INSPECTOR GENERAL'S FRAUD WATCH
AUGUST 2026

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 and audit reports included below highlight this impact. You can find more information on the VA OIG's oversight work, along with full investigative updates and reports, by visiting the VA OIG website.

Investigations – Recent Activity and Ongoing Cases

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 veteran pleaded guilty to two counts of Health Care Fraud in the Eastern District of Washington. A VA OIG investigation revealed that the defendant and his spouse obtained compensation benefits and Caregiver Support Program benefits through false representations of the veteran's abilities. Although the veteran attended a compensation and pension examination with a blindness cane and reported he could not drive, agents observed him driving later that day. Evidence revealed that the veteran routinely drove and carried items up and down stairs independently. The veteran's spouse previously pleaded guilty to similar charges. The estimated VA loss was $676,000.

- A defendant was arrested in the Southern District of Georgia after previously being indicted on August 6, 2026, for health care fraud; theft of government money, property, or records; and aggravated identity theft. A VA OIG investigation resulted in charges alleging that the defendant stole his deceased brother's identity to obtain VA healthcare on approximately 275 different occasions, costing VA approximately $63,000.

- Two surgical sales representatives agreed to a $200,000 and $190,000 civil settlement, respectively, for false claims violations in the Eastern District of Tennessee. A VA OIG, IRS, and General Services Administration OIG investigation revealed that two former VA employees formed a close relationship with the two surgical sales representatives, who created two shell companies specifically for the purpose of defrauding VA. The sales representatives used the shell companies to submit inflated, fake invoices to VA for orthopedic surgeries, which the former VA employees paid using a purchase card. The billings were approximately seven to ten times the normal amount. The former VA employees received bribe payments from the sales representatives involving envelopes of cash containing over $80,000. The loss to VA was approximately $3.7 million.

- A non-veteran was arrested after previously being charged in Colorado's 17th Judicial District for forgery, theft, and attempt to influence a public servant. A VA OIG investigation resulted in charges alleging that the defendant submitted a fraudulent DD-214 form (Certificate of Release or Discharge from Active Duty) to obtain VA healthcare services and treatment valued at $16,783 despite never serving in the military. The defendant also allegedly submitted counterfeit DD-214s, bogus VA treatment records, and photos of his late father's military awards that he passed off as his own in nine unsuccessful attempts to obtain VA disability compensation benefits.

- A federal jury in the Southern District of Texas convicted a Houston metro pharmacy owner of conspiracy to pay kickbacks in a compounding pharmacy fraud scheme. A multi-agency investigation revealed that doctors, pharmacists, and other conspirators colluded to provide high-cost medications that were prescribed based on the promise of kickbacks. The conspirators billed the Department of Labor more than $100 million for the prescriptions, many of which were not medically necessary; the billed portion attributable to VA employees exceeded $3 million. This investigation was conducted by the VA OIG, Defense Criminal Investigative Service (DCIS), FBI, Office of Personnel Management (OPM) OIG, U.S. Postal Service OIG, and Department of Labor OIG.

- A drug manufacturer entered into a three-year deferred prosecution agreement and agreed to pay over $46 million to resolve criminal and civil allegations that it paid kickbacks to induce prescriptions and purchases of its immunosuppression drug. A multi-agency investigation revealed that the company paid for lavish meals, alcohol, and luxury resort stays to induce health care professionals to recommend or prescribe the drug. Additionally, the company caused the submission of false claims to federal health care programs by paying kickbacks to hospital personnel and specialty pharmacies. The

company agreed to pay a criminal penalty of $10,040,000 as part of the deferred prosecution agreement, $34,450,000 as part of the civil settlement, and a $1,550,000 civil penalty to resolve allegations that it knowingly failed to report certain payments to physicians under the Open Payments Program (the "Sunshine Act"). Between 2016 and 2024, VA claims for this drug totaled over $13 million. This investigation—the largest Sunshine Act recovery since the law was passed in 2010—was conducted by VA OIG, FBI, Department of Health and Human Services (HHS) OIG, DCIS, OPM OIG, and the U.S. Postal Inspection Service.

- The owner of a marketing company was sentenced in the Middle District of Florida to 24 months' imprisonment and 36 months' supervised release, and was ordered to pay restitution of approximately $16.1 million. A VA OIG, HHS OIG, and FBI investigation revealed that the defendant participated in a fraud scheme where he worked with overseas call centers to exploit and pressure elderly Americans to provide their personal and health insurance information and to accept medically unnecessary braces. The defendant also paid sham telemedicine companies to obtain signed orders from doctors and nurse practitioners who never treated the patients and subsequently sold the orders to medical supply companies who then submitted claims to Medicare and CHAMPVA. This resulted in approximately $32.3 million in illegal durable medical equipment claims to government healthcare programs.

- A member of a transnational healthcare fraud criminal organization was sentenced in the Eastern District of New York to 18 months' incarceration, 12 months' supervised release, and $12,500 in forfeitures, pursuant to his guilty plea to Conspiracy to Commit Money Laundering. The was the result of a multi-agency investigation, called Operation Gold Rush, into the illicit activities of a criminal organization that has been submitting billions in fraudulent claims to America's health insurance programs, including CHAMPVA and Medicare, for durable medical equipment that was never prescribed or issued to the beneficiaries. The criminal organization's activities resulted in payments of about $900 million from Medicare supplemental insurers, about $1.8 million of which is estimated to have been paid through CHAMPVA. This investigation was conducted by VA OIG, HHS OIG, OPM OIG, and FBI.

- A former U.S. Postal Service employee who served as a patient recruiter was sentenced in the Southern District of Texas to 36 months' probation and was ordered to pay $75,875 in restitution after pleading guilty to conspiracy to pay and receive healthcare kickbacks. A multi-agency investigation revealed that a pharmacy owner colluded with doctors,

pharmacists, and other conspirators to provide high-cost medication that was induced to be prescribed based on kickbacks. Between 2015 and 2018, the defendants caused over $100 million in medication, much of which was not medically necessary, to be dispensed and billed to Department of Labor Office of Workers Compensation. Of this amount, the defendants were paid approximately $50 million; the loss to VA exceeded $3 million. This investigation was conducted by the VA OIG, DCIS, FBI, OPM OIG, U.S. Postal Service OIG, and Department of Labor OIG.

- The owner of Coastal Diagnostic Testing Group (CDTG) pleaded guilty in the District of Oregon to one count of conspiracy to commit health care fraud. A VA OIG and HHS OIG investigation revealed that, beginning in 2021, the owner of CDTG and his employees overcharged HHS, VA, and numerous private insurance companies for intensive, in-office sleep studies. CDTG billed for the in-office sleep studies when less expensive at-home sleep studies were actually conducted. Additionally, to generate more revenue in certain offices during months of low productivity, the owner instructed staff to falsely bill for sleep studies using patient information though the studies never occurred on those dates. The estimated total loss was $2,124,363 and the estimated VA loss was $732,675.

- The owner of a marketing company was sentenced in the District of New Jersey to 24 months of supervised release, during which 21 months will be served in home detention, and was ordered to pay restitution of about $11.5 million for his role in a conspiracy to defraud the United States in connection with a scheme to violate anti-kickback, and health care fraud statutes. A multiagency investigation resulted in charges alleging the defendant and others participated in a healthcare fraud scheme where telemarketers solicited durable medical equipment to prospective patients. Telemedicine doctors, with whom the patients did not have an existing relationship, wrote the resulting prescription orders. Many of the companies identified in the scheme billed CHAMPVA. In total, the defendant and others caused losses to Medicare of about $11.5 million. The total loss to VA was about $330,000. To date, investigative efforts have led to 24 arrests and 22 convictions. This investigation was conducted by VA OIG, FBI, HHS OIG, and DCIS.

- A former physical therapy assistant was sentenced in the Western District of Pennsylvania to 24 months' supervised release and was required to pay $264,286 in restitution after pleading guilty to conspiracy to commit wire fraud and conspiracy to commit healthcare fraud. A multiagency investigation resulted in charges alleging that, from January 2007 to October 2021, the defendant and other practice staff conspired to

commit fraud through various means such as using unlicensed technicians to provide physical therapy treatment which was billed as if performed by a licensed physical therapist or a physical therapy assistant. It was further alleged that the defendant regularly billed for treatment time greater than the actual treatment time spent with patients. From 2013 to 2021, the Erie VA Medical Center referred 442 veterans to this practice for physical therapy through VA's Office of Community Care. The total loss to the government was estimated to be over $20.3 million; of this amount, the total loss to VA was about $500,000. The defendant was the 18th to be sentenced of 19 defendants who either pleaded guilty or were found guilty at trial. The last defendant is scheduled to be sentenced in November 2026. This investigation was conducted by VA OIG, Pennsylvania Office of Attorney General, OPM OIG, DCIS, HHS OIG, and the FBI.

- A VA Advanced Medical Support Assistant and a VA community care provider pleaded guilty in the Middle District of Florida to conspiracy to pay and receive healthcare kickbacks. A VA OIG and FBI investigation revealed that, between 2019 and 2023, the VA employee steered 2,915 veterans to the community care provider's clinics in exchange for kickbacks. A review of WhatsApp messages revealed the defendants communicated about steering VA Community Care patients to the provider's clinic in exchange for $175,172 in kickbacks. During a premises search warrant of the VA employee's residence, agents discovered a document that outlined how much money the VA employee would earn for each referral. VA paid approximately $12 million to the community care provider. The VA employee was placed on indefinite suspension without pay.

- The former chief financial officer of a spinal device company was sentenced to four months' prison and 12 months' supervised release and was fined $9,500 after pleading guilty to conspiracy to violate the anti-kickback statute. A multiagency investigation revealed that the defendant entered into a kickback scheme to bribe surgeons to use the spinal device company's products in exchange for sham consulting fees. Six surgeons—including a former VA Bronx Healthcare System physician and a non-VA surgeon who was paid through the Veterans Choice Program—entered into civil settlements in connection with this investigation in which they acknowledged receiving kickbacks from the defendant's company in exchange for using their surgical products. The former VA physician caused VA to purchase approximately $1 million in surgical products from the company; their settlement totaled $330,668, of which $103,785 was allocated to VA. The founder of the spinal device company was previously sentenced in connection with this

investigation. This investigation was conducted by VA OIG, U.S. Postal Inspection Service, HHS OIG, and the FBI.

- A veteran was convicted in the District of Kansas of conspiracy and theft of government funds. A VA OIG and General Services Administration (GSA) OIG investigation revealed that the veteran and his wife provided false information to VA about the veteran's caregiver needs and his wife's caregiving functions. The veteran was employed at about the time that he applied to the VA Caregiver Support Program (CSP) in August 2014. The defendants provided false information to the CSP, including statements that the veteran was unable to work or drive due to his impairments. The veteran was employed full-time as a GS-13 Project Manager with GSA from around May 2016 to August 2025. The loss to VA was $172,426.

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 non-veteran was indicted in the Southern District of Alabama on one count of theft of government property and one count of misappropriation by fiduciary. A VA OIG investigation resulted in charges alleging that the defendant, while acting in a fiduciary capacity, misused VA funds intended for a veteran, including by making voluminous cash withdrawals totaling about $157,000. Records reflect that, in 2025, the defendant was still withdrawing money from the account despite VA having removed her as fiduciary in 2024. The estimated VA loss amount was $165,000.

- A former VA fiduciary who pleaded guilty to misappropriation of benefits intended for her father was sentenced in the District of Kansas to 60 months' probation and was ordered to pay $49,060 in restitution. The investigation revealed that, from October 2020 to April 2022, the defendant served as fiduciary for her father, who was unable to manage his finances. The defendant took funds VA sent to her father for disability compensation and misappropriated the cash

Compensation Benefits Fraud

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

- A veteran was indicted in the Eastern District of Missouri for theft of government funds. A VA OIG investigation resulted in charges that the defendant received VA dependency and indemnity compensation benefits based on her spouse's death plus VA disability compensation for her own service. The defendant remarried in April 2018; however, she allegedly completed a marital status questionnaire denying that she had remarried in order to continue receiving dependency and indemnity compensation benefits. In May 2019, under her own compensation award, the defendant allegedly added her new spouse as a dependent to get a higher rate of VA disability compensation. During an interview, the defendant admitted reporting to VA that she had not remarried in reference to her dependency and indemnity compensation benefits award. The loss to the VA was $146,839.

- A non-veteran was charged in the District of Alaska and agreed to plead guilty to one count of theft of government property. A VA OIG and Social Security Administration OIG investigation resulted in the charge, which arose from post-mortem benefits payments to three veterans. One of those veterans died on June 25, 2017, and despite the death being recorded, continued receiving VA and SSA payments until June 1, 2021. In 2018, the veteran's direct deposit was changed to hard copy checks mailed to an Alaska post office box and deposited into a credit union account owned by the defendant. The plea agreement includes a recommend year of probation and restitution of $201,501. The government loss exceeded $200,000, with a VA loss of over $61,000.

- A defendant was arrested by the U.S. Marshals Service in Maine after being indicted in the Western District of Kentucky on charges of conspiracy to receive stolen treasury checks, receipt of stolen government property, and aggravated identity theft. An investigation by the VA OIG and the Treasury Inspector General for Tax Administration resulted in charges alleging that several defendants operated a multi-state scheme involving opening fraudulent bank accounts under aliases and depositing stolen U.S. Treasury checks, including VA benefits checks and IRS tax refunds. A search warrant resulted in the recovery of fake identification documents along with stolen Treasury checks, to include checks issued by VA intended for veterans living in Florida, New Jersey, Minnesota, Maryland, and Virginia. The payments included retroactive VA disability and VA education benefits totaling over $150,000. Overall, 14 U.S. Treasury checks worth a total of $572,345 were also recovered.

- A veteran was indicted in the Eastern District of Missouri on charges of theft of government funds. A VA OIG investigation resulted in charges that the defendant was in

receipt of dependency and indemnity compensation benefits due to the death of her spouse, as well as VA disability compensation for her own service. The defendant remarried in April 2018; however, she allegedly completed a marital status questionnaire stating that she had not remarried to continue receipt of dependency and indemnity compensation benefits. In May 2019, under her own compensation award, it is alleged the defendant added her new spouse as a dependent to get a higher rate of VA disability compensation. During an interview with VA OIG Agents, it is alleged the defendant admitted to reporting to the VA that she had not remarried in reference to her dependency and indemnity compensation benefits. The loss to the VA is approximately $146,839.

- A veteran pleaded guilty in Franklin County (Ohio) to one count of falsification in a theft offense. The veteran was sentenced to 60 months' probation, ordered to participate in a behavioral health assessment, and ordered to pay VA restitution of $24,692. A VA OIG investigation resulted in charges alleging the defendant illegally obtained the personally identifiable information of his former girlfriend's daughter and her two young children to claim them as his dependents. It was also alleged the defendant fraudulently claimed his daughter's half-sister as his dependent.

COVID-19 Program Fraud

COVID-19 fraud involves the submission of fraudulent applications for payments under the Small Business Administration's (SBA) small business pandemic relief programs including the Payroll Protection Program and the Economic Impact Disaster Loan Program. These programs were created through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020 in response to the economic fallout from the COVID-19 pandemic.

- A defendant was sentenced in the Eastern District of Louisiana to 12 months' home detention and 100 hours of community service, and was ordered to pay $123,772 in restitution for making false statements to SBA. A VA OIG investigation revealed that the defendant and others defrauded the government by obtaining SBA-backed Paycheck Protection Program loans for nonexistent businesses. The total loss to the government, including all codefendants, was approximately $1 million. This investigation was the result of a referral from the COVID-19 Pandemic Response Accountability Committee.

- A former Pittsburgh VA Medical Center employee was indicted in the Western District of Pennsylvania on charges of false official statements. A VA OIG investigation resulted

in charges alleging the defendant defrauded the government by obtaining an SBA-backed Paycheck Protection Program loan worth $20,435 for a business that did not exist. The defendant acknowledged that he subsequently used the funds for his own personal expenses.

- A church pastor pleaded guilty in the Middle District of Florida to wire fraud and aiding and abetting wire fraud. A VA OIG investigation resulted in charges alleging that a former health technician at the VA Outpatient Clinic in Jacksonville, with the assistance of her church pastor, fraudulently obtained two Paycheck Protection Program loans totaling $49,999. It is further alleged that the pastor, and the church deacon, fraudulently obtained two Economic Injury Disaster Loans totaling $250,000. The former VA employee previously pleaded guilty to wire fraud.

- A defendant was sentenced in the Eastern District of Louisiana to 24 months' probation and100 hours of community service, and was order to pay $36,124 in restitution for providing false statements to the SBA. A VA OIG and U.S. Secret Service investigation revealed that the defendant obtained fraudulent SBA-backed Paycheck Protection Program loans and assisted others with obtaining similar fraudulent loans. The loss to the government was about $128,000. This investigation was the result of a referral from the COVID-19 Pandemic Response Accountability Committee.

Education Benefits Fraud

VA education benefits fraud involves the theft of benefits intended for veterans, service members, and their qualified family members pay for college tuition, find the right school or training program, and obtain career counseling.

- A non-veteran school owner was charged in the District of Oregon with a single count of fraudulent acceptance of payments. The same day, the defendant agreed to plead guilty and to pay $562,697 in restitution to VA. A VA OIG investigation resulted in charges alleging that the defendant defrauded the Post-9/11 GI Bill benefit program and VA's Veteran Employment Through Technology Education Courses program. Between 2017 and 2022, the school received over $1.7 million in tuition from VA. Based on this investigation, the school's VA approval was withdrawn. The defendant was previously indicted on charges of wire fraud and theft of government funds.

- The school certifying official of a for-profit, non-college degree school that purported to provide courses in cybersecurity and computer coding pleaded guilty to wire fraud in the

Middle District of Florida. A VA OIG investigation resulted in charges alleging that the defendant hired a conspirator who targeted and recruited veteran students to attend the school in exchange for approximately 25 percent of the Post-9/11 GI Bill benefits the school obtained through the enrolled veteran students. The defendant allegedly undertook various efforts to conceal the nature of this recruitment from VA auditors, including using coded terms, concealed payments, backdated and falsified contracts, and phony enrollment records. The school also allegedly created false records of attendance of nonveteran students to legitimize and disguise the dramatic increases of veteran enrollments. It is further alleged that only a small fraction of the veteran students sought or obtained any certifications in programs purportedly taught by the school. The conspirator was charged and signed a plea agreement in which he agreed to forfeit over $3.9 million as an estimate of the amount he personally obtained from the scheme. The loss to VA was approximately $19.2 million.

- A veteran pleaded guilty in the Southern District of Ohio to one count of conspiracy to defraud the United States. A multiagency investigation resulted in charges alleging that, from approximately 2018 until 2024, the defendant coordinated a scheme with other conspirators, including family members and friends, to fraudulently obtain VA and Department of Education benefits. The defendant and others allegedly enrolled in college courses and applied for and received Post-9/11 GI Bill funds for tuition, monthly housing allowances, and stipends for books and supplies. In addition, the defendant and others allegedly obtained federal student aid while enrolled. Once enrolled, the defendant allegedly paid an individual in Africa to complete course assignments for the conspirators. The defendant also allegedly caused fraudulent federal student loan discharge or forgiveness based on alleged total and permanent disability status for the conspirators. The loss to VA was approximately $530,000 and the loss to the Department of Education was approximately $400,000. This investigation was conducted by VA OIG, Department of Education OIG, and DCIS.

Current ongoing investigations: 989

Current referrals: 742

Audits – Recently Issued Reports

Review of VBA's Processing of Adverse Actions for Service-Connected Disability Compensation (August 31, 2026)

The VA OIG examined whether VBA staff processed adverse actions in accordance with policies and procedures. Adverse actions are unfavorable changes to disability benefits based on changes in entitlement or the evaluation of a service-connected disability. Under 38 C.F.R. § 3.103 (38 U.S.C. § 5104), disability compensation cannot be terminated, reduced, or adversely affected unless the veteran has first been notified of the action. The OIG found that VBA claims processors did not always follow the law designed to ensure veterans receive due process related to adverse actions.

The OIG team estimated that, in calendar year 2024, claims processors made one or more errors in about 34 percent of cases involving proposed and final decisions for reduction of veterans' service-connected disability compensation. Errors included claims processors not providing sufficient notification before taking adverse action, not updating rating decision codesheets, improperly applying effective dates, and not taking adverse action. Because of these deficiencies, the OIG estimated that veterans were improperly paid at least $16.9 million for proposed adverse action cases closed from January 1 through December 31, 2024. Additionally, the OIG estimated that at least $964,000 in ongoing monthly improper payments will occur until these errors are resolved. The OIG team also reviewed a sample of cases from January 1 through September 30, 2025, where there was no final rating decision date and found that claims were closed prematurely during that period as well.

The OIG made four recommendations to improve processes and ensure compliance with laws, regulations, and policies. The principal deputy under secretary for benefits concurred with the findings and recommendations.

Audit of Program Management for the Benefits Enterprise Platform Modernization (August 11, 2026)

The VA OIG conducted this audit to assess the Office of Information and Technology's (OIT) program management of the Benefits Enterprise Platform (BEP) modernization. BEP is a mission critical system supporting veterans' benefits processing. It was identified as one of 85 legacy systems that needed to be modernized or decommissioned to improve overall claims processing efficiency. The audit evaluated whether the planning and execution of the BEP modernization aligned with federal standards, VA policy, and legislation.

The OIG found that the modernization effort was at risk of delays, cost increases, and security vulnerabilities due to insufficient oversight and weak program management. Specifically, the

OIG found that OIT lacked a comprehensive, reliable program schedule as recommended by the Government Accountability Office's Schedule Assessment Guide. Instead, OIT relied on an agile tool that planned work only in three-month increments and lacked full project roadmaps. This limited visibility raises the risk that VBA will face delays or fail to complete modernization efforts successfully.

The OIG also found that OIT did not produce a reliable life cycle cost estimate as required by Office of Management and Budget Circulars A-130 and A-11. Costs were not fully reported in VA's Product (Line) Accountability and Reporting System, and expenditures from the Cost of War Toxic Exposures Fund were not tracked in the required dashboard. Cost information across various BEP plans was inconsistent, limiting VA's ability to make informed decisions.

Finally, OIT hosted minor applications without required security assessments, potentially exposing veterans' sensitive information. The OIG briefed OIT leaders on early findings, including security weaknesses. VA subsequently assessed and resolved vulnerabilities in minor applications hosted on its network. To address broader issues in scheduling, cost estimation, and security practices, the OIG issued five recommendations. VA concurred or concurred in principle with all recommendations.

Current ongoing audits and reviews: 42

Current ongoing healthcare hotline inspections and national reviews: 22

Fraud Awareness Training

TOPIC	LOCATION	DATE
Fraud Awareness Brief	Saginaw, MI VAMC Service Chiefs and supervisors	8/3/26
Fraud Awareness Presentation	Saginaw, MI VAMC townhall	8/5/26
Fraud Awareness Brief	Salt Lake City VAMC	8/11/26
Fraud Awareness Brief	VACO OSP Personnel Security Group	8/12/26
Fraud Awareness Brief	Beckley, WV VAMC	8/19/26
Fraud Awareness Brief	OAE Conference, Houston, TX	8/26/26
Fraud Awareness Brief	Ft Harrison VAMC	8/27/26