

SEMIANNUAL REPORT

TO THE UNITED STATES CONGRESS

April 1, 2024 to September 30, 2024



OFFICE of INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION



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Kevin H. Winters | *Inspector General*

FROM THE INSPECTOR GENERAL

I am pleased to submit the Amtrak Office of Inspector General (OIG) Semiannual Report to the United States Congress for the six months ending September 30, 2024, which summarizes our independent and objective reviews and investigations related to Amtrak's programs and operations.

Amtrak (the company) finds itself in an unprecedented position since it began operations in 1971. Not only is it charged with providing safe, efficient, and effective transportation to its customers, but it is now advancing the largest capital portfolio in its history. With access to as much as \$66 billion from the Infrastructure Investment and Jobs Act, the company is in varying stages of modernizing its fleet, tunnels, bridges, stations, and technology systems. At the same time, the company is pursuing ambitious goals of doubling pre-pandemic ridership to 66 million by fiscal year 2040 and expanding service to as many as 160 new communities, all while adapting to changes in customer demand in the wake of the pandemic.

The volume of federal funds, the creation of a capital delivery function, and the hiring of support staff, rail operations workers, and awarding of contracts to execute its plans present significant implementation risks and oversight challenges. That said, while the company is pursuing this generational effort, it must still meet obligations that are difficult under the best of circumstances: running a safe, efficient passenger railroad, pursuing financial stability, and providing excellent service to its customers. Our work demonstrates that Amtrak recognizes the complexity of this moment and is taking steps to proceed responsibly. Nevertheless, the scope of this undertaking is daunting and requires robust, coordinated oversight by the OIG, Federal Railroad Administration, Amtrak's Board of Directors, and Congress.

As reported in our last three Semiannual Reports, Amtrak's Board is an important element in ensuring the company fulfills its mission effectively and efficiently. The Senate's relatively recent confirmation of three Board members is encouraging and will help give Amtrak, the Administration, Congress, and the

American taxpayers additional assurance that Amtrak has the necessary oversight as it implements historic federal investments. Notwithstanding this progress, more work needs to be done, and we continue to emphasize the need and urgency to identify, nominate, and confirm additional qualified candidates to help oversee, govern, and provide strategic direction for the company during this unprecedented era in passenger rail.

During this reporting period, our work continued to focus on areas in which Amtrak can improve the effectiveness and efficiency of its operations as well as ongoing efforts to detect and prevent fraud, waste, and abuse. A significant portion of our audit work focused on Amtrak's major programs, to include the \$6 billion Frederick Douglass Tunnel program, one of the largest infrastructure efforts Amtrak is currently leading, and the Portal North Bridge project, part of the \$40 billion Gateway program. On the Frederick Douglass Tunnel program, we found that Amtrak has not completed all necessary planning despite the approach of major construction, which increases the risk of cost overruns and schedule delays. For the Portal North Bridge project, we found it was on time and on budget, but that Amtrak had opportunities to improve its efforts to support New Jersey Transit (the project's lead sponsor) and better oversee its own interests and reduce project risks. In both reports, we made targeted recommendations, which Amtrak agreed with, that will help the company improve its program management planning, especially at the outset of major programs.

We also issued a cross-functional report on procurement fraud, a particular area of concern as Amtrak continues its expansion in mission and federal funding. This is the second fraud risks report we have provided to Amtrak management. For its part, the company has established an enterprise-wide program to monitor fraud risks and establish new capabilities to proactively identify fraudulent activity. More recently, after publication of our fraud reports, we also observed that the company has taken some other steps to set a stronger and clearer "tone at the top" that is important

FROM THE INSPECTOR GENERAL

to establishing a culture of integrity. For example, the company has provided more regular company-wide communications discussing the results of some of our fraud investigations, and our staff has supported several fraud awareness and prevention trainings for Amtrak staff. In our most recent fraud risks report, we highlight leading fraud risk management practices and emphasize the importance of collecting and analyzing contract and procurement data from the bidding and award phases through project and contract delivery. Industry research and our own observations identify key components that organizations can implement to aid in fraud detection, including centralizing procurement data, collecting key procurement data elements necessary in detecting fraud, and actively analyzing data to identify suspicious activity.

Our Office of Investigations has also netted significant results during the reporting period. Our recoveries, restitution, and forfeitures topped \$1.5 billion this reporting period, largely due to our supporting role in a multi-agency investigation into Opioid manufacturer Endo Health Solutions Inc. In May 2024, Endo was ordered to pay the second largest set of criminal penalties ever levied against a pharmaceutical company—\$1.086 billion in criminal fines and \$450 million in criminal forfeiture—for violations of the Food, Drug, and Cosmetic Act.

Another notable investigation continued to produce significant results. The scheme uncovered by our team involved dozens of Amtrak employees who colluded with various health care providers to file false and fraudulent medical claims against Amtrak's health care plans. In exchange for the use of the employees' insurance information to file the fraudulent claims, the employees were allegedly provided cash kickbacks by the providers. In total, Amtrak's health care plan paid out approximately \$11 million because of this scheme. During this reporting period, two providers were sentenced to prison and restitution totaling more than \$10 million, 10 current and former employees were indicted, and 17 employees resigned (five of those who resigned were among the 10 who were indicted) as a result of our investigation.

Other important work by our investigators included our continued efforts to recover pandemic relief funds that were improperly provided to Amtrak employees and others due to falsified applications for various loan programs. About 30 percent of our caseload is currently focused on these cases, and nine cases were either settled or resulted in guilty pleas this reporting period. The settlements helped recover nearly \$200,000 in relief funds that should have been directed to those in need.

It continues to be my privilege to work with all the dedicated professionals on our team, and I am deeply impressed by their commitment to our oversight mission. Over the next six months, we are committed to providing oversight on high-impact areas such as major programs like the Hudson Tunnel project, Amtrak's acquisition of next generation long-distance trains, and other high-impact areas like the company's efforts to reduce the risk of trespasser and vehicle strikes and its efforts to provide high-quality customer service to passengers with disabilities. We appreciate the continued interest in and support for our work by Congress, and trust that you will find this report informative.







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Management Challenges

Oversight Hearing: Inspectors General of the Department of Housing and Urban Development, Department of Transportation, and the National Railroad Passenger Corporation
(Report No. OIG-T-2024-009, September 18, 2024)

This is an unprecedented moment in Amtrak's history. Not only is it charged with providing safe and efficient transportation to its customers, but it is also advancing its largest capital portfolio in its 53-years of rail operations. With access to as much as \$66 billion dollars from the Infrastructure Investment and Jobs Act (IIJA), Amtrak is in varying stages of modernizing its fleet, tunnels, bridges, stations, and technology systems.

Amtrak already has numerous multi-billion-dollar infrastructure programs and rolling stock procurements in design or execution. The infrastructure programs include participating in the \$40 billion Gateway program in New York and New Jersey; constructing the \$6 billion Frederick Douglass Tunnel under the city of Baltimore; and replacing multiple large bridges, such as those over the Susquehanna and Connecticut rivers. Amtrak's rolling stock procurements also include three that are the largest in its history. First, replacing its legacy Acela fleet; second, procuring new intercity trains; and third, and the one likely to be its most expensive, replacing its long-distance trains. Any one of these would be a generational endeavor, but Amtrak is engaged in all of them simultaneously.

In our view, the pursuit of these multi-billion-dollar capital programs presents a host of transportation improvement opportunities for our Nation — but they also present significant challenges and risk. That risk is amplified by the fact that Amtrak must still meet obligations that are difficult under the best of circumstances: running safe, efficient 24/7 passenger rail operations, and providing excellent, fiscally responsible, service to its customers.

IN OUR VIEW, THE PURSUIT OF THESE MULTI-BILLION-DOLLAR CAPITAL PROGRAMS PRESENTS A HOST OF TRANSPORTATION IMPROVEMENT OPPORTUNITIES FOR OUR NATION — BUT THEY ALSO PRESENT SIGNIFICANT CHALLENGES AND RISK. THAT RISK IS AMPLIFIED BY THE FACT THAT AMTRAK MUST STILL MEET OBLIGATIONS THAT ARE DIFFICULT UNDER THE BEST OF CIRCUMSTANCES: RUNNING SAFE, EFFICIENT 24/7 PASSENGER RAIL OPERATIONS, AND PROVIDING EXCELLENT, FISCALLY RESPONSIBLE, SERVICE TO ITS CUSTOMERS.

Our work indicates that Amtrak recognizes the complexity and seriousness of this moment and is taking steps to proceed responsibly. Nevertheless, the scope of this simultaneous undertaking is daunting, and our work highlights that there is no shortage of lessons learned and room for improvement. Accordingly, we believe Amtrak's programs and operations require robust oversight by those in a position to do so, which includes the OIG, Amtrak's Board of Directors, the Federal Railroad Administration, and Congress.

Additional Insights on Fraud Risks as the Company Increases Its Contracts and Procurements
(Report No. OIG-SP-2024-005, April 15, 2024)

The IIJA provides \$66 billion for passenger and freight rail improvements, including \$22 billion exclusively to Amtrak and \$44 billion for competitive grants available to the company, state and local governments, and other rail carriers. The nation's historic investment provides significant opportunities for improving rail infrastructure, but it also provides criminals with a lucrative target for fraud.

To help inform the company's efforts to combat this persistent threat, we issued a report in May 2023 that

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identified four fraud risk areas facing the company: contracts and procurements, health care, employee wrongdoing, and cybercrime. During this semi-annual reporting period, our office issued a follow-on to this May 2023 report to provide deeper insights on a specific fraud risk area—contracts and procurements—for the company’s consideration as it continues its unprecedented expansion in mission and federal funding. The purpose of this follow-on report was to share insights from industry practices and our own observations about collecting and analyzing data to monitor for and detect contract and procurement fraud. Our report highlighted key components to facilitate fraud analytics, including:

1. Centralizing procurement data. To effectively analyze data for fraud indicators, organizations store procurement data in information systems or databases from which they can extract or view the data they need for analysis.
2. Collecting the procurement data elements necessary for detecting fraud. To recognize indicators of potential fraud, organizations collect key data elements in a structured format.
3. Actively analyzing data to identify suspicious activity. To enhance fraud detection efforts, organizations establish analytical tests that include pre-defining rules to identify patterns that deviate from what is expected or permitted.
4. Referring cases for further investigation as appropriate. Organizations take steps to act on and report any suspicious activity. Like other organizations, the company is responsible for preventing, detecting, and reporting fraud. To its credit, the company has a policy that requires all employees, contractors, and representatives to report any suspected violations to our office.



In addition to these components, the report also provided an appendix that lists examples of the data elements organizations can use to detect various contract and procurement fraud schemes, including data on bidding vendors, bid information, and bid history.

Safety and Security

Ongoing Work

Audit of Amtrak’s Trespasser and Vehicle Strikes. Our objectives will be to assess the company’s efforts to reduce the risk of trespasser and vehicle strikes and to identify challenges or opportunities for improvement.

Major Programs

Amtrak is Establishing a Structure for Managing the Frederick Douglass Tunnel Program, but Better Planning Would Improve Oversight and Reduce Risks
(Report No. OIG-A-2024-010, September 27, 2024)

The Frederick Douglass Tunnel (FDT) program is an estimated \$6 billion passenger rail investment to replace the 1.4-mile-long Baltimore and Potomac Tunnel in Baltimore, Maryland. The existing tunnel is more than 150 years old and requires significant maintenance and repairs to remain functional and safe for rail traffic. The program also includes track improvements, bridges, and ventilation facilities along a 10-mile section of the Northeast Corridor—the most heavily travelled rail corridor in the United States. To advance the program, the Federal Railroad Administration awarded Amtrak \$4.7 billion in grant funds. The company (the lead sponsor and asset owner) and the State of Maryland (the owner of the commuter rail service that will also use the asset) have spent or plan to provide the remaining \$1.3 billion. The FDT program is one of several multi-billion-dollar capital programs the company is undertaking, and the single

largest infrastructure effort that it currently is leading. Given its size, scope, and importance, our objective was to assess the company’s management and oversight of the FDT program.

The company was developing its management structure for the FDT program but initially did not have an effective structure or sufficient staff in place. As a result, the requisite planning had yet to be completed despite the program approaching major construction.

THE COMPANY WAS DEVELOPING ITS MANAGEMENT STRUCTURE FOR THE FDT PROGRAM BUT INITIALLY DID NOT HAVE AN EFFECTIVE STRUCTURE OR SUFFICIENT STAFF IN PLACE. AS A RESULT, THE REQUISITE PLANNING HAD YET TO BE COMPLETED DESPITE THE PROGRAM APPROACHING MAJOR CONSTRUCTION.

Two factors gave rise to these challenges:

- The program team was short-staffed. The Capital Delivery department—a nascent department when it took over the FDT program—initially assigned responsibility for the \$6 billion program to one person who had limited support to provide the management and oversight needed for a program of this magnitude. The team steadily grew in numbers since 2022 but was initially overtasked.
- The decision on the management structure was not made early enough. The company did not identify and establish a management structure early enough to provide strong oversight as the program advanced through planning into construction. Company officials told us, and we agree, that an earlier decision would have allowed

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the company to procure the FDT program's delivery partner sooner and realize its benefits more immediately.

The company did not complete all the necessary planning, which resulted in delays and other challenges. Further, the delivery partner needed to concurrently advance four areas of planning: (1) scheduling, (2) communications, (3) document management, and (4) risk management. Proceeding further into construction before completing this planning could significantly increase cost and schedule risks. More broadly, given the scale of the company's historic capital plans, avoiding similar challenges on other programs will be key to protecting and maximizing taxpayer investments.

We recommended that the Capital Delivery department advance the requisite planning before major construction begins. We also recommended that the company improve its program planning processes to ensure that it implements a management structure and provides sufficient staff early enough to avoid similar challenges on future programs. In commenting on a draft of this report, the Executive Vice President, Capital Delivery, and the Executive Vice President, Strategy and Planning, agreed with our recommendations and detailed the actions the company plans to take or has taken to address them.

Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk

(Report No. OIG-A-2024-007, May 2, 2024)

The Portal North Bridge project is a \$2 billion investment to replace the 110-year-old, two-track swing bridge over the Hackensack River in New Jersey, which typically carries more than 400 passenger trains daily. Replacing this bridge with a new fixed bridge is the first major project under construction for the Gateway program, a \$40 billion portfolio of projects to upgrade and replace rail infrastructure between Newark, New Jersey, and New York City—the most heavily used passenger rail corridor in the United States. The New

Jersey Transit Corporation (NJ Transit) is the project sponsor, and the company owns the existing tracks and will ultimately own the bridge. The company is also responsible for contributing about \$495 million and a portion of any cost overruns. Construction began in April 2022 and is estimated to be complete by late 2027. Given the importance, size, and scope of this project, our objective was to assess the company's efforts to support NJ Transit and oversee company interests as construction advances. This was our fourth report on the Gateway program.

The Portal North Bridge project was on budget and on schedule through January 2024; however, we identified risks to the project and the company's oversight of it. More broadly, learning lessons from this project could help the company better deliver on its planned, multi-billion-dollar portfolio of capital improvements. We identified the following three challenges:

- Needs for track outages and labor far exceed what the company anticipated. We found that at the project's outset, the company did not have a disciplined process to ensure that its estimates for outage and force account needs considered the project's design and the methods a construction contractor may use to implement it. The company has taken steps to mitigate these risks, but the project faces cost and schedule risks if Amtrak cannot fully meet outage and labor demands as construction advances – risks it could have mitigated during planning.
- The company and NJ Transit have had differing expectations for information sharing on the project. While the flow of information has improved, expectations for information sharing continued to differ during our review. Two factors contributed to this challenge. First, the company and NJ Transit agreed—based on Federal Transit Administration input during agreement negotiations in fall 2020—to reduce the company's role in the construction process, thereby limiting some of the information the company would receive. Second, the company

did not fully identify its information requirements at the project's outset, resulting in different interpretations of some agreement terms.

- The company's project team did not have enough staff to effectively manage its work on the project because the company's planning underestimated the resources it would need. The company has expanded its team and is adjusting future staffing plans to incorporate the lessons it learns from this project.

THE COMPANY'S PROJECT TEAM DID NOT HAVE ENOUGH STAFF TO EFFECTIVELY MANAGE ITS WORK ON THE PROJECT BECAUSE THE COMPANY'S PLANNING UNDERESTIMATED THE RESOURCES IT WOULD NEED. THE COMPANY HAS EXPANDED ITS TEAM AND IS ADJUSTING FUTURE STAFFING PLANS TO INCORPORATE THE LESSONS IT LEARNS FROM THIS PROJECT.

We recommended improvements to the company's process for identifying outage, force account, and information needs at the outset of future projects. Further, for the Portal North Bridge project, we recommended that the company assess and address where information-sharing expectations may continue to vary with NJ Transit. Management agreed with our recommendations and plans to implement all of them by June 30, 2025.

Ongoing Work

Audit of Amtrak's Hudson Tunnel Project.

Our objective will be to assess Amtrak's efforts to support the project and oversee the company's interests as the project advances.

Audit of Amtrak's Long-Distance Fleet Replacement Program. Our objective will be to assess the company's early management and oversight of this program.

Governance

Opportunities Exist to Better Use Data to Improve the Customer Experience

(Report No. OIG-A-2024-006, April 18, 2024)

Providing consistent, high-quality customer service has been a longstanding strategic priority for Amtrak. To that end, the company used customer satisfaction surveys and other tools to collect data to help identify issues, inform business decisions, and ultimately improve the customer experience. Our objective was to assess how the company used the data it collected to improve the customer experience.

We found that the company expanded its use of customer satisfaction data to identify and drive a wide variety of customer service improvements. As the company implemented these initiatives, we identified three targeted opportunities—mostly related to communications—to use these data to bolster its overall service improvement efforts:

- Outbound communications during en route train delays. In March 2023, the company increased the number of methods it used to communicate with passengers during en route delays. We found that customers on delayed trains received communications about those delays at widely varying times or sometimes not at all. Establishing thresholds for when to initially communicate with customers about en route delays and measuring and reporting on its performance could help the company better assess the effectiveness of its customer communications and identify opportunities for improvement.
- Inbound communications. The company's primary measure of call center performance—the average speed to answer calls—improved from 9.5 minutes in fiscal year (FY) 2022 to 5.5 minutes in FY 2023. In April 2024, company officials told us they have seen further improvements in FY 2024. At the same time, however, more than 200,000 calls in FY 2023 (4 percent) remained on an initial hold for 30 minutes or more. Additionally, more than 900,000 calls (15 percent) were abandoned.

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This occurred, in part, because the company did not report on its performance for these two commonly used metrics or use this performance to establish relevant goals.

- Internal use of customer feedback. In December 2022, the company expanded its call center case management system to request that field employees document the actions taken in response to customer feedback. Known as the “feedback loop,” we found three challenges with the design of this feature that limited the company’s ability to assess its effectiveness. These challenges included cases that were sent to the wrong field employees, were non-actionable, or were redundant with data from other sources.

IN DECEMBER 2022, THE COMPANY EXPANDED ITS CALL CENTER CASE MANAGEMENT SYSTEM TO REQUEST THAT FIELD EMPLOYEES DOCUMENT THE ACTIONS TAKEN IN RESPONSE TO CUSTOMER FEEDBACK. KNOWN AS THE “FEEDBACK LOOP,” WE FOUND THREE CHALLENGES WITH THE DESIGN OF THIS FEATURE THAT LIMITED THE COMPANY’S ABILITY TO ASSESS ITS EFFECTIVENESS. THESE CHALLENGES INCLUDED CASES THAT WERE SENT TO THE WRONG FIELD EMPLOYEES, WERE NON-ACTIONABLE, OR WERE REDUNDANT WITH DATA FROM OTHER SOURCES.

We recommended a series of actions to improve the company’s use of customer feedback data. These included establishing thresholds and goals to measure its performance in communicating with customers, assessing additional categories of call center data, and conducting a review of its recent changes to the call

center case management system. Management agreed with our recommendations and plans to implement all of them by March 2025.

Ongoing Work

Audit of Amtrak’s Management of Family Medical Leave Act (FMLA) Process. Our objective will be to assess the extent to which the company is effectively managing FMLA leave.

Financial Management

Quality Control Review of Amtrak’s Single Audit for FY 2023

(Report No. OIG-A-2024-008, June 20, 2024)

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. 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

Monitoring the Work of the Independent Public Accountant (IPA) Conducting the Fiscal Year 2024 Consolidated Financial Statement Audit.

Our objective will be to determine whether the IPA performed the audit of the company's Consolidated Financial Statements in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

Monitoring the Work of Amtrak's IPA Conducting the FY 2024 Single Audit. The objective is to determine whether the IPA performed its audit of the company's federal financial assistance for the fiscal year ended September 30, 2024, in accordance with generally accepted government auditing standards and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Technology

Ongoing Work

Audit of Amtrak's Disaster Recovery Processes for its Operational Technology Systems. Our objective will be to assess the company's disaster recovery processes, including efforts to reduce the risk of disruption to its operational technology systems.

Train Operations

Ongoing Work

Customer Service for Passengers with Disabilities.

Our objective will be to assess the company's efforts to provide high-quality customer service to passengers with disabilities.

Procurement

Ongoing Work

Audit of Amtrak's Procurement Process. Our objective will be to determine if the company has effective controls and processes to ensure fair and open competition during the pre-award phase.





OFFICE OF INVESTIGATIONS

Policy Violations and Employee Misconduct

Conductor Terminated

August 2024

A conductor based in Los Angeles, California, was terminated from employment on August 13, 2024, following an administrative hearing. Our investigation found that the employee violated company policies by failing to report his arrest for driving under the influence.

Director Terminated

July 2024

A director based in Chicago, Illinois, was terminated from employment on July 3, 2024, following the issuance of our investigative report. Our investigation found that the employee, along with another former employee, violated company policies by surreptitiously transmitting confidential company information without authorization to do so. Specifically, the employee transmitted the information to a private rail advocacy organization, resulting in its publication in the press and jeopardizing the company's relationship with its stakeholders.



Foreman Terminated

June 2024

A foreman based in Chicago, Illinois, was terminated from employment on June 25, 2024, following an administrative hearing. Our investigation found that the employee violated company policies by falsely reporting in the company's Work Management System that required safety inspections had been completed for the stairs on three Venture Cars in Chicago. As a result, these cars, which should have been taken out of service, were put into service the following morning.

OUR INVESTIGATION FOUND THAT THE EMPLOYEE VIOLATED COMPANY POLICIES BY FALSELY REPORTING IN THE COMPANY'S WORK MANAGEMENT SYSTEM THAT REQUIRED SAFETY INSPECTIONS HAD BEEN COMPLETED FOR THE STAIRS ON THREE VENTURE CARS IN CHICAGO. AS A RESULT, THESE CARS, WHICH SHOULD HAVE BEEN TAKEN OUT OF SERVICE, WERE PUT INTO SERVICE THE FOLLOWING MORNING.

Once we determined the required safety inspections were not completed, we notified management, and the inspections of the cars were completed.

Foreman Terminated

May 2024

A foreman based in Providence, Rhode Island, was terminated on May 7, 2024, after an administrative hearing for repeatedly going to his residence during his shift without permission and without taking the appropriate leave. Instead, the foreman did so without swiping out on a time keeping machine, which resulted in his receipt of over \$2,300 in pay for hours he did not work. The former employee is ineligible for rehiring.

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Electrical Journeyman Resigns

April 2024

An electrical journeyman based in Miami, Florida, resigned from his position on April 19, 2024, as a result of our investigation. We found that the former employee violated company policies by failing to disclose a felony criminal conviction on his background investigation questionnaire when he was hired in 2014. In addition, he violated company policies by failing to notify the company of his pending deportation order

WE FOUND THAT THE FORMER EMPLOYEE VIOLATED COMPANY POLICIES BY FAILING TO DISCLOSE A FELONY CRIMINAL CONVICTION ON HIS BACKGROUND INVESTIGATION QUESTIONNAIRE WHEN HE WAS HIRED IN 2014. IN ADDITION, HE VIOLATED COMPANY POLICIES BY FAILING TO NOTIFY THE COMPANY OF HIS PENDING DEPORTATION ORDER...



that resulted from his arrest for alien inadmissibility per the Immigration and Nationality Act and his ineligibility to legally work within the United States since 2019.

Conductor Receives Final Warning

April 2024

An assistant passenger conductor based in Philadelphia, Pennsylvania, violated company policy by altering her company paystub for July 2022 and submitting it to a financial institution for the purpose of securing a mortgage loan. On April 2, 2024, the employee received a final warning after she waived her right to a hearing and accepted responsibility for the charges.

Pandemic Relief Fraud, Settlements

Employee Civil Settlement

September 2024

A mechanical foreman based in Miami, Florida, signed a civil settlement agreement on September 10, 2024, with the U.S. Attorney's Office, Southern District of Florida. The employee agreed to pay \$6,000 in restitution and a penalty of \$2,325 related to the fraudulent application for an Economic Injury Disaster Loan (EIDL). Our investigation found that the employee applied for an EIDL loan for an alleged transportation business. We interviewed the employee and he admitted that his loan application was fraudulent, and the information contained in the application was not accurate. As a result, the employee received an EIDL loan in the amount of \$6,000 to which he was not entitled.

Employee Civil Settlement

September 2024

A carman based in Miami, Florida, signed a civil settlement agreement on September 3, 2024, with the U.S. Attorney's Office, Southern District of Florida. The employee was ordered to pay \$10,717 in restitution and a \$1,883 penalty. Our investigation found that the

employee falsified applications for two pandemic relief loans. The first loan was an EIDL loan in the amount of \$19,500. The loan was for an alleged agricultural business operated out of his home. The second loan was a Paycheck Protection Program (PPP) loan in the amount of \$8,217, which was for an alleged trucking business. We interviewed the employee and he admitted that the agricultural business did not exist, and that his trucking business did not have any revenue or any employees. As a result, the employee received funds to which he was not entitled.

Employee Civil Settlement

September 2024

A train attendant based in Miami, Florida, signed a civil settlement agreement on September 2, 2024, with the U.S. Attorney's Office, Southern District of Florida. The employee was ordered to pay \$10,000 in restitution and a \$2,500 penalty. Our investigation found that the employee submitted a false claim for an EIDL loan of \$10,000 for an alleged agriculture business, which operated out of his home. We interviewed the employee, who admitted he did not own an agricultural business and that his loan application contained false information. As a result, he received an EIDL loan advance in the amount of \$10,000 to which he was not entitled.

Former Employee Pleads Guilty

July 2024

Sean Langston, a former supervisor based in Philadelphia, Pennsylvania, pleaded guilty and was sentenced for his role in a wide-ranging pandemic fraud scheme on July 30, 2024, in Chester County, Pennsylvania State Court. Langston was sentenced to 6 months in prison, 6 months home incarceration and was ordered to pay restitution in the amount of \$295,418. Our investigation found that Langston fraudulently applied for and received two EIDL loans and a PPP loan totaling \$268,487.



LANGSTON WAS SENTENCED TO 6 MONTHS IN PRISON, 6 MONTHS HOME INCARCERATION AND WAS ORDERED TO PAY RESTITUTION IN THE AMOUNT OF \$295,418. OUR INVESTIGATION FOUND THAT LANGSTON FRAUDULENTLY APPLIED FOR AND RECEIVED TWO EIDL LOANS AND A PPP LOAN TOTALING \$268,487.

Langston was previously terminated for falsely claiming and accepting payment for regular pay, overtime pay, and compensatory time for days he did not



work and for using his company-owned vehicle for unauthorized purposes during work hours, including personal business.

Assignment Clerk Pleads Guilty

June 2024

Michael Holder, an assignment clerk based in Chicago, Illinois, pleaded guilty June 5, 2024, in U.S. District Court, Northern District of Indiana, to two counts of Wire Fraud related to the fraudulent receipt of benefits under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Our investigation found that Holder provided false and fictitious information to support an EIDL loan application to the Small Business Administration (SBA). Further, Holder provided false and fictitious information to a financial institution to support a PPP loan. Holder obtained a total of \$30,833 to support his purported personally owned business. Holder will be sentenced at a future date.

Employee Agrees to Forbearance and Workout Agreement

May 2024

A lead service attendant based in Miami, Florida, entered into a forbearance and workout agreement on May 22, 2024, with the SBA and agreed to a payment schedule to satisfy his settlement and restitution amounts. The employee agreed to pay a

total of \$124,631 including fines, fees, and interest. The employee applied for and received an SBA-backed EIDL loan for economic losses resulting from the pandemic related to self-employment or businesses he allegedly owned. Our investigation found that the employee submitted an application to the SBA that included false statements and information to qualify for the EIDL loan. As a result, the employee received an EIDL loan in the amount of \$120,000 to which he was not entitled.

Employee Civil Settlement

May 2024

A train attendant based in Miami, Florida, signed a civil settlement agreement on May 13, 2024, with the U.S. Attorney's Office, Southern District of Florida. The employee was ordered to pay \$10,000 in restitution and a \$5,000 penalty. Our investigation found that the employee submitted a false claim for an EIDL loan of \$10,000. We interviewed the employee and he admitted to receiving the EIDL loan for a non-existent catering business. As a result, the employee received an EIDL loan advance in the amount of \$10,000 to which he was not entitled.

Former Employee Pleads Guilty

May 2024

Ricarda Burrell, a former customer service representative, pleaded guilty in U.S. District Court, Eastern District of Pennsylvania, to one count of mail fraud and one count of theft of public money involving CARES Act Pandemic Unemployment Assistance (PUA) fraud. Burrell received PUA while she was employed at Amtrak. The total fraud amount was \$9,739.

Employee Civil Settlement

April 2024

A customer service representative based in Miami, Florida, signed a civil settlement agreement on April 16, 2024, with the U.S. Attorney's Office, Southern District of Florida. The employee agreed to pay a total of \$25,400 to the SBA, which includes damages, fees and a fine. Our investigation found that the employee submitted a PPP loan application to the SBA that included false statements and information. As a result, the employee received a PPP loan in the amount of \$20,810 to which she was not entitled.

Health Care Fraud

Health Care Fraud Conspiracy

May-September 2024

Muhammed Mirza, a New Jersey doctor from Cedar Grove, was sentenced May 10, 2024, to 26 months in prison, two years' supervised release, and ordered to pay \$1.37 million in restitution for his role in an \$11 million health care fraud scheme in which dozens of Amtrak employees colluded with health care providers to defraud Amtrak. Another health care provider involved in the scheme, Punson Figueroa, aka "Susie Figueroa," a New York acupuncturist, was sentenced September 24, 2024, to 34 months in prison, three years' supervised release, and was ordered to pay restitution of \$9.05 million. In addition, Hyunji Choi, aka "Regina Choi," aka "Regina Beatrice," of Woodside, New York, pleaded guilty in Newark federal court on

June 11, 2024, to an information charging her with conspiracy to commit health care fraud for her part in the scheme. Ten current and former employees were each charged by indictment June 20, 2024, with conspiracy to commit health care fraud, and 17 employees based in New York Penn Station or the NW Base in New Jersey resigned between July 15, 2024, and September 12, 2024 (five who resigned were among the 10 who were charged), in connection with our investigation.

The current Amtrak employees charged by indictment were Kevin Frink, 52, of Willingboro, New Jersey; Quinton Johnson, 52, of Irvington, New Jersey; David McBrien, 36, of Levittown, Pennsylvania; Gregory Richardson, 34, of Roosevelt, New York; Rodolfo Rivera, 41, of Clayton, Delaware; Michael Toal, 34, of Hazlet, New Jersey; and Damany Walker, 41, of Irvington, New Jersey. Former employees charged by indictment were Timothy Bogen, 59, of Hamden,





Connecticut; Dion Jacob, 50, of Brooklyn, New York; and David Lonergan, 64, of Rockaway Park. Amtrak placed the current employees on administrative leave pending further review.

According to court documents, the current and former employees allegedly received thousands of dollars in cash kickbacks from health care providers including Mirza and Figueroa in return for their agreement to allow their health insurance plan to be billed for fraudulent claims for services that were never provided and were medically unnecessary.

ACCORDING TO COURT DOCUMENTS, THE CURRENT AND FORMER EMPLOYEES ALLEGEDLY RECEIVED THOUSANDS OF DOLLARS IN CASH KICKBACKS FROM HEALTH CARE PROVIDERS INCLUDING MIRZA AND FIGUEROA IN RETURN FOR THEIR AGREEMENT TO ALLOW THEIR HEALTH INSURANCE PLAN TO BE BILLED FOR FRAUDULENT CLAIMS FOR SERVICES THAT WERE NEVER PROVIDED AND WERE MEDICALLY UNNECESSARY.

Choi previously worked for Figueroa and submitted false and fraudulent claims to the Amtrak health care plan and paid cash kickbacks to Amtrak employees at Figueroa's direction.

California Doctor Sentenced *July 2024*

Navanjun Grewal, a doctor based in Los Angeles, California, was sentenced on July 2, 2024, in U.S. District Court, Central District of California, for making a false statement and for obstructing a federal audit related to a health care fraud investigation. Grewal was sentenced to two years' probation and was ordered to pay \$300,000 in restitution.

Our investigation found that Grewal knowingly and willfully submitted a fraudulent document to the Department of Defense in response to an audit request regarding prescriptions for compounded medications that had been submitted to TRICARE for reimbursement. Grewal created and submitted fraudulent patient files in response to the audit. Grewal was part of a large health care fraud scheme in which beneficiaries were solicited to provide their insurance information to a pharmacist for medication they did not seek or need. As a result of 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 \$12,264,685 on the fraudulently submitted claims.

Treatment Facility Director and Patient Brokers Plead Guilty

May 2015

William Leonard and Kevin Leonard, both California residents, pleaded guilty on May 15, 2024, in U.S. District Court, Southern District of California, to conspiracy and health care fraud charges. William and Kevin Leonard were patient brokers who unlawfully brokered patients to clinical treatment facilities owned and operated by Paragon Recovery, LLC. In exchange, William and Kevin Leonard received kickback payments. The scheme resulted in the fraudulent billing of insurance companies for services that were not performed.



Previously, Stephen Reeder, an Ohio resident, pleaded guilty on January 22, 2024, to conspiracy related to a health care fraud scheme. Reeder was the program director at Paragon Recovery, LLC which operated a clinical treatment facility in California. Our investigation found that Reeder and others conspired to solicit, offer, and receive illegal remunerations for referrals to clinical treatment facilities. Specifically, at the direction of the owners of Paragon Recovery, Reeder caused payment to be made to William and Kevin Leonard for patients they referred to the facility. Amtrak's insurance providers were billed approximately \$1,152,000 over the course of the scheme.

Cybersecurity

OIG Investigation Leads to Security Updates

June 2024

Amtrak notified our office February 16, 2024, of a potential data-sharing incident. Our investigation found that an employee granted two third-party email accounts access to an Amtrak OneDrive/SharePoint folder which contained 369 company files related to an Amtrak program. As a result of our investigation into the incident, the company took remedial action in June 2024 to optimize Microsoft tools for data loss prevention, conducted routine auditing and removal of guest accounts, completed additional security enhancements, and provided alerts for risky file sharing.

Other Settlements, Resolutions, or Crimes

Drug Manufacturer Sentenced

September 30, 2024

The currently imprisoned founder and chief executive officer of a California-based company that marketed stem cell-based products linked to multiple hospitalizations was sentenced September 30, 2024, to 36 months in prison—consecutive to his current prison

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sentence—following his conviction under the Federal Food, Drug and Cosmetic Act (FDCA). John Warrington Kosolcharoen, most recently of Orange County, California, pleaded guilty August 27, 2024, to one count of introducing an unapproved new drug into interstate commerce with the intent to defraud and mislead.

In 2018, the Food and Drug Administration and the Centers for Disease Control and Prevention received reports of patients in multiple states requiring hospitalization for bacterial infections after receiving Kosolcharoen's products. Kosolcharoen is currently in custody serving a sentence for a separate, unconnected conviction. Amtrak OIG provided support for this joint investigation at the request of the U.S. Attorney's Office.

Employee Civil Settlement

September 2024

A train attendant based in Charlotte, North Carolina, signed a civil settlement agreement on August 13, 2024, with the U.S. Attorney's Office, Eastern District of North Carolina. The employee agreed to pay a total of \$10,800 in settlement, restitution, and penalties to the Railroad Retirement Board (RRB). Our investigation found that the employee worked a second job while receiving RRB sickness benefits. We found that between July 19, 2021, and January 16, 2022, the employee submitted at least 13 false claims to the RRB for sickness benefits. As a result, the employee received \$8,282 in benefits to which she was not entitled.

Former Employee Sentenced

August 2024

A former employee was sentenced to four years' probation and 150 hours of community service after defrauding the RRB of sickness benefits, according to the U.S. Attorney's Office, Eastern District of Louisiana. Tonya Butler, of Slidell, Louisiana, made false statements to the RRB from January 2022 to April 2022 for the purpose of obtaining sickness benefits. In truth, she was working full time for an interstate trucking company at the time. As a result, the RRB paid

her \$7,345.52 in sickness benefits. Butler also received \$7,818.22 in short-term disability benefits through an Amtrak sponsored union benefit plan and pandemic relief benefits totaling approximately \$62,000 to which she was not entitled. Butler was ordered to pay restitution totaling more than \$70,000 to the RRB, Amtrak's benefit plan, and the SBA. Butler pleaded guilty to making false statements April 22, 2024.

Employee Pleads Guilty

August 2024

Maurice Driver, 35, an Amtrak employee from Gloucester City, New Jersey, pleaded guilty August 5, 2024, to one count of lying to a federal agent, according to the U.S. Attorney's Office, District of Columbia. According to court documents, Driver was working as a lead service attendant in the café car on an Amtrak train, which departed from Washington, D.C., in the afternoon of January 3, 2024, and ended in Chicago, Illinois, on the morning of January 4, 2024.

While working on that train, Driver met a passenger, spoke and texted with the passenger, and allowed the passenger to use a vacant sleeper car on the train. On January 4, 2024, in Chicago, that passenger reported to Amtrak Police that Driver sexually assaulted her in a sleeper car on the train. During an interview with an Amtrak OIG Special Agent, Driver made multiple false and misleading statements about his communications and contacts with the passenger, denying that he gave the passenger his personal phone number, texted with the passenger, and that he showed the passenger to a sleeper car. OIG agents previously arrested Driver June 4, 2024, on a five-count indictment of lying to a federal agent.

Opioid Manufacturer Sentenced

May 2024

Endo Health Solutions Inc. (EHSI) was ordered May 2, 2024, to pay \$1.086 billion in criminal fines and an additional \$450 million in criminal forfeiture—the second-largest set of criminal financial penalties

ever levied against a pharmaceutical company—for violations of the federal FDCA, according to the U.S. Department of Justice (DOJ).

EHSI pleaded guilty April 18, 2024, to one misdemeanor count of introducing misbranded drugs into interstate commerce. In its plea, EHSI admitted that from April 2012 through May 2013, some of its sales representatives marketed Opana ER with INTAC (Opana ER) to prescribers by touting the drug's purported abuse deterrence, tamper resistance, and/or crush resistance despite a lack of clinical data supporting those claims. In addition, approved labeling for Opana ER did not provide adequate information for healthcare providers to safely prescribe Opana ER for use as an opioid that is abuse deterrent. According to the plea agreement, EHSI was responsible for the misbranding of Opana ER by marketing the drug with a label that failed to include adequate directions for its claimed abuse deterrence, in violation of the FDCA. EHSI withdrew Opana ER from the market in 2017. The investigation, supported by our office, found that some Amtrak employees and dependents were prescribed the misbranded drug.

California Men Sentenced

April 2024

Jason Chan and Jamar Rogers, both California residents, were sentenced on April 8, 2024, and March 27, 2024, respectively, in the U.S. District Court, Eastern District of California, for wire fraud and aiding and abetting. Chan was sentenced to 3 years' probation and Rogers was sentenced to 12 months and one day in prison followed by 3 years' probation. The men were also ordered to pay a total of \$43,518.32 in joint restitution.

Our investigation found that Rogers purchased Amtrak tickets with stolen credit cards and exchanged the tickets for vouchers that he then advertised for sale. Chan purchased the vouchers from Rogers at a discounted rate, used them to buy new tickets, canceled those tickets to obtain new vouchers, and then used the vouchers to book new tickets he sold to passengers at a discounted price. As a result of the scheme, Rogers and Chan caused Amtrak to issue approximately \$38,000 in ticket vouchers and caused losses of over \$45,000 to Amtrak, card-issuing banks, and card holders.





APPENDIX A: STATISTICAL DATA

TABLE A.1. FINANCIAL IMPACT

MONETARY BENEFIT TYPE	AMOUNT THIS PERIOD
Better Use of Funds	—
Questioned Costs	—
Recoveries and Restitution	\$1,138,945,656 ^a
Forfeitures	\$457,552,142
Cost Avoidance	—

^a This includes \$1.086 billion in criminal fines and an additional \$450 million in criminal forfeiture by Endo Health Solutions Inc. The investigation was supported by our office, FBI, Drug Enforcement Administration, Health and Human Services OIG, Food and Drug Administration Office of Criminal Investigations, Veterans Affairs OIG, Office of Personnel Management OIG, and the Defense Criminal Investigative Service. Some Amtrak employees and dependents were prescribed the misbranded drug, Opana ER with INTAC.

TABLE A.2. AUDIT ACTIVITY DURING THE PERIOD

REPORT INFORMATION	BETTER USE OF FUNDS	QUESTIONED COSTS
Amtrak Is Establishing a Structure for Managing the Frederick Douglass Tunnel Program, but Better Planning Would Improve Oversight and Reduce Risks <i>Issued September 27, 2024 Report OIG-A-2024-010</i>	—	—
Oversight Hearing: Inspectors General of the Department of Housing and Urban Development, Department of Transportation, and the National Railroad Passenger Corporation <i>Issued September 18, 2024 Report OIG-T-2024-009</i>	—	—
Quality Control Review of Amtrak's Single Audit for Fiscal Year 2023 <i>Issued June 20, 2024 Report OIG-A-2024-008</i>	—	—
Portal North Bridge Project is Progressing, but Opportunities Exist to Improve Company Oversight and Reduce Risk <i>Issued May 2, 2024 Report OIG-A-2024-007</i>	—	—
Opportunities Exist to Better Use Data to Improve the Customer Experience <i>Issued April 18, 2024 Report OIG-A-2024-006</i>		
Additional Insights on Fraud Risks as the Company Increases Its Contracts and Procurements <i>Issued April 15, 2024 Report OIG-SP-2024-005</i>	—	—
Total Monetary Impact	—	—

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TABLE A.3. ONGOING AUDITS

ONGOING PROJECT STATUS	NUMBER OF PROJECTS
Audit Projects In-process, as of 3/31/2024	12
Audit Projects Canceled	—
Canceled Audit Projects Not Disclosed to the Public	—
Audit Projects Started Since 3/31/2024	3
Audit Products Issued Since 3/31/2024	6
Audit Projects In-process, as of 9/30/2024	9

TABLE A.4. ADVISORY FUNCTIONS DURING THE PERIOD

ACTIVITY	ACTIONS
Freedom of Information Act (FOIA) Requests Received	14
FOIA Requests Processed	13
FOIA Requests Referred to Amtrak	8
FOIA Requests with Responses Pending	1
FOIA Appeals Received	—
FOIA Appeals Processed	—
Legislation Reviewed	—
Regulations Reviewed	16
Outside Agency Consultation	—

TABLE A.5. INVESTIGATIVE ACTIVITY DURING THE PERIOD

INVESTIGATIVE CASELOAD	NUMBER
Investigations Opened	71 ^a
Investigations Closed	47
Closed Investigations of Senior Employees Not Publicly Disclosed	2

CASES OPENED	NUMBER
Major Misconduct and General Crimes	42
Health Care Fraud	2
Contract and Procurement Fraud	3
Federal Employers' Liability Act and Other Claims Fraud	—

HOTLINE ACTIVITY	NUMBER
Total Processed (Closed)	220

JUDICIAL AND ADMINISTRATIVE ACTIONS	NUMBER
Criminal Referrals to the DOJ	12
Criminal Referrals to State and Local Prosecuting Authorities	3
Criminal Referrals Declined	2
Arrests	5
Indictments/Informations	26 ^b
Convictions	15
Investigative Reports Issued to the Company	21
Administrative Actions	29

Notes:

^a This includes 24 investigations opened during the prior semiannual reporting period.

^b 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. Twenty-four of the indictments/informations reported during this reporting period were referred for prosecution in a prior reporting period.



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

REPORT INFORMATION	BETTER USE OF FUNDS	QUESTIONED COSTS
Rightsizing Workforce and Using It More Flexibly Could Reduce Costs at Preventative Maintenance Facilities <i>Issued September 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.	—	—
Stronger Controls Would Help Identify Fraudulent Medical Claims Sooner and Limit Losses <i>Issued December 10, 2019 Report OIG-A-2020-003</i>		
3a. Implement cost effective fraud awareness initiatives to enable plan members to better recognize and report potential fraud.	—	—
Amtrak Expects Positive Train Control will be Interoperable with Other Railroads but Could Better Measure System Reliability <i>Issued December 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.	—	—
Amtrak Has Begun to Address State Partners' Concerns About Shared Costs But Has More Work to Do to Improve Relationships <i>Issued January 31, 2022 Report 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.	—	—
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.	—	—

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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.	—	—
Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program <i>Issued February 4, 2022 Report OIG-A-2022-006</i>		
4. Develop and implement a risk management process for the program, including a program-level risk assessment.	—	—
Company Appears on Track to Achieve Emissions Reduction Goals; Opportunities Exist to Reduce Excess Idling and Provide Training <i>Issued October 18, 2022 Report OIG-A-2023-001</i>		
1. Further analyze the data it already collects and collect additional data to identify opportunities to reduce excess idling. This could include analyzing trend data on excess idling over time, by location, and by locomotive.	—	—
2. Using these analyses, establish and implement a process to regularly target and reduce excess idling companywide. This could include developing a real-time alert for the appropriate mechanical staff that would allow them to make needed repairs to prevent excess idling.	—	—
Better Identifying and Tracking Operational and Technology Assets Across the Company Would Improve Cybersecurity <i>Issued November 7, 2022 Report OIG-A-2023-002</i>		
3. Develop and implement enterprise-wide policies and procedures—including clear roles and responsibilities for all key stakeholders—as well as training for maintaining complete [Operational Technology] asset inventory.	—	—
Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs <i>Issued December 22, 2022 Report OIG-A-2023-005</i>		
1. Establish and implement controls for program personnel to identify and engage all relevant stakeholders, including business end-users, to specify requirements early for all major capital programs and to modify those requirements as program needs and assumptions evolve.	—	—

Company Is Strengthening Project Cost Management but Can Better Organize Costs and Improve Guidance <i>Issued July 17, 2023 Report OIG-A-2023-010</i>		
1. Conduct a comprehensive study to identify how the company can support the development and use of more detailed and standardized work breakdown structures in accordance with common industry practices. At minimum, this analysis should determine the following for the Capital Delivery department: a. how many levels of cost detail project managers need to effectively track and manage costs for a diverse capital portfolio b. the extent to which projects or programs should have work breakdown structures with standardized cost elements c. based on the above decisions, the people, systems, and processes necessary to develop more detailed and standardized work breakdown structures and sustain them over time.	—	—
2. Based on the results of the study, develop a proposal specifying the people, processes, and systems needed to implement more detailed and standardized work breakdown structures and submit it to the Executive Leadership Team for consideration.	—	—
Company Improved Management of New Acela Program, but Additional Delays and Cost Increases are Likely <i>Issued September 29, 2023 Report OIG-A-2023-013</i>		
2. Direct the vendor to provide complete schedules to address field modification instructions. At a minimum, this would include the location of work, viable engineering solutions, and the availability of materials and personnel.	—	—
3. Work collaboratively with the vendor to identify the risk of future field modification instructions, as well as any modifications needed as a result of the model validation efforts, and develop plans to mitigate their schedule impact.	—	—
Results of Audit Assessing Company Controls to Protect Information Systems and Data from Insider Threats <i>Issued December 11, 2023 Report OIG-A-2024-001</i>		
1. Conduct an insider threat risk assessment and determine what data, transfer methods, user activities, and systems are most critical to control, monitor, and block.	—	—
2. Based on the results of the risk assessment, develop and implement a plan to better control, monitor, and block identified data and user activities for its systems.	—	—

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3. Establish a policy that clearly defines departmental roles and responsibilities for insider threat activities, including responding to insider threats.	—	—
4. Establish a process to track and enforce access management requirements for the company's non-financial systems, including ensuring system owners are aware of and complete required access reviews.	—	—
5. Conduct an insider threat risk assessment and determine what data, transfer methods, user activities, and systems are most critical to control, monitor, and block.	—	—
Company is Meeting Hiring Goals but Has Opportunities to Improve Hiring Efficiency <i>Issued December 14, 2023 Report OIG-A-2024-002</i>		
1. Establish a process to regularly validate the accuracy, completeness, and consistency of the data it uses to assess the timeliness of the hiring process.	—	—
2. Implement tools to centrally analyze and routinely report detailed and accurate timeline data, including phase-specific hiring goals and metrics to monitor hiring efficiency over time.	—	—
3. Explore and implement technology solutions that minimize reliance on manual analyses and processes in the company's preboarding clearance systems. At a minimum, this should include coordinating with the contractor that oversees clearances to augment the data transmitted to the company automatically and engage Digital Technology to support the flow of these additional data.	—	—
4. Implement a process of regular checks or audits to comprehensively verify whether candidates' clearances are accurately reflected in the preboarding clearance systems and identify the causes of any anomalies.	—	—
Company Has Opportunities to More Effectively Manage and Safeguard Maintenance-of-Equipment Inventory <i>Issued February 22, 2024 Report OIG-A-2024-004</i>		
1a. Develop and implement a process to ensure that the data used for Maintenance-of-Equipment inventory demand forecasting and replenishment more accurately and reliably reflect consumption. At a minimum, this should include better tracking of employee practices that distort consumption data, such as enforcing the requirement to track the use of parts cannibalized from other units.	—	—

1b. Develop and implement a process to regularly and consistently review and update inventory attributes that the company relies on for forecasting and replenishment, such as reorder points and lead times.	—	—
2. Develop and document strategic goals and metrics for inventory management that align with the company's broader goals. Options might include measuring how frequently a Maintenance-of-Equipment inventory shortage causes a train to be delayed and the extent to which Maintenance-of-Equipment inventory shortages impact the company's service capacity.	—	—
3. Establish a process to regularly assess the costs and benefits of carrying surplus and obsolete inventory to determine which materials to sell or scrap. Based on this assessment, determine what portion, if any, of the \$14.4 million of obsolete Maintenance-of-Equipment inventory the company should attempt to recover.	\$14,400,000	—
4. Assess the costs and benefits of updating inventory item information in the company's inventory management system. At a minimum, assess the costs and benefits of updating, clarifying, and standardizing item names, descriptions, units of measure, and accompanying photographs, as well as options for doing so. Based on this assessment, determine what actions, if any, to take.	—	—
5. Develop and begin implementing a risk-based plan to secure inventory facilities across the company.	—	—
6. Develop and implement a process to consistently and regularly monitor for abnormal inventory use. This should include clearly assigning responsibility for managing this process on an ongoing basis.	—	—
7. Develop and implement a process to consistently and effectively apply ordering limits to the inventory system, as appropriate.	—	—
Total Monetary Impact	\$14,400,000	—

Note:

^a Please visit <https://www.amtrakog.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

CASE NUMBER	ALLEGATION	RESULT	DATE CLOSED
23-0469-I	Computer Intrusion	Substantiated: Malware found on network	April 1, 2024
24-0062-I	Medical Leave Violations	Substantiated: Employee resigned during investigation of FMLA claims and outside employment.	April 1, 2024
24-0033-I ^a	Other	Senior Level employee. Unsubstantiated	April 1, 2024
24-0007-I	Assisting Law Enforcement	Assisted Other Agency	April 2, 2024
16-0004-I	Other	Substantiated: Corporation agreed to civil settlement	April 3, 2024
20-0246-I	Fraudulent Medical Billings	Substantiated: Multiple individuals convicted of various charges related to Health Care Fraud.	April 3, 2024
24-0003-I	Medical Leave Violations	Unsubstantiated	April 3, 2024
18-0276-I	Fraudulent Medical Billings	Unsubstantiated	April 4, 2024
18-0386-I	Fraudulent Medical Billings	Unsubstantiated	April 4, 2024
19-0012-I	Theft of Property	Substantiated: Employee resigned during investigation involving theft of property.	April 4, 2024
19-0314-I	Fraudulent Medical Billings	Unsubstantiated	April 5, 2024
24-0045-I	Other	Unsubstantiated	April 8, 2024
24-0008-AI	Computer Misuse	Substantiated: Employee terminated after violating company policies by engaging in unreported outside employment.	April 8, 2024
24-0043-I	Drug Investigation	Unsubstantiated	April 8, 2024
21-0068-I	Fraudulent Medical Billings	Substantiated: Convicted of Conspiracy to Commit Health Care Fraud	April 15, 2024
24-0001-AI	Time and Attendance Fraud	Unsubstantiated	April 18, 2024



24-0009-I	Pandemic Relief Fraud	Unsubstantiated	April 23, 2024
24-0065-I	Medical Leave Violations	Substantiated: Employee resigned for engaging in outside employment while on medical leave of absence.	April 25, 2024
24-0037-I	Medical Leave Violations	Unsubstantiated	May 2, 2024
22-0296-I	Other	Unsubstantiated	May 14, 2024
24-0071-I	Assisting Law Enforcement	Assisted Other Agency	May 21, 2024
24-0012-I	Pandemic Relief Fraud	Substantiated: Employee signed civil settlement agreement related to fraudulent application for two PPP loans.	May 22, 2024
24-0052-I	Pandemic Relief Fraud	Substantiated: Employee signed civil settlement agreement related to fraudulent application for EIDL loan.	May 24, 2024
22-0010-I	Accident-Related Investigation	Assisted Other Agency	May 30, 2024
21-0461-I	Identity Theft	Substantiated: Convicted of false documents related to employment	June 4, 2024
24-0050-I	Time and Attendance Fraud	Substantiated: Employee terminated for time card fraud.	June 11, 2024

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24-0069-I	Violation of Amtrak Policy - Disclosure of Criminal Convictions	Unsubstantiated	June 12, 2024
24-0046-I	Medical Leave Violations	Unsubstantiated	June 12, 2024
18-0221-I	Fraudulent Medical Billings	Substantiated: Corporation agreed to criminal plea and civil settlement	June 18, 2024
24-0066-I	Identity Theft	Assisted Other Agency	July 2, 2024
24-0016-I	Medical Leave Violations	Unsubstantiated	July 2, 2024
24-0026-I	Fraudulent Medical Billings	Substantiated: Healthcare provider agreed to administrative resolution.	July 9, 2024
24-0093-I	Medical Leave Violations	Unsubstantiated	July 9, 2024
24-0044-I	Misconduct Involving Serious Safety Issues	Substantiated: Employee terminated for falsely reporting required safety inspections were completed.	July 15, 2024
23-0647-I	Other	Unsubstantiated	July 16, 2024

24-0011-I	Other	Unsubstantiated	July 18, 2024
24-0075-I	Assisting Law Enforcement	Assisted Other Agency	July 18, 2024
24-0056-I	Computer Misuse	Substantiated: Management action taken to resolve data sharing issues.	July 25, 2024
24-0078-I	Computer Intrusion	Unsubstantiated	July 26, 2024
24-0049-I	Pandemic Relief Fraud	Substantiated: Employee signed civil settlement agreement related to fraudulent receipt of PPP loan.	July 29, 2024
19-0021-I	Fraudulent Medical Billings	Substantiated: Multiple individuals convicted of various charges related to Health Care Fraud.	July 30, 2024
23-0030-I	Pandemic Relief Fraud	Substantiated: Employee agreed to civil forbearance and workout agreement related to fraudulent receipt of EIDL loan.	July 30, 2024
21-0444-I	Time and Attendance Fraud	Unsubstantiated	July 30, 2024
24-0054-I	Violation of Amtrak Policy - Disclosure of Criminal Convictions	Substantiated: Employee resigned during investigation for failure to disclose felony conviction.	July 30, 2024
23-0196-I	Medical Leave Violations	Unsubstantiated	August 1, 2024
24-0051-I	Medical Leave Violations	Unsubstantiated	August 1, 2024
24-0088-I ^b	Other	Senior Level employee. Unsubstantiated	September 10, 2024

Notes:

a, ^b We closed two investigations of senior level Amtrak employees during this reporting period.

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

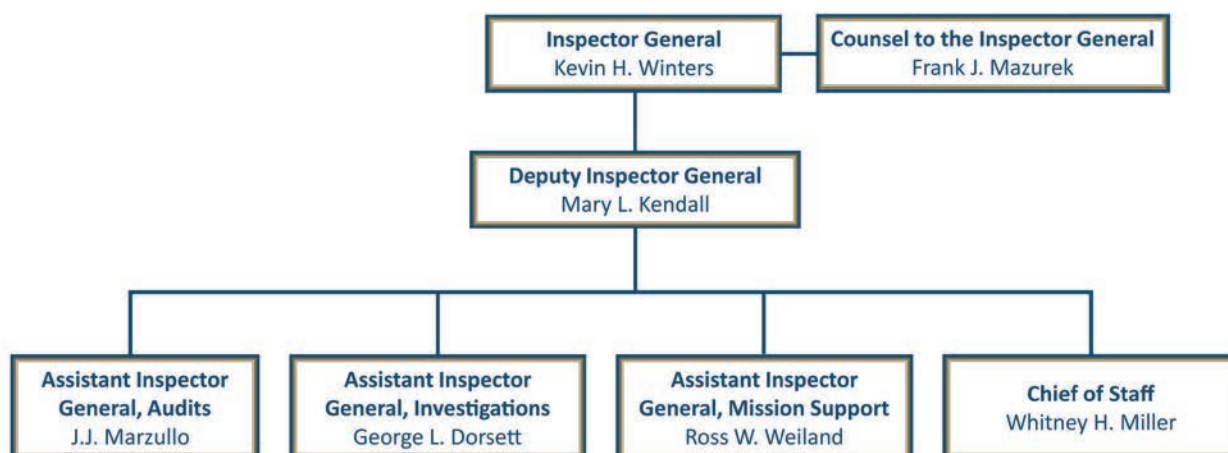
Section 404(a)(2) of the Inspector General Act of 1978, as amended, provides that the Inspector General shall review existing and proposed legislation and regulations relating to programs and operations of such establishment. Also, the Inspector General shall make recommendations in the semiannual reports 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 16 Amtrak corporate policies or mandates and continued its efforts to ensure the American taxpayers' dollars entrusted to Amtrak were protected.



APPENDIX C: OIG ORGANIZATION



The OIG headquarters is based in Washington, D.C., with field offices in Boston, Chicago, Miami, Los Angeles, New York City, 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 DOJ, 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 DOJ for criminal prosecution or civil litigation, or to management for administrative action. It also develops recommendations to reduce vulnerability to abuse and criminal activity.

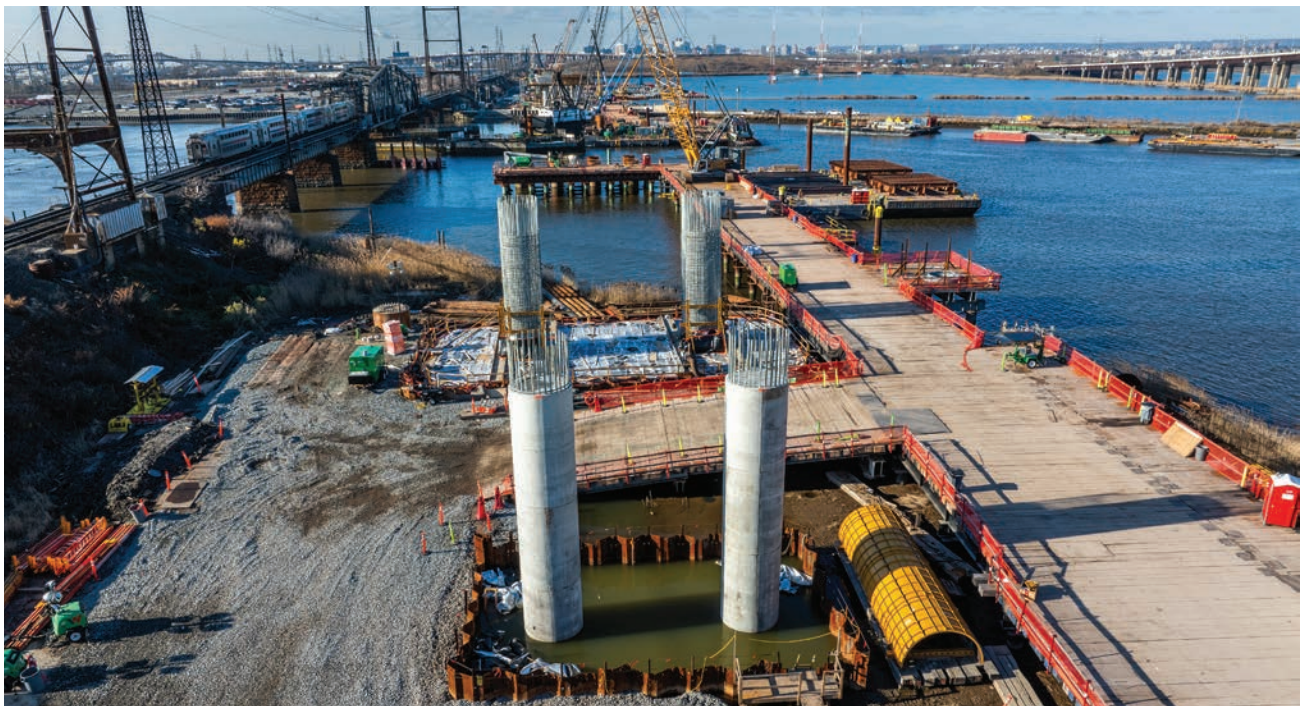
Mission Support. This office provides budget and financial management; contracting and procurement; information technology; general administrative support and human capital, which ensures that the best qualified people are hired, developed, retained, and rewarded appropriately in accordance with applicable 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 FY 2022, our Office of Audits was the subject of a Council of the Inspectors General on Integrity and Efficiency (CIGIE) 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 2024, our Office of Investigations was the subject of a CIGIE peer review by the Department of Energy (DOE) OIG. The DOE OIG concluded that the system of internal safeguards and management procedures for our investigative operations follows the quality standards established by CIGIE and the Attorney General’s Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority. The DOE OIG also identified some best practices in our investigative operations that they believed warranted acknowledgment.



APPENDIX E: ABBREVIATIONS

CARES	Coronavirus, Aid, Relief, and Economic Security
CIGIE	Council of the Inspectors General on Integrity and Efficiency
DOE	Department of Energy
DOJ	Department of Justice
EHSI	Endo Health Solutions Inc
EIDL	Economic Injury Disaster Loan
FDCA	Food, Drug, and Cosmetic Act
FDT	Frederick Douglass Tunnel
FMLA	Family Medical Leave Act
FOIA	Freedom of Information Act
FY	Fiscal Year
IIJA	Infrastructure Investment and Jobs Act
IPA	Independent Public Accountant
NJ Transit	New Jersey Transit Corporation
OIG	Office of Inspector General
OPM	Office of Personnel Management
PPP	Paycheck Protection Program
PTC	Positive Train Control
PUA	Pandemic Unemployment Assistance
RRB	Railroad Retirement Board
SBA	Small Business Administration
the company	Amtrak

APPENDIX F: REPORTING REQUIREMENTS

INSPECTOR GENERAL ACT CITATION	REPORTING REQUIREMENT	PAGE
404(a)(2)	Review of Legislation and Regulations	36
405(a)(1)	Significant Problems, Abuses, and Deficiencies	5-21
405(a)(2)	Recommendations from Prior Reporting Periods for Which Corrective Action is Not Complete	26-31
405(a)(3)	Summary of Significant Investigations Closed During the Reporting Period	13-21, 32-35
405(a)(4)	Convictions Resulting from Investigations During the Reporting Period	25
405(a)(5)	Information Regarding Audit Activity During the Reporting Period	5-11
405(a)(5-6)	Audit Reports Issued During the Reporting Period and Management Decisions	23, 31
405(a)(7)	Federal Financial Management Improvement Act-Related Reporting	N/A
405(a)(8-10)	Peer Review Results	38
405(a)(11-12)	Investigative Reporting Statistical Tables	24-25
405(a)(13)	Investigations on Senior Government Employees Where Allegations are Substantiated	N/A
405(a)(14)	Instances of Whistleblower Retaliation	N/A
405(a)(15)	Instances of Interference with Independence or Restrictions on Access	N/A
405(a)(16)	Instances of Inspections, Evaluations, Audits, and Investigations Not Disclosed to the Public	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 1-800-468-5469

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