.

## OFFICE OF AUDITS

them. The company agreed with our considerations for management and outlined actions the company planned to take by September 2024 to implement them.

### **Ongoing Work**

#### **Review of security at Amtrak maintenance facility.**

Our work will provide observations on safety and security risks at an amtrak maintenance facility.

#### **Audit of Amtrak's Oversight and Coordination of Private Security Contractors.**

Our objective will be to assess the effectiveness of Amtrak's oversight and coordination of private security contractors, systemwide.

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

## **Train Operations**

#### **Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs**

*(Report No. OIG-A-2023-005, December 22, 2022)*

In June 2021, the company contracted with Siemens Corporation to purchase up to 83 new intercity trainsets (ICT) scheduled to be delivered starting in 2025 through 2031, to increase reliability, efficiency, and on-time performance. As part of this program, the company also plans to construct or modify 21 maintenance facilities to accommodate these longer trainsets. In addition to the trainset purchase and facility modifications, the company plans to execute 9 other workstreams—11 in total—necessary to operate the new trainsets in revenue service, scheduled for 2026. The company's initial estimated costs for the program are \$7.3 billion over 10 years, although it stated that

estimate may increase over time. This report assessed the company's oversight of the program and is the first in a series over the life of the program.

We found that the company experienced early challenges with stakeholder engagement on the ICT program, leading to scope changes, cost increases, and schedule delays in 2 of its 11 workstreams—its trainset acquisition and maintenance facility modification work. For example, three months after the company signed the contract with Siemens, its food and beverage personnel reviewed the design of the food service car for the first time and found that the galley layout would not meet the needs of its frontline staff and customers and would have to be fully redesigned. Because the company had already signed the contract, this redesign resulted in a company-initiated change order of \$42.5 million, which will delay the delivery of the first trainsets by up to five-and-a-half months. The company identified these challenges and began addressing these workstream-specific issues, including holding additional internal coordination meetings and implementing standard program management structures and practices on the ICT program. The company is in the process of identifying any controls needed to manage its major capital programs, but it has not yet established and implemented a control to require stakeholder input on all major programs going forward.

**BECAUSE THE COMPANY HAD ALREADY SIGNED THE CONTRACT, THIS REDESIGN RESULTED IN A COMPANY-INITIATED CHANGE ORDER OF \$42.5 MILLION, WHICH WILL DELAY THE DELIVERY OF THE FIRST TRAINSETS BY UP TO FIVE-AND-A-HALF MONTHS.**

We recommended that the company establish and implement controls for program personnel to identify and engage all relevant stakeholders, including business end-users, to specify requirements early on for all major





capital programs and to modify those requirements as program needs and assumptions evolve. The company agreed with our recommendation and provided a draft outline of a project development process to facilitate the company's ability to identify and engage all stakeholders throughout a project's lifecycle. The target completion date is November 30, 2023.

### ***Ongoing Work***

**Audit of Amtrak's Customer Service Program.** Our objective will be to assess the company's efforts to collect and use customer service data to improve the customer experience.

## **Governance**

### **Quality Control Review of the Independent Audit of Amtrak's Consolidated Financial Statements for Fiscal Year Ended 2022**

*(Report No. OIG-A-2023-004, December 20, 2022)*

The company contracted with the independent certified public accounting firm of Ernst & Young LLP to audit its consolidated financial statements as of September 30, 2022, and for the year then ended, and to provide

a report on internal controls over financial reporting and on compliance and other matters. Because the company receives federal funding, it must obtain an audit performed in accordance with generally accepted government auditing standards.

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 auditing standards. Our review disclosed no instances in which Ernst & Young LLP did not comply, in all material respects, with generally accepted government auditing standards.

### **Company Appears on Track to Achieve Emissions Reduction Goals; Opportunities Exist to Reduce Excess Idling and Provide Training**

*(Report No. OIG-A-2023-001, October 18, 2022)*

The transportation sector is the largest contributor to greenhouse gas emissions in the United States, accounting for 29 percent of the total, with freight and passenger railroads accounting for about two percent of the sector's emissions. In 2020, the company set a target to reduce its emissions to 40 percent below its 2010 baseline by 2030. To help reach this target, the company also set goals of purchasing 100 percent carbon-free electricity by 2030 and purchasing 100

## OFFICE OF AUDITS

percent renewable electricity by 2035. Our objective for this audit was to assess how effective the company had been in achieving its emissions-reduction goals.

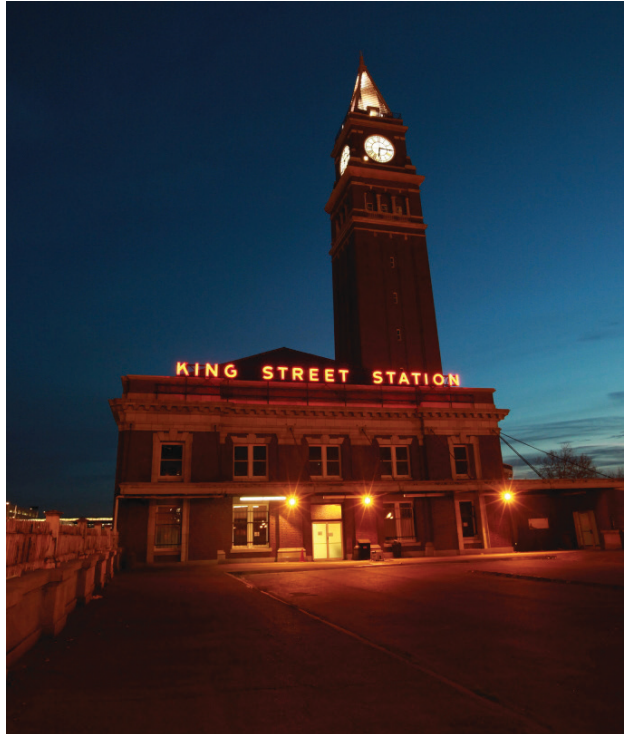
We found that the company appeared to be on track to achieve these goals. We also identified two opportunities that could help it more easily achieve them:

- Reducing idling time for diesel locomotives. The company had identified excess idling—defined as a diesel locomotive idling one hour or longer—as a key source of controllable emissions. From October 2016 through March 2022, it reduced excess idling by 21 percent. We identified additional opportunities for the company to collect and analyze its own data to further reduce idling, which would reduce emissions, fuel costs, and wear and tear on locomotives.
- Requiring training on sustainability initiatives. The company offered sustainability training to all employees, but it was mandatory only for new management hires. Fewer than 8 percent of management employees had taken it, and 98 percent of them were new. Thus, the company had an opportunity to better educate management employees about how to incorporate emissions reduction goals into their roles and decision-making.

We recommended that the company gather additional data and more fully analyze its data to better target and reduce excess idling and make its sustainability training mandatory for all management employees. Management agreed with all three recommendations and plans to implement them in 2023.

**WE RECOMMENDED THAT THE COMPANY GATHER ADDITIONAL DATA AND MORE FULLY ANALYZE ITS DATA TO BETTER TARGET AND REDUCE EXCESS IDLING AND MAKE ITS SUSTAINABILITY TRAINING MANDATORY FOR ALL MANAGEMENT EMPLOYEES.**

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### *Ongoing Work*

**Monitoring the Work of the Independent Public Accountant Conducting the Fiscal Year 2023 Consolidated Financial Statement Audit.** Our objective will be to determine whether the Independent Public Accountant performed the audit of the company's Consolidated Financial Statements in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

**Monitoring the Work of Amtrak's Independent Public Accountant Conducting the FY 2023 A-133 Audit.** Our objective will be to determine whether the IPA performed the Single Audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States and Office of Management and Budget, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200.



**Audit of Amtrak’s Administration of Infrastructure Investment and Jobs Act Funds.** Our objective will be to assess how the company is planning to use, account for, and report on the funds IIJA provides to replace obsolete assets and invest in deferred infrastructure needs across its system.

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

**Monitoring the Work of Amtrak’s Independent Public Accountant Conducting the FY 2022 A-133 Audit.** The objective will be 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.

## Technology

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

*(Report No. OIG-A-2023-002, November 7, 2022)*

Cyber-related breaches of operational technology (OT) systems—which manage the nation’s critical infrastructure—are increasing. The company relies on its OT systems to dispatch trains, monitor train movements, manage the flow of electricity to locomotives, and control train signals and other communications equipment. If compromised, these systems could pose a serious safety and operational risk. Accordingly, our audit objective was to assess the effectiveness of the company’s practices for identifying and tracking its OT assets to facilitate its ability to protect them from cybersecurity threats.

We identified opportunities for the company to improve its practices for identifying and tracking its

OT assets for cybersecurity purposes and made four recommendations. Company executives agreed with our recommendations and identified actions that the company is taking to address them.

## Ongoing Work

**Audit of Amtrak’s Information Security Practices for Protecting Information Systems and Data from Insider Threats.** Our objective will be to assess the effectiveness of company controls to protect its information systems and data from insider threats. We may expand our scope or modify our objective during the audit.





## OFFICE OF AUDITS

### Human Capital

#### *Ongoing Work*

**Audit of Strategies to Grow Agreement Workforce.** Our objective will be to assess the company's efforts to build and maintain an agreement workforce that can execute its growth and renewal plans.

### Asset Management

#### *Ongoing Work*

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

### Major Programs

#### *Ongoing Work*

**Audit of Amtrak's New Acela Program Delivery.** Our objective will be to reassess the company's management and oversight of the New Acela program, including the high-speed trainset acquisition and other program components necessary for launching revenue service.







# OFFICE OF INVESTIGATIONS

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## Pandemic Relief Fraud

### **Employee Agrees to Civil Settlement for Fraudulent Receipt of Paycheck Protection Program Loan**

*March 2023*

An Electrical Journeyman based in Washington, D.C., signed a civil settlement agreement on March 23, 2023, with the U.S. Attorney's Office, Southern District of Florida, and agreed to pay \$23,360 in restitution and a \$5,640 penalty. Our investigation found that the employee submitted an application containing false statements and information to a lender backed by the Small Business Administration (SBA) to qualify for a Paycheck Protection Program (PPP) loan. As a result, the employee received \$20,800 in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to which she was not entitled.

### **Florida Man Sentenced for Wire Fraud Related to Receipt of Paycheck Protection Program Loan**

*January 2023*

Alain Galette, a resident of Miami, Florida, was sentenced on January 31, 2023, in U.S. District Court, Southern District of Florida, to 13 months in prison, two years of probation, and was ordered to pay \$150,000 in restitution to the SBA. He previously pleaded guilty to one count of wire fraud in relation to his application for a PPP loan and in obtaining an Economic Injury Disaster (EID) loan in the amount of \$149,900. The PPP loan was in the amount of \$163,577 but was denied. Our investigation found that Galette used an invalid social security number and included other false information on the PPP and EID loan applications. Upon receipt of the EID loan funds, Galette did not use the money for authorized purposes.

### **Employee Terminated for Intentionally Submitting False Information to Obtain EID Loan**

*January 2023*

A Trainmaster based in New Orleans, Louisiana, was terminated from employment on January 27,

2023, after our investigation found that the employee violated company policies by intentionally submitting an application containing false statements and information to the SBA in order to qualify for an EID loan for a business that does not exist. Additionally, when interviewed by our agents, the employee failed to be forthright, honest, or cooperative. We also found that the employee violated company policy by not disclosing any outside business activities on his certificates of compliance.

### **Former Amtrak Employee and Husband Plead Guilty After Bilking Pandemic Relief Program of Nearly \$1 Million**

*November 2022*

Former Amtrak employee Lizette Berrios Lathon, 45, of Moreno Valley, pleaded guilty to a three-count information November 22, 2022, charging her with conspiracy to commit mail and wire fraud, aggravated identity theft, and wire fraud. Lathon's husband, Kenneth Andrew Lathon, 48, also of Moreno Valley, pleaded guilty to a three-count information charging him with conspiracy to commit mail and wire fraud, aggravated identity theft, and unlawful possession of a firearm by a convicted felon.

From the spring of 2020 until March 2021, Lizette Lathon and her husband submitted at least 44 fraudulent unemployment applications to the California





Employment Development Department (EDD) using names, Social Security numbers and dates of birth that she obtained from former clients of her tax preparation businesses without the permission of those former clients. As a result of the fraudulent claims she filed, the California EDD authorized Bank of America to issue debit cards in the names of Lizette Lathon's former clients, but the cards were mailed to addresses she and her family controlled. She and her husband then used the debit cards to make cash withdrawals at ATMs and to make purchases at retail stores. The scheme resulted in approximately \$998,630 in losses to the California EDD and the U.S. Treasury.

Lizette Lathon, who was employed at Amtrak from 2000 to 2021, also schemed to defraud the Railroad Retirement Board out of sickness benefit payments by filing forged and false claims that stated she was being treated by a medical professional for pain and anxiety. Through this scheme, which lasted from September 2014 to January 2020, she fraudulently obtained approximately \$63,047 in sickness benefit payments. Kenneth Lathon admitted in his plea agreement to possessing a .22-caliber rifle and 12-gauge shotgun that bore no identifiable serial number despite his criminal history, which includes felony convictions in California state court for theft, cocaine possession, and fraud.

### **Employee Agrees to Civil Settlement for Fraudulent Receipt of PPP Loan**

*November 2022*

A Coach Cleaner based in Miami, Florida, signed a civil settlement agreement on November 7, 2022, with the U.S. Attorney's Office, Southern District of Florida, and agreed to pay \$21,999 in restitution and a \$5,000 penalty. Our investigation found that the employee submitted an application that contained false statements and information to obtain a PPP loan for a business that did not exist, resulting in the receipt of funds to which he was not entitled.

### **Employee Agrees to Civil Settlement for Fraudulent Receipt of PPP Loan**

*November 2022*

A Motor Equipment Operator based in Miami, Florida, signed a civil settlement agreement November 4, 2022, with the U.S. Attorney's Office, Southern District of Florida, and agreed to pay \$22,904 in restitution and a \$6,000 penalty. Our investigation found that the employee submitted a fraudulent application to obtain a PPP loan for a business that did not exist, resulting in the receipt of funds to which he was not entitled.



## OFFICE OF INVESTIGATIONS

### **Employee Agrees to Civil Settlement for Fraudulent Receipt of EID Loan**

*October 2022*

A Coach Cleaner based in Miami, Florida, signed a civil settlement agreement on October 11, 2022, with the U.S. Attorney's Office, Southern District of Florida, and agreed to pay \$10,000 in restitution and a \$5,000 penalty. Our investigation found that the employee submitted an application that contained false statements and information to the SBA to qualify for an EID Loan Advance.

### **Employee Agrees to Civil Settlement for Fraudulent Receipt of EID Loan**

*October 2022*

A Pipe Fitter based in Miami, Florida, signed a civil settlement agreement on October 11, 2022, with the U.S. Attorney's Office, Southern District of Florida, and agreed to pay \$10,000 in restitution and a \$5,000 penalty. Our investigation found that the employee submitted an application that contained false statements and information to the SBA to qualify for an EID Loan Advance, resulting in the receipt of funds to which he was not entitled.



## **Health Care Fraud**

### **Pharmacy Director Sentenced to Prison, \$3 Million in Restitution for Role in Health Care Fraud Scheme**

*March 2023*

Marcus Orlando Armstrong, 56, of Miami, Florida, a former director of the now-defunct Irvine Wellness Pharmacy, was sentenced to 9 1/2 years in federal prison March 20, 2023, for his role in a health care fraud scheme which targeted Tricare, the military's health care plan, Amtrak's health care plan, and others for more than \$11 million. In addition, he was ordered to pay \$3,070,091 in restitution for two counts of paying illegal kickbacks for health care referrals. During the scheme, Amtrak's health care plan was billed \$32,489 of which \$26,962 was paid, and Tricare, the U.S. military's health care plan, paid \$11,098,756 on the fraudulently submitted claims.

On November 22, 2022, Sandy Mai Trang Nguyen, 42, of Irvine, California, the pharmacist-in-charge for Irvine Wellness Pharmacy was found guilty for her role in the same scheme, in which more than 1,100 bogus prescriptions for compounded medications were filled from late 2014 to May 2015. Co-defendants Leslie Andre Ezidore, 53, of West Los Angeles, California, and Alexander Michael Semenik, 51, of Las Vegas, have also pleaded guilty to felony charges in this case.

### **Medical Marketer Sentenced for Role in Health Care Fraud Scheme**

*February 2023*

Johnathan Pena, a medical marketer based in Los Angeles, California, was sentenced on February 27, 2023, to time served and three years' probation for conspiracy to commit health care fraud and honest services mail fraud, as well as a violation of the Travel Act. Pena was also ordered to forfeit \$134,336.78.

Pena brokered kickbacks and bribe payments to doctors in exchange for their referrals of compounded medications, durable medical equipment, and other



health care goods to certain providers. Specifically, our investigation found that Pena worked as a marketer for TYY Consulting, Inc., to provide medically unnecessary compounded drug prescriptions to Precise Compounding Pharmacy that were reimbursed by health care benefit programs, including Amtrak's plan. As a result of the scheme, Amtrak's insurance providers were fraudulently charged approximately \$22,000.

### **Florida Doctor Sentenced to 20 Years in Prison for Substance Abuse Treatment Fraud Scheme**

*January 2023*

Michael J. Ligotti, D.O., 48, of Delray Beach, was sentenced January 9, 2023, to 20 years in prison for engaging in a massive multi-year scheme to bill health care benefit programs for fraudulent tests and treatments for vulnerable patients seeking treatment for drug and/or alcohol addiction. In addition, he was ordered to surrender his medical license. Ligotti served as Medical Director or Authorizing Physician for over 50 sober homes, substance abuse treatment facilities, and clinical testing laboratories in the Palm Beach County area, often signing standing orders for expensive, medically unnecessary urine drug tests for patients at various addiction treatment facilities. These facilities routinely sent patients' urine specimens to clinical testing laboratories, which then billed health care benefit programs for unnecessary urine drug tests, often thousands of dollars for a single test.

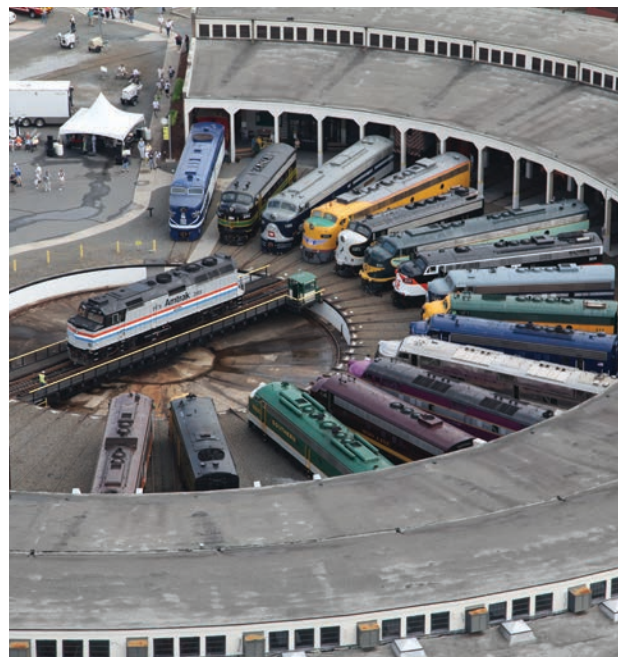
In exchange for Ligotti's authorization of these urine drug tests, the treatment centers required their patients to regularly visit Ligotti's clinic, Whole Health LLC, for additional treatment and testing, or allowed Ligotti's staff to come to their facilities to conduct tests and treatment there. This enabled Ligotti to profit by billing patients' private health insurance plans for duplicative, medically unnecessary, and expensive urine drug tests, blood tests, and other addiction treatments. As a result of this conduct, which took place from 2011 to 2020, health care benefit programs were billed over \$746 million and paid approximately \$127 million for

fraudulent urine drug tests and addiction treatments. Amtrak's health care plan was billed approximately \$2.18 million and paid out more than \$535,000.

### **Two Florida Men Plead Guilty in Health Care Fraud Investigation Involving Rural Hospitals**

*January 2023*

James Porter, Jr., pleaded guilty to conspiracy to commit health care fraud, and Sean Porter, pleaded guilty to conspiracy to commit money laundering, both on January 5, 2023, in U.S. District Court, Middle District of Florida. Our investigation found that the Florida residents conspired with others to unlawfully bill for approximately \$1.4 billion of laboratory testing services which were medically unnecessary, and they fraudulently used rural hospitals as billing shells to submit claims for services that were mostly performed at outside laboratories. As a result of this scheme, Amtrak's health care plans paid out more than \$610,000 to three rural hospitals and associated laboratories. Criminal judicial proceedings for additional co-conspirators are pending.



### Settlements

#### **Contractor Pays Over \$74,000 to Resolve Contract Billing Issues**

*March 2023*

A civil settlement agreement was finalized between the U.S. Department of Justice and an Amtrak contractor on February 14, 2023. The contractor agreed to pay Amtrak \$54,567 out of retainage held by Amtrak and an additional \$9,822 to the United States for overbilling overhead rates above the maximum allowed for work performed on the New Jersey High Speed Rail Improvement Program from 2013 to 2017. Separate from the civil settlement agreement, the contractor also paid Amtrak \$10,561 for overbilling overhead rates on the same project during the period from 2018 to 2020.

#### **Contractor Pays Over \$3 million to Resolve Contract Billing Issues**

*December 2022*

Our investigation uncovered billing irregularities related to contracts on New York's Gateway Program rail infrastructure projects in the Northeast Corridor. Amtrak recovered approximately \$3 million from a contractor who charged overhead rates that exceeded maximum pay rates as proscribed by the Gateway project contracts, including approximately \$1.5 million pursuant to a civil settlement agreement filed in the U.S. District Court for the Eastern District of Pennsylvania and an additional approximately \$1.5 million directly from the contractor. The Gateway contracts required that the contractor bill actual overhead rates up to a not-to-exceed maximum allowed rate. From 2013 through 2020, however, the contractor billed overhead rates that exceeded the allowed rate.

### Other Crimes

#### **Employee Terminated Following Arrest for Unlawfully Entering the U.S. Capitol Building**

*March 2023*

A Junior Tamper was terminated after his disciplinary hearing held on March 24, 2023. The former employee was arrested on March 2, 2023, pursuant to an arrest warrant charging him with four criminal counts involving his participation in the events inside the U.S. Capitol building on January 6, 2021.

#### **Former Assistant Supervisor Convicted for Time and Attendance Fraud**

*March 2023*

Michael Devine, a former Fire, Life and Safety Assistant Supervisor based in New York, was found guilty on March 15, 2023, of one count of Grand Larceny in the Fourth Degree after a three-day bench trial in the Supreme Court of the State of New York. Devine created counterfeit Amtrak badges for himself and other employees and participated in a scheme with co-workers to use these fake badges and/or their official Amtrak badges to "swipe" each other in and out on Amtrak's time and attendance machines. Devine resigned on December 10, 2021, and he is ineligible for rehire.

#### **Former General Foreman Pleads Guilty for Misuse of Amtrak Fuel Cards**

*February 2023*

Ketrick Barron, a former General Foreman, based in Washington, D.C., pleaded guilty on February 21, 2023, in U.S. District Court, District of Maryland, to one misdemeanor count of theft of government property after our investigation found that he misused an Amtrak-issued GSA fuel card to fuel his personal vehicles. The total fuel purchase amounted to \$6,580.20.



**Two Men Sentenced in Amtrak  
OIG-Investigated Credit Card Fraud Case**  
*February 2023*

Darius Lopez, 27, of Tampa, Florida, was sentenced to 3 years and 10 months in prison on January 26, 2023, and ordered to forfeit \$27,000 in proceeds obtained by purchasing landscaping equipment using fraudulent credit cards. Lopez purchased more than \$27,000 in landscaping equipment from a tractor dealer in Citrus County. Lopez used fraudulent prepaid debit cards embossed with unauthorized account numbers from four Department of Agriculture GSA SmartPay charge cards during the transactions. In addition, agents recovered a counterfeit and cloned Amtrak GSA SmartPay card worth \$5,000 during Lopez's arrest in July 2022.

A second man investigated as part of the case, Tyler Deandre Johnson, 27, also of Tampa, was sentenced to three years and eight months in prison on February 17, 2023, and ordered to forfeit \$40,039.67. Our investigation revealed Johnson used fraudulent credit cards and fraudulent identification cards to purchase jewelry and cell phones. The federal sentence is to run consecutively to a three-year state prison sentence Johnson is currently serving on four Hillsborough County state cases. In those cases, Johnson was convicted of three counts of fleeing to elude, two counts of armed possession of a controlled substance,

and one count of felon in possession of a firearm. Johnson pleaded guilty to the federal charges on November 15, 2022.

**New Jersey Gas Station Manager  
Sentenced for Making Fraudulent Fuel  
Charges on Amtrak Fuel Cards**  
*February 2023*

Umer Hassan Mir, of South Amboy, New Jersey, was sentenced on February 8, 2023, in U.S. District Court, District of New Jersey, to five months' imprisonment and ordered to pay restitution of \$78,000. Mir pleaded guilty on July 12, 2022, to entering fraudulent charges on GSA fuel cards and other corporate credit cards, including at least four cards assigned to Amtrak vehicles. Mir made the fraudulent charges from February 2018 through August 2021 while working as the manager and attendant at a gas station in Metuchen, New Jersey. Mir would manually enter credit card information he collected during legitimate fuel transactions into the point-of-sale terminal at the station and withdraw cash from the register in the amount of the fraudulent transactions. He used the funds from the fraudulent transactions to pay for personal expenses and to pay another gas station employee for working extra hours on Mir's behalf.





### **Two Florida Men Plead Guilty to Conspiracy to Commit Wire Fraud**

*January 2023*

Florida residents Jean Barbier and Bryan DeCastro pleaded guilty to conspiracy to commit wire fraud on January 10, 2023, and January 17, 2023, respectively, in U.S. District Court, Southern District of Florida. Both defendants were employed by a company contracted by Amtrak to provide food services. Our investigation found that DeCastro fraudulently altered the timecards of Barbier and another individual to make it appear they worked more hours than they did, resulting in payment for hours they did not work. Barbier then paid DeCastro kickbacks for falsely inflating the timecards.

### **Former Amtrak Employee Sentenced to Prison, Restitution After Swindling Customers for Over \$23,000 for Phony Amtrak Trip**

*January 2023*

Kenya Butler-Small, a former On-board Services Train Attendant, was sentenced January 4, 2023, to six months' incarceration, two years' supervised release, and was ordered to pay restitution to her victims 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. Butler-Small also submitted

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

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. She claimed that the train would leave New Orleans at midnight on June 21, 2019, but she never booked such a trip despite telling victims that she had done so. 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.





## Policy Violations and Employee Misconduct

### Employee Counseled for Improperly Sharing Access to Company Files

*March 2023*

A Labor Relations Specialist based in Washington, D.C., violated policies when she shared access to folders and files on her company OneDrive account with her personal email account. Many of the folders and files contained information of a sensitive nature. While our investigation found that the employee did not distribute these files beyond her personal email account and she was taking these actions for a legitimate business purpose, she also did not obtain prior approval nor an exception from company policy, as is required.

As a result of this investigation, we provided observations that may help the company better protect its data as it relates to the use of third-party accounts. Amtrak Management provided a response on March 3, 2023, stating that the employee had been counseled. In addition, the company implemented corrective action plans in response to our observations.

### Equipment Repairman Tampered with Amtrak Vehicle Camera

*March 2023*

A Maintenance of Way Equipment Repairman based in Rensselaer, New York, violated company policy by regularly disabling the Lytx camera in his company-owned vehicle by replacing a functioning fuse in the camera with a blown one. The repairman admitted to disabling the camera, as well as covering the camera with a towel on a regular basis during the entire duration of his overnight shifts. During our interview with the employee, we also found inappropriate photographs on his company-owned mobile device. The employee resigned in lieu of his disciplinary hearing on March 1, 2023.



### Employee Resigns Prior to Administrative Hearing for Misuse of Company Computer

*February 2023*

A Clerk based in Beech Grove, Indiana, resigned from employment on February 16, 2023, prior to his administrative hearing. Our investigation found that the employee violated company policies by misusing his company-owned computer and email address for his personally owned business by downloading unauthorized software onto the company's workstation. He also used his company email during regular work hours to solicit Amtrak employees and others to join his business ventures.

**OUR INVESTIGATION FOUND THAT THE EMPLOYEE VIOLATED COMPANY POLICIES BY MISUSING HIS COMPANY-OWNED COMPUTER AND EMAIL ADDRESS FOR HIS PERSONALLY OWNED BUSINESS BY DOWNLOADING UNAUTHORIZED SOFTWARE ONTO THE COMPANY'S WORKSTATION.**

### **A SYSTEMS ENGINEER BASED IN PHILADELPHIA VIOLATED POLICIES BY INSTALLING UNAPPROVED SOFTWARE ON TWO COMPANY-OWNED COMPUTERS. THE SOFTWARE PROVIDES A METHOD TO REMOTELY ADMINISTER WORKSTATIONS AND COULD POTENTIALLY BE USED TO COMPROMISE COMPUTER SYSTEMS.**

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#### **Systems Engineer Counseled for Installing Unauthorized Software** *February 2023*

A Systems Engineer based in Philadelphia violated policies by installing unapproved software on two company-owned computers. The software provides a method to remotely administer workstations and could potentially be used to compromise computer systems. Amtrak management responded to our report on February 10, 2023, stating that the employee had been counseled. In addition, the company implemented several corrective action plans in response to our observations in our report.

#### **Amtrak Vendor Failed to Protect and Secure Fuel Cards** *January 2023*

An Amtrak vendor in Boston, Massachusetts, did not properly secure and protect Wright Express fuel cards assigned to three vehicles, which Amtrak leases from the General Services Administration (GSA). This resulted in GSA billing the company for fraudulent or otherwise inappropriate transactions totaling \$2,745. The company's contract requires the vendor and its onsite employees to comply with the company's policies concerning conduct and security. The contract also states that the vendor will be exclusively responsible for the theft or loss that occurs as a result of their failure to maintain adequate security. The vendor

agreed to reimburse Amtrak \$2,745 for the fraudulent charges. On January 10, 2023, Amtrak management implemented procedures to ensure compliance and proper use of the fuel cards.

We also determined that the vendor's failure to adequately control the fuel cards allowed a former vendor driver to use these fuel cards to fuel his personally owned vehicles for fraudulent fuel purchases totaling \$760. The vendor terminated the driver on October 28, 2022.

#### **Employee Resigns After Violating Leave Policies** *December 2022*

A Service/Train Attendant based in Miami, Florida, resigned from his position on December 20, 2022, prior to his administrative hearing. Our investigation found that the former employee violated company policies by engaging in outside employment, including self-employment, while on medical, personal, and collective bargaining agreement leaves of absence.

#### **Electrician Terminated for Misuse of Company Vehicle** *December 2022*

An Electrician based in Groton, Connecticut, violated company policy by misusing his company-owned vehicle by regularly traveling to and stopping at locations not associated with his work duties during his shifts, including making multiple visits to his residence throughout July 2022. In addition, we determined that the employee violated company policies by attempting to cover the lens of the interior Lytx camera in his vehicle and for not being honest or forthcoming with our agents during his interview. The employee was terminated after his disciplinary hearing on December 13, 2022.



**Amtrak Conductor Failed to Report Criminal Conviction for Medicaid Fraud***November 2022*

A former Conductor based in New York City violated company policies when he failed to report his conviction for Medicaid fraud, which occurred on April 30, 2015, in the Circuit Court for Montgomery County, Maryland. We found that the company's Human Resources department had no record of his arrest or conviction. We interviewed the conductor, who admitted that he had been convicted of a felony, paid restitution, and regularly reported to a probation officer while working for the company. The conductor resigned on November 30, 2022, and is not eligible for rehire.

**A FORMER CONDUCTOR BASED IN NEW YORK CITY VIOLATED COMPANY POLICIES WHEN HE FAILED TO REPORT HIS CONVICTION FOR MEDICAID FRAUD, WHICH OCCURRED ON APRIL 30, 2015, IN THE CIRCUIT COURT FOR MONTGOMERY COUNTY, MARYLAND.**

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**Foreman Terminated for Abuse of Medical Leave***November 2022*

An Assistant Foreman based in New York, violated company policy when he engaged in outside employment while on a medical leave of absence. In addition, on April 5, 2022, he falsified a Railroad Retirement Board application for sickness benefits by stating he had no income. The employee was terminated after his disciplinary hearing on November 9, 2022.

**Electrician Terminated for Misusing Company-Owned Computer***October 2022*

An Electrician based in Chicago was terminated from employment on October 19, 2022, after our investigation found that the employee violated company policies by misusing a company-owned computer and misusing company time, which included outside business activities. We also found that the former employee violated company policy by not attending to his daily required duties.



## OFFICE OF INVESTIGATIONS

### **Supervisor terminated for Misuse of Company Vehicle** *October 2022*

An Amtrak Supervisor based in Hamilton, New Jersey, violated company policy by misusing his company-owned vehicle by regularly stopping at bars and restaurants on his way home from work and by not keeping this vehicle at an approved location. During his interview with the OIG, the employee admitted to using the vehicle for personal use. The employee was terminated after his disciplinary hearing on October 17, 2022.

**AN AMTRAK SUPERVISOR BASED IN HAMILTON, NEW JERSEY, VIOLATED COMPANY POLICY BY MISUSING HIS COMPANY-OWNED VEHICLE BY REGULARLY STOPPING AT BARS AND RESTAURANTS ON HIS WAY HOME FROM WORK AND BY NOT KEEPING THIS VEHICLE AT AN APPROVED LOCATION.**

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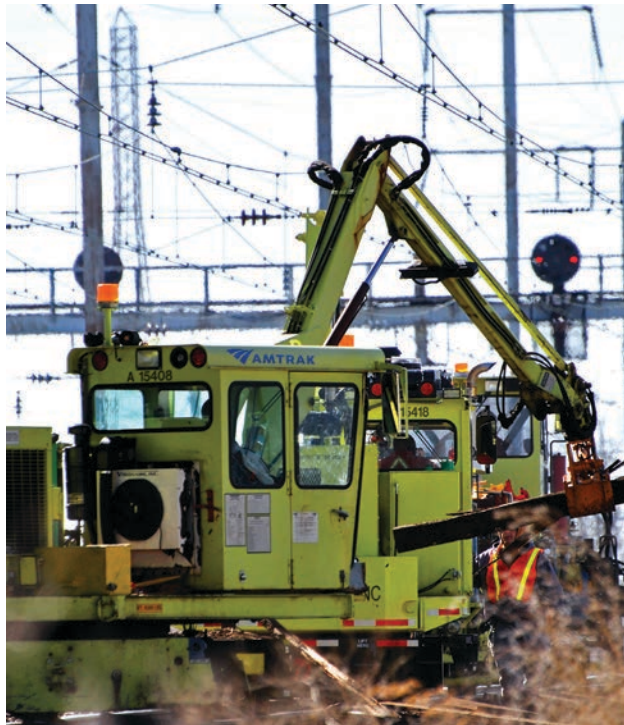
### **Two Employees Terminated after Participating in Misbranded/Unapproved Drug Scheme** *October 2022*

A Maintainer based in Newark, New Jersey, and a Trainer based in Sunnyside, New York, were terminated after disciplinary hearings on October 4, 2022. The two former employees conspired with another former employee, Keith Kovaleski, to sell misbranded and unapproved new drugs. The Maintainer violated company policies by ordering misbranded and/or unapproved new drugs from Kovaleski's company, All American Peptide (AAP), and by accepting shipments of these products on behalf of Kovaleski. The Trainer violated company policies by regularly ordering misbranded and/or unapproved new drugs from AAP and reselling them to the public. Kovaleski, a former Assistant Foreman based in New York, is currently awaiting sentencing after pleading guilty on March

21, 2022, to selling misbranded and unapproved new drugs. All three former employees are ineligible for rehire.

### **Employee Terminated for Posting Offensive Language and Images on Social Media Account** *October 2022*

An employee based in Albuquerque, New Mexico, was terminated from employment on October 5, 2022, after our investigation found that the employee violated company policies by posting inappropriate and offensive language and images on her publicly available Facebook account that also identified her as a company employee. The former employee admitted to posting the language and images, which she acknowledged could be deemed as offensive and inappropriate by customers and other employees. In addition, the former employee also admitted to accepting a gift from a customer that she stated was valued at \$300, also in violation of company policy.







## APPENDIX A: STATISTICAL DATA

**TABLE A.1. FINANCIAL IMPACT**

MONETARY BENEFIT TYPE	AMOUNT THIS PERIOD
Better Use of Funds	—
Questioned Costs	—
Recoveries and Restitution	\$6,874,718.23
Forfeitures	—
Cost Avoidance	\$161,592.34

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

REPORT INFORMATION	BETTER USE OF FUNDS	QUESTIONED COSTS
Company Appears on Track to Achieve Emissions Reduction Goals; Opportunities Exist to Reduce Excess Idling and Provide Training <i>Issued October 18, 2022   Report No. OIG-A-2023-001</i>	—	—
Better Identifying and Tracking Operational Technology Assets Across the Company Would Improve Cybersecurity <i>Issued November 7, 2022   Report No. OIG-A-2023-002</i>	—	—
Amtrak Has Opportunities to Strengthen Controls over High-security Keys <i>Issued December 12, 2022   Report No. OIG-MAR-2023-003</i>	—	—
Quality Control Review of the Independent Audit of Amtrak's Consolidated Financial Statements for Fiscal Year Ended 2022 <i>Issued December 20, 2022   Report No. OIG-A-2023-004</i>	—	—
Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs <i>Issued August 16, 2022   Report No. OIG-A-2023-005</i>	—	—
<b>Total Monetary Impact</b>	—	—

**TABLE A.3. ONGOING AUDITS**

ONGOING PROJECT STATUS	NUMBER OF PROJECTS
Audit Projects In-process, as of 9/30/2022	11
Audit Projects Canceled	1
Canceled Audit Projects Not Disclosed to the Public	—
Audit Projects Started Since 9/30/2022	8
Audit Products Issued Since 9/30/2022	5
Audit Projects In-process, as of 3/31/2023	13



TABLE A.4. ADVISORY FUNCTIONS DURING THE PERIOD

ACTIVITY	ACTIONS
Freedom of Information Act (FOIA) Requests Received	6
FOIA Requests Processed	6
FOIA Requests Referred to Amtrak	3
FOIA Requests with Responses Pending	—
FOIA Appeals Received	—
FOIA Appeals Processed	—
Legislation Reviewed	4
Regulations Reviewed	9
Outside Agency Consultation	1



## APPENDIX A

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

INVESTIGATIVE CASELOAD	NUMBER
Investigations Opened	43
Investigations Closed	39
Closed Investigations of Senior Employees Not Publicly Disclosed	0

CASES OPENED	NUMBER
Major Misconduct and General Crimes	34
Health Care Fraud	1
Contract and Procurement Fraud	7
Federal Employers' Liability Act and Other Claims Fraud	1

HOTLINE ACTIVITY	NUMBER
Referred to Amtrak Management	127
Referred to Customer Service	119
Referred to Amtrak Police Department	3
Referred for Audit	—
Referred for Investigation	4
Referred to Other Agency	—
Request from Other Agency	—
No Action Warranted	38

JUDICIAL AND ADMINISTRATIVE ACTIONS	NUMBER
Criminal Referrals to Department of Justice	15
Criminal Referrals to State and Local Prosecuting Authorities	13
Criminal Referrals Declined	21
Arrests	7
Indictments/Informations	12 <sup>a</sup>
Convictions	12
Investigative Reports Issued to the Company	18
Administrative Actions	25

Notes:

<sup>a</sup> Indictments/Informations include all indictments, informations, and complaints sealed and unsealed, of individuals who were charged during this reporting period by federal, state, and local prosecutors. Of the 12 indictments/informations/complaints reported during this reporting period, 11 were referred for prosecution in a prior reporting period and 1 in the current period.



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

REPORT INFORMATION	BETTER USE OF FUNDS	QUESTIONED COSTS
<b>Rightsizing Workforce and Using It More Flexibly Could Reduce Costs at Preventative Maintenance Facilities</b> <i>Issued 9/3/2019   Report OIG-A-2019-012</i>		
2. Continue to work with the Labor Relations department to identify opportunities to increase staffing flexibility among agreement employees, especially as the company develops maintenance strategies for the new equipment it is purchasing.	—	—
<b>Stronger Controls Would Help Identify Fraudulent Medical Claims Sooner and Limit Losses</b> <i>Issued 12/10/2019   Report OIG-A-2020-003</i>		
2. Implement proactive fraud detection procedures sooner, such as a data analytics capability, so that the company can stop fraudulent payments earlier.	—	—
3a. Implement cost effective fraud awareness initiatives to enable plan members to better recognize and report potential fraud.	—	—



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<b>Management of the Police Department Has Recently Improved, but Foundational Decisions Are Needed on its Role and Priorities</b> <i>Issued 7/1/2020   Report OIG-A-2020-012</i>		
2d. Reevaluate current goals and metrics to ensure that they align with Amtrak Police Department's (APD) established role and priorities and measure what is most important to the company. In the process, incorporate additional performance metrics that other rail organizations use, as appropriate, such as surveying passengers and employees to measure their perceptions of the security APD provides.	—	—
<b>More Effective Planning and Coordination of Track Outages Would Help Achieve a State of Good Repair</b> <i>Issued 9/14/2020   Report OIG-A-2020-016</i>		
2. Research a viable option for an advanced information technology system and/or software tools to facilitate outage planning, and submit it for company consideration.	—	—
<b>The Company Can Take Steps to Evaluate Its Current Safety Culture</b> <i>Issued 10/2/2020   Report OIG-A-2021-001</i>		
2. Use the [employee] survey's results to measure the company's progress improving safety culture over time and take action to address additional issues the survey identifies.	—	—





<b>Amtrak Expects Positive Train Control will be Interoperable with Other Railroads but Could Better Measure System Reliability</b> <i>Issued 12/11/2020   Report OIG-A-2021-004</i>		
1. To ensure that Positive Train Control (PTC) is operating reliably, we recommend that the Chief Operations Officer, in conjunction with the Chief Safety Officer, work with the company's Information Technology department to research electronic tools to access and report on PTC data and submit preferred options for funding consideration.	—	—
<b>Amtrak Has Begun to Address State Partners' Concerns About Shared Costs But Has More Work to Do to Improve Relationships</b> <i>Issued January 31, 2022   Report No. OIG-A-2022-005</i>		
1a. Clarify and document the following in the revised methodology, state partner contracts, or elsewhere: the decisions impacting state-supported costs that the company must control to ensure that it can manage its national network, when and how the company will communicate them to the state partners, and the level of state partner control over other decisions affecting their costs.	—	—
1b. Clarify and document the following in the revised methodology, state partner contracts, or elsewhere: the level and type of support the company will provide in response to state partners' inquiries and concerns about their costs.	—	—
2a. Clarify and document in the methodology, state partner contracts, or elsewhere, the extent to which the company will continue to use allocations to determine the state partners' share of costs.	—	—
2b. Clarify and document in the methodology, state partner contracts, or elsewhere, the extent to which the methodology will have state partners cover additional fixed asset and other capital expenditures, continue to have the company cover them, or some other solution.	—	—
2c. Work with Congress to ensure that the solution in recommendation 2b meets its intent under section 209 of [the Passenger Rail Investment and Improvement Act], and, if not, work with Congress on a resolution.	—	—

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3. To ensure a common picture of the accuracy of the company's bills and help address any recurring billing issues that arise, develop and begin to implement a process to track and regularly share with all state partners the number, type, and magnitude of errors that occur on state partner bills. To reduce the work burden, consider partnering with [the State-Amtrak Intercity Passenger Rail Committee] to assist with these efforts.	—	—
4. After the cost-sharing methodology is revised, document and communicate to all state partners the company's process for implementing the methodology, and for calculating and billing the state partners' share of state-supported costs. This might include the data collection and processing steps, stakeholders, roles and responsibilities, and quality assurance steps involved in this process. The company could consider using documentation that the Northeast Corridor Commission uses as a general model for how to accomplish this.	—	—
5. To the extent that cost allocations remain pertinent to the revised methodology, work with [the State-Amtrak Intercity Passenger Rail Committee] to ensure that its independent third party periodically reviews and validates that the systems the company uses to implement it, do so accurately and in accordance with the methodology, particularly the [Amtrak Performance Tracking System] allocations and the [Profit and Loss] Tool.	—	—
6. Establish in policy a process to consistently communicate to internal stakeholders and state partners any system changes the company makes that materially impact state partners' costs, either before making the change or as soon as practical thereafter.	—	—
<b>Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program</b> <i>Issued February 4, 2022   Report No. OIG-A-2022-006</i>		
1. Build out the Program Management Plan to provide a comprehensive roadmap for how the team will develop and execute the program.	—	—



4. Develop and implement a risk management process for the program, including a program-level risk assessment.	—	—
<b>Better Requirements Could Help the Company Implement Technology Projects More Effectively</b> <i>Issued March 11, 2022   Report No. OIG-A-2022-007</i>		
2. Develop and implement a process to coordinate the company's longer-term technology resource needs, including where such resources should reside and when they are needed.	\$17,900,000	—
<b>Business Case for Company's New Unified Operations Program Needs to be Updated</b> <i>Issued May 11, 2022   Report No. OIG-A-2022-009</i>		
1. Verify the assumptions in its updated business case about the UOC program's functions and staff relocations, as well as the accuracy of the estimates of the associated costs and benefits, so decisionmakers can determine whether and how to proceed.	—	—
<b>The Company is Addressing Engineering Management Workforce Challenges, but Additional Work Remains</b> <i>Issued July 12, 2022   Report No. OIG-A-2022-012</i>		
1. Establish formal compensation policies that define a schedule for regularly conducting analyses to identify whether the company is offering market-competitive salaries, and communicate the policies to all relevant parties.	—	—
2. Routinely analyze common workforce metrics such as employee turnover and share the metrics with relevant departments through existing workforce management tools.	—	—
3. Use the common workforce metrics to assess the effectiveness of recent efforts to address compensation or work-life balance issues and determine whether further adjustments are needed.	—	—
<b>Total Monetary Impact</b>	<b>\$17,900,000</b>	<b>—</b>

Notes:

<sup>a</sup> Please visit <https://www.amtrakoig.gov/reports/audits> for a copy of the reports listed in this table.

## MANAGEMENT DECISIONS

Management decisions have been made on all audit reports issued during this reporting period and previous reporting periods. Management agreed with all recommendations made in audit reports issued in this reporting period and previous reporting periods.

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**TABLE A.7. INVESTIGATIONS CLOSED DURING THE REPORTING PERIOD<sup>A</sup>**

CASE NUMBER	ALLEGATION	RESULT	DATE CLOSED
NY-22-0299-S	Other Crimes on Amtrak Facilities	Substantiated: Employee was terminated for violation of Code of Ethics and Standards for Behavior.	October 10, 2022
CA-22-0249-HL-S	Violation of Amtrak Policy	Substantiated: Employee was terminated for violation of Code of Ethics and Standards for Behavior.	October 21, 2022
CA-21-0460-S	Leave Policy Violation	Substantiated: Employee resigned as a result of investigation for violation of Medical Leave and Absences Policy.	October 25, 2022
NY-22-0193-HL-P	Violation of Amtrak Policy	Unsubstantiated	October 25, 2022
FL-22-0364-S	Leave Policy Violation	Substantiated: Employee was terminated for violation of Medical Leave and Absences Policy.	October 31, 2022





IL-20-0598-O	Fraudulent Financial Activity	Substantiated: Employee convicted on state charges related to identity theft.	November 2, 2022
MA-18-0141-O	False Claims	Unsubstantiated	November 10, 2022
PA-22-0131-S	Violation of Amtrak Policy	Substantiated: Employee was terminated for violation of Vehicle Utilization and Control Policy.	November 10, 2022
IL-22-0102-S	Leave Policy Violations	Unsubstantiated	November 17, 2022
HQ-22-0085-O	Non-Criminal Complaint	Unsubstantiated	November 18, 2022
CC-21-0551-S	Computer Fraud	Assisted Other Agency	November 28, 2022
FL-22-0610-O	CARES Act Related	Substantiated: Employee violated the False Claims Act resulting in civil settlement.	December 5, 2022
FL-22-0611-O	CARES Act Related	Substantiated: Employee violated the False Claims Act resulting in civil settlement.	December 5, 2022
NY-22-0322-O	CARES Act Related	Unsubstantiated	December 7, 2022
DC-15-0449-O	Health Care Fraud	Substantiated: Multiple individuals convicted of charges related to Health Care Fraud.	December 9, 2022
DC-21-0486-S	Anti-Trust; Bid Rigging; Collusion; Conflict of Interest	Unsubstantiated	December 12, 2022
IL-22-0603-S	False Time and Attendance Records	Substantiated: Employee was terminated for violation of Acceptable Use Policy.	January 3, 2023
FL-23-0009-O	CARES Act Related	Substantiated: Employee violated the False Claims Act resulting in civil settlement.	January 3, 2023
FL-23-0010-O	CARES Act Related	Substantiated: Employee violated the False Claims Act resulting in civil settlement.	January 3, 2023
DC-21-0271-S	Violation of Amtrak Policy	Unsubstantiated	January 4, 2023
MA-16-0110-O	Overbilling	Substantiated: Amtrak vendor found to have overbilled resulting in a civil settlement.	January 5, 2023
NY-21-0280-O	Theft	Substantiated: Contractor employee ordered to pay restitution relating to theft of property. Prosecution deferred.	January 5, 2023
FL-23-0031-S	Leave Policy Violations	Substantiated: Employee resigned as a result of investigation for violation of Medical Leave and Absences Policy.	January 12, 2023

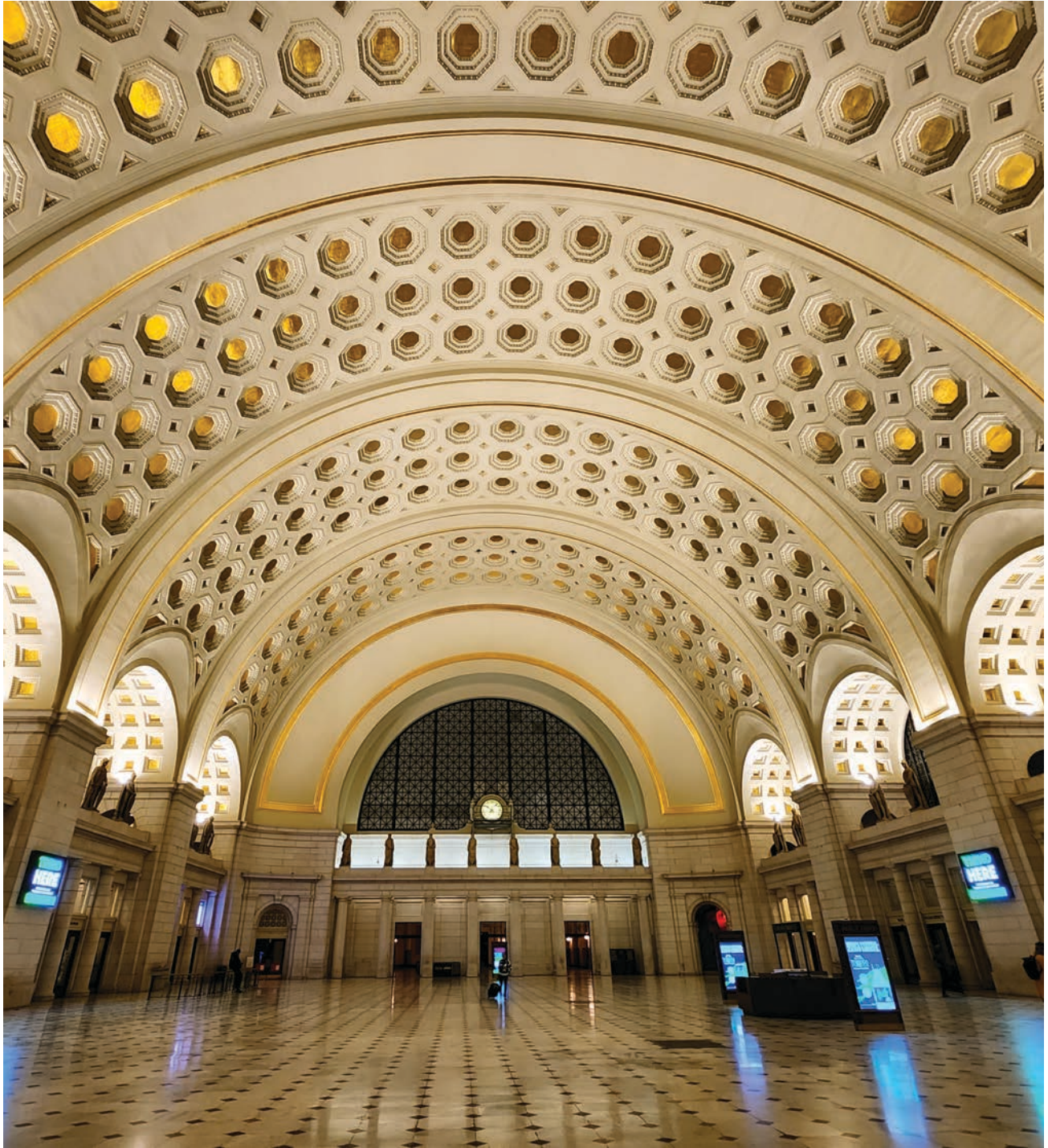
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PA-20-0441-O	Theft	Substantiated: Employee convicted of Mail Fraud in connection with theft of Amtrak property.	January 24, 2023
MA-23-0044-S	Violation of Amtrak Policy	Substantiated: Employee resigned as a result of investigation for violation of Code of Ethics and Standards for Behavior.	January 24, 2023
PA-21-0187-O	Anti-Trust, Bid Rigging, Collusion	Unsubstantiated	February 7, 2023
PA-22-0146-HL-S	Violation of Amtrak Policy	Unsubstantiated	February 8, 2023
FL-23-0032-S	CARES Act Related	Substantiated: Employee was terminated for violation of Conflict of Interest Policy.	February 9, 2023
MA-22-0356-S	False Time and Attendance Records	Substantiated: Employee was terminated for violation of Code of Ethics and Standards for Behavior.	February 27, 2023
IL-22-0366-S	Theft	Substantiated: Employee resigned as a result of investigation for violation of Acceptable Use Policy.	March 2, 2023
CA-18-0355-O	Illegal Kickbacks	Substantiated: Multiple individuals convicted of various charges related to Health Care Fraud.	March 10, 2023
CA-22-0175-S	Computer Fraud	Substantiated: Employee was counseled for violation of Acceptable Use Policy.	March 10, 2023
MA-22-0279-HL-S	Violation of Amtrak Policy	Substantiated: Employee was reprimanded for violation of Code of Ethics and Standards for Behavior.	March 20, 2023
CC-22-0395-S	Unauthorized Disclosure of Information	Substantiated: Employee was counseled for violation of Acceptable Use Policy.	March 21, 2023
DC-19-0121-HL-O	Computer Fraud	Unsubstantiated	March 23, 2023
CA-22-0009-HL-O	Assisting Law Enforcement	Assisted Other Agency	March 27, 2023
CC-22-0357-S	Computer Fraud	Unsubstantiated	March 28, 2023

### Notes:

<sup>a</sup> The OIG also closed two proactive reviews of in areas where there may have been fraud, waste, or abuse.





## 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, including in 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 or mandates and continued its efforts to ensure the American taxpayers' dollars entrusted to Amtrak were protected.

**Consolidated Appropriations Act, 2023.** The OIG reviewed Amtrak- and Amtrak OIG-related provisions of the Consolidated Appropriations Act, 2023, and the law's associated report language. House Report 117-402 directs the OIG to 1) monitor Amtrak's use, accounting, and reporting on the IIJA advance appropriations;

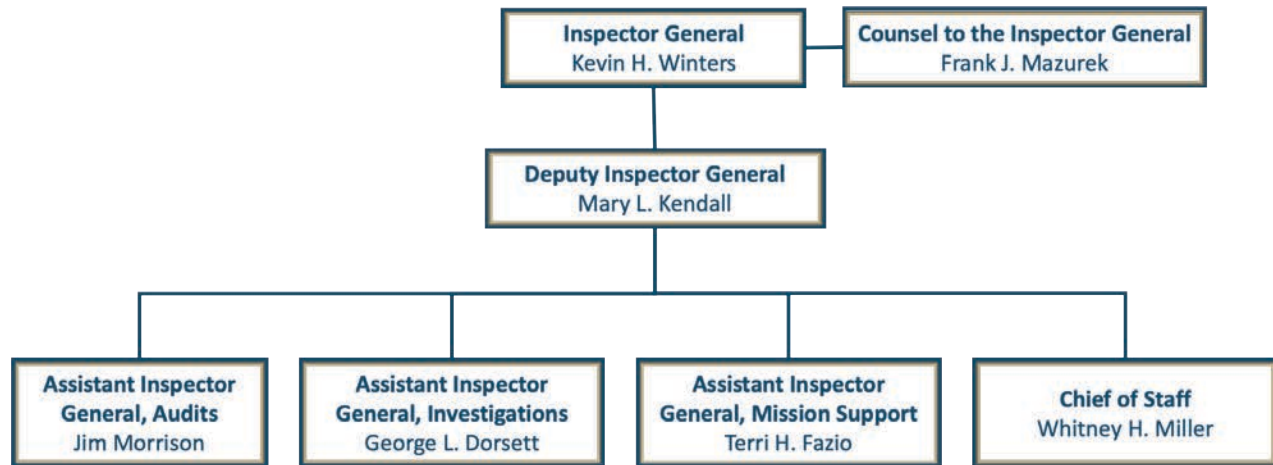
2) notify the House and Senate Committees on Appropriations of any anomalies it finds through it IIJA monitoring; 3) coordinate with the U.S. Department of Transportation OIG to promote information sharing appropriate to each other's jurisdiction; complement each other's audits and investigations, when appropriate and reasonable to do so, of Amtrak's IIJA-funded programs, projects, and overall management; and prevent duplication in oversight activities; 4) continue to monitor Amtrak's use, accounting and reporting of CARES Act; Coronavirus Response and Relief Supplemental Appropriations Act (CRRSSA), and American Rescue Plan Act (ARPA) funds; and 5) notify the House and Senate Committees on Appropriations of any anomalies it finds through its monitoring of the CRRSSA and the ARPA spending.

**James M. Inhofe National Defense Authorization Act for Fiscal Year 2023.** The OIG reviewed the National Defense Authorization Act (NDAA) for Fiscal Year 2023. The NDAA amended the Inspector General Act of 1978, updating various reporting requirements and other provisions pertaining to OIG operations.





## APPENDIX C: OIG ORGANIZATION



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

The Inspector General provides policy direction and leadership for the OIG and serves as an independent and objective voice to management, the Board of Directors, and Congress by identifying opportunities and promoting solutions for improving the company's programs and operations, while preventing and detecting fraud, waste, and abuse. The Deputy Inspector General serves in the stead of the Inspector General, as required, and leads the operational and support staffs within the OIG.

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

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

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

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



## APPENDIX D: PEER REVIEW RESULTS

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

During FY 2022, our Office of Audits was the subject of a Council of the Inspectors General on Integrity and Efficiency peer review by the Office of Personnel Management (OPM) OIG. The OPM OIG concluded that our audit organization’s system of quality control was suitably designed and complied with to provide reasonable assurance of conforming with applicable professional standards and legal and regulatory requirements. Accordingly, in its report, the OPM OIG provided a “pass” rating and made no recommendations. The report was released on December 16, 2021.

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

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



## APPENDIX E: ABBREVIATIONS

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<b>AAP</b>	All American Peptide
<b>APD</b>	Amtrak Police Department
<b>ARPA</b>	American Rescue Plan Act
<b>CARES</b>	Coronavirus Aid, Relief, and Economic Security
<b>CIGIE</b>	Counsel of the Inspectors General on Integrity and Efficiency
<b>CRRSSA</b>	Coronavirus Response and Relief Supplemental Appropriations Act
<b>EDD</b>	Employment Development Department
<b>EID</b>	Economic Injury Disaster
<b>FDIC</b>	Federal Deposit Insurance Corporation
<b>FOIA</b>	Freedom of Information Act
<b>FY</b>	Fiscal Year
<b>GSA</b>	General Services Administration
<b>IIJA</b>	Infrastructure Investment and Jobs Act
<b>NDAA</b>	National Defense Authorization Act
<b>OIG</b>	Office of Inspector General
<b>OPM</b>	Office of Personnel Management
<b>OT</b>	Operational Technology
<b>PPP</b>	Paycheck Protection Program
<b>PRAC</b>	Pandemic Response Accountability Committee
<b>PTC</b>	Positive Train Control
<b>SBA</b>	Small Business Administration
<b>the company</b>	Amtrak



## APPENDIX F: REPORTING REQUIREMENTS

INSPECTOR GENERAL ACT CITATION	REPORTING REQUIREMENT	PAGE
4(a)(2)	Review of Legislation and Regulations	36
5(a)(1)	Significant Problems, Abuses, and Deficiencies	5-22
5(a)(2)	Recommendations from Prior Reporting Periods for Which Corrective Action is Not Complete	27-31
5(a)(3)	Summary of Significant Investigations Closed During the Reporting Period	12-22, 32-34
5(a)(4)	Convictions Resulting from Investigations During the Reporting Period	26
5(a)(5)	Information Regarding Audit Activity During the Reporting Period	5-10
5(a)(5-6)	Audit Reports Issued During the Reporting Period and Management Decisions	24, 31
5(a)(7)	Federal Financial Management Improvement Act-Related Reporting	N/A
5(a)(8-10)	Peer Review Results	38
5(a)(11-12)	Investigative Reporting Statistical Tables	26
5(a)(13)	Investigations on Senior Officials Where Allegations are Substantiated	N/A
5(a)(14)	Instances of Whistleblower Retaliation	N/A
5(a)(15)	Instances of Interference with Independence or Restrictions on Access	N/A
5(a)(16)	Instances of Inspections, Evaluations, Audits, and Investigations Not Disclosed to the Public	24, 26

## MISSION

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

## OBTAINING COPIES OF REPORTS AND TESTIMONY

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

## REPORTING FRAUD, WASTE, AND ABUSE

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Report suspicious or illegal activities to the OIG Hotline [www.amtrakoig.gov/hotline](http://www.amtrakoig.gov/hotline) or **1-800-468-5469**

## CONTACT INFORMATION

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