



# US DEPARTMENT OF VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

## INSPECTOR GENERAL'S FRAUD WATCH

The VA OIG fights fraud through close collaboration with VA personnel, federal law enforcement partners, the Department of Justice, and multiple fraud task forces, including the Fraud Task Force established by the [President's March 2026 Executive Order](#). VA OIG staff investigate and deter fraudulent and criminal conduct and disrupt complex fraud schemes that impact veterans' healthcare, education, and benefits.

Recent enforcement actions included below highlight this impact. You can find more information on the VA OIG's oversight work, along with full investigative updates, by visiting the [VA OIG website](#).

### Compensation Benefits Fraud

Compensation benefits fraud involves individuals' submission of fraudulent claims for payment for VA disability benefits.

- A veteran was sentenced to 17 months in prison for stealing more than \$1 million in VA benefits, which included an order to pay more than \$930,000 in restitution. The veteran claimed to be bedridden with paralysis in one leg and arm and required round-the-clock care and repeatedly represented that she needed a wheelchair to leave home. The VA OIG investigation revealed that the veteran did not require a wheelchair and had the use of both hands.
- The nephew of a quadriplegic veteran, who was supposedly residing with and providing care for his uncle, was sentenced to 156 months' imprisonment after concealing his uncle's death for several years and stealing over \$1.8 million of the veteran's VA and Social Security benefits.
- A person who misrepresented himself as a decorated US Army combat veteran, despite having never served in the military, pleaded guilty in federal court to theft of government funds for his fraudulent receipt of Veterans Affairs benefits. He fraudulently applied for VA benefits, claiming to have actively served in the Army and to have been in receipt of both the Purple Heart and a Bronze Star medal. As a result of his fraudulent misrepresentations, he was able to secure VA benefits in the form of medical treatment provided either through VA medical facilities or contracted medical providers.

## Pension Benefits Fraud

VA pension benefits are available to wartime veterans or their survivors who meet certain age or disability requirements and have limited income and net worth. VA pension beneficiaries who need help with daily activities or are housebound may be eligible for an additional monetary payment. Veterans are targets of wide-ranging schemes known as “pension poaching,” all of which attempt to steal their assets.

- A charity founder and four employees were sentenced for submitting falsified documentation and improperly demanding payments from veterans for pension benefits for which they were not actually entitled. The pension application fraud scheme cost the VA about \$20 million.

## Fiduciary Fraud

VA's Fiduciary Program was established to protect veterans and other beneficiaries who are unable to manage their financial affairs due to injury, disease, or age-related issues. Fiduciary fraud involves the theft of benefits by a VA-appointed fiduciary who is supposed to manage VA beneficiaries' finances in their best interests.

- A defendant, who was a fiduciary, pleaded guilty to stealing VA compensation benefits totaling approximately \$225,000 that were intended for an elderly veteran who was unable to manage his own money.
- A woman pleaded guilty to misappropriating money that she was managing on behalf of four veterans. According to court documents, she stole more than \$135,000 from one elderly, dying veteran who lived at a VA facility. She also stole over \$23,000 from three other veterans. She used the money for shopping, dining out, and travel.
- A man was sentenced to two years in federal prison for theft of government property valued at over \$50,000. The man promised to manage the monetary benefits of an individual who was unable to do so themselves, but he misused and stole funds.

## Education Benefits Fraud

VA education benefits fraud involves the theft of benefits meant to help veterans, service members, and their qualified family members with paying for college tuition, finding the right school or training program, and career counseling.

- The owner of a barbering and cosmetology school was sentenced to 96 months' imprisonment and ordered to pay restitution to VA of approximately \$2.9 million after being found guilty by a federal jury of enrolling veterans in classes without providing any

actual instruction or training. The owner also made numerous false statements (including falsified records) and misrepresentations to VA regarding veterans' attendance.

## Healthcare Fraud

Healthcare fraud by VA-paid healthcare providers and vendors in the community is the intentional misrepresentation of information to gain payment, inconsistent with the type, scope, or nature of the treatment, service, or product provided.

- A drug and alcohol rehabilitation center agreed to pay \$19.75 million to resolve allegations that it overbilled VA using a variety of schemes, including billing for treatments not provided, while failing to provide high-quality care to veterans by qualified clinicians.
- The owner of a home health company was arrested after being charged with obtaining more than \$7 million in payments from VA for services that were never actually rendered, including home care to veterans recorded as having been delivered weeks after their deaths.
- A rehabilitation company, which operates approximately 140 physical therapy clinics in Michigan, Illinois, Indiana, Wisconsin, and Georgia, agreed to pay nearly \$5 million to settle allegations that it violated the False Claims Act by submitting false claims for payment for physical therapy services to several federal healthcare programs. The settlement resolves allegations that the organization knowingly and improperly submitted false claims to Medicare, Medicaid, TRICARE, the Federal Employees Health Benefits Program (FEHBP), and VA for one-to-one physical therapy services even though those services occurred in a group setting.
- A doctor was sentenced to more than six years in prison for a \$12.5 million healthcare fraud scheme. The decades-long scheme deceived patients about the kinds and doses of medications administered and fraudulently billed health insurance plans for reimbursement of medications that were not purchased or administered to patients.
- A man was sentenced to three years in prison and ordered to pay more than \$27 million in restitution for conspiracy to violate the anti-kickback statute. He was found to have conspired with others, including two managers for a mobile medical diagnostics company, to enter into kickback agreements with various doctors to perform unnecessary brain scans. The scheme resulted in fraudulent bills of more than \$70 million.
- A Texas doctor was sentenced to more than eight years in prison and ordered to pay more than \$13 million in restitution for his role in a \$145 million scheme. He was among several doctors who accepted bribes and kickbacks for writing thousands of unnecessary

prescriptions for compounded medications issued to injured federal workers covered by the Department of Labor's Office of Workers' Compensation Program.

- A former NFL player was convicted for his role in a \$328 million cardiovascular genetic testing fraud scheme. As the owner and operator of two clinical laboratories, he paid kickbacks to marketers in exchange for their referral of Medicare beneficiaries' DNA samples, personally identifiable information, and signed test orders from medical providers authorizing the medically unnecessary genetic tests.

## Procurement Fraud

This type of fraud involves the unlawful manipulation of a process to acquire contracts, goods, or services or to obtain an unfair advantage. VA spends billions of dollars each year on contracted services, supplies, and medications.

- A real estate agent/property manager who admitted to failing to provide lead-based paint disclosures as required to veterans residing in VA housing, which resulted in the exposure of veterans and their families to significant levels of lead, was sentenced to three years of probation and ordered to pay a fine of \$150,000. As part of the same investigation, a hazardous material mitigation services company was also sentenced to pay restitution to VA of \$348,000 and a fine of \$50,000 for falsely claiming that an abatement of lead paint was conducted on this property.

## Public Corruption and Kickbacks

Public corruption involves VA employees breaching the public's trust by using their positions for private gain. Kickbacks involve individuals accepting something of value in exchange for preferential treatment or payments to the individual or entity offering the kickback (including medical service providers, contractors, or vendors).

- The former Executive Director of the Office of Electronic Health Record Modernization was indicted for his alleged failure to disclose his receipt of thousands of dollars in cash, casino chips, gift cards, and other gifts from contractors while leading this \$16 billion project.
- A former VA employee was sentenced for stealing nearly \$200,000 with unauthorized government purchase card buys and then reselling many of the items in an online marketplace.

## Service-Disabled Veteran-Owned Small Business (SDVOSB) Fraud

SDVOSB fraud is committed by ineligible individuals or entities seeking to improperly obtain, perform, or profit from VA contracts set aside for small businesses owned and controlled by

veterans with military service-connected disabilities. In some fraud schemes, an SDVOSB is set up, or a service-disabled veteran is named as owner, to “pass through” contract performance to another business not owned by a veteran with a disability.

- Two nonveterans were ordered to pay restitution of more than \$400,000 and a fine of \$50,000 for forming two construction companies for the purpose of bidding on and acquiring “set aside” VA contracts intended for SDVOSBs.