

# F o r Y o u r I n s p e c t i o n



**"Mission First, People Always, Integrity Forever"**

**Volume 1, Issue 3**

**Fall 2005**

[www.cncsig.gov](http://www.cncsig.gov)



Office Of Inspector General, Corporation For National And Community Service

## OIG Profile

### ROBERT J. WALTERS

*Assistant Inspector General for Investigations*

Robert J. Walters, who leads the OIG's Investigations Section, was appointed Assistant Inspector General for Investigations in December 2004, following an extensive law enforcement career.

He began his career as a U.S. Army Patrol Officer and later served as a deputy sheriff in the Tompkins County (NY) Sheriff's Department.

He re-entered the Army in 1981 and rose through the ranks in the Criminal Investigations Division (CID), serving overseas and stateside as a Senior Agent and Special Agent in Charge. After retiring from the Army in 1998, Walters served as a Protective Service Officer at the U.S. Department of Justice in Washington, DC.



He joined the OIG in 1999 as a Senior Special Agent responsible for detecting, investigating and preventing waste, fraud and abuse of Corporation funds and programs.

A member of the CID Agents Association, Fraternal Order of Police, Veterans of Foreign Wars and Disabled American Veterans, Walters holds a bachelor's degree in criminal justice and certificates in contract and grant management.

## OIG Hotline !

**Phone:**

**1 (800) 452-8210**

**E-Mail:**

**hotline@cncsoig.gov**

## Award Funds Are For Education Only

The Education Award issued by the Corporation for National and Community Service (Corporation) upon the successful completion of an AmeriCorps term of service is just what the title implies: money to help pay for higher education.

Any misuse of the Education Award constitutes fraud and theft against the Federal government and its taxpayers.

AmeriCorps members who have completed 1,700 of verified community service qualify for an Education Award of \$4,725, with funds coming from the Corporation's National Service Trust. The education award for part-timers is \$2,362.50. The money is paid directly to the qualified school the member attends. Education Awards may also be paid directly to a lender to pay off a member's existing education loans.

In order to receive Education Award funds, colleges and lenders must be on an approved list, maintained by the U.S. Department of Education for its Title IV program. This list, checked by Corporation officials before they issue an award, includes hundreds of public and private colleges and trade schools.

Program directors are charged with identifying and

verifying AmeriCorps members who have qualified to receive an Education award and with reporting this information to the Corporation. The members are then issued a Voucher and Payment Request Form. One section of the form allows the member to authorize payment to a designated school or lender. The other section is a payment voucher that is filed with the Corporation by officials of the member's designated school or lending institution.



Diversion of funds for personal use is a common form of Education Award fraud. Such fraud is often detected by Corporation officials, who alert the Office of Inspector General (OIG).

Recent fraud cases successfully pursued by the OIG included a former AmeriCorps member who falsified

See Awards, Page 2

## Let Us Help Raise Your Fraud Awareness

Awareness is the key to preventing waste, fraud and abuse of taxpayer dollars. That's why OIG investigators fan out across the nation each year to conduct Fraud Awareness Briefings.

Our agents include Fraud Awareness Briefings in their itineraries whenever they visit a program while investigating a case. The service is also available free to any large gathering or professional training session for groups or individuals involved in Corporation for National and Community Service programs.

Our multimedia briefings will give you insights in the role and mission of the OIG and familiarize you with typical fraud crimes that impact Corporation grantees. You'll also find out how to spot common fraud indicators and learn when and

how to contact the OIG when you suspect there is a problem.

This important outreach program also pays dividends to the OIG. Many of our successful investigations, including those that nip criminal activity in the bud, are launched following a call to our Hotline made by a Fraud Awareness Briefing attendee.

If you'd like to arrange for an OIG Fraud Awareness briefing at your next national service conference or training session, call Robert Walters, Assistant Inspector General for Investigations, at (202) 606-9369.

Also, for more information on how to spot and stem fraud, visit our website at [www.cncsoig.gov](http://www.cncsoig.gov) and download our printable Fraud Awareness Brochure.



## Guilty Plea In Education Award Scam

A former Missouri AmeriCorps member has pled guilty to defrauding the Federal government by illegally attempting to divert more than \$9,000 of Education Award funds to make automobile and home mortgage payments.

The Office of Inspector General (OIG) launched its investigation of Kerry D. Smith of Purdy, MO, after being alerted by officials of the Corporation for National Community Service's (Corporation) National Service Trust, which administers and funds the Education Award program.

Investigators found that Smith, in 2003, submitted to the Corporation a fraudulent education award voucher, which included a bank official's forged signature, for \$4,725. She claimed the money would be used to pay off a college loan. She actually used \$2,410.40 of the award to pay off an auto loan and arranged to keep the bal-

ance of the funds for her own use.

In 2004 Smith attempted to pull off a second scam by filing a voucher that would have allowed her to use a second \$4,725 Education Award to pay her home mortgage. That transaction was blocked by Trust officials.

Smith, who admitted the scams to OIG investigators, pled guilty in U.S. District Court on June 20, 2005, and was sentenced to three years of supervised probation, ordered to make full restitution of her 2003 Education Award and assessed \$50 in court fees.

Based on her guilty plea and a recommendation from the OIG, Corporation officials on August 15, 2005, debarred Smith from participating in Federal programs, including student loans, for a period of 12 months.

## From Page 1, Awards For Education Only

his Voucher and Payment Request Form, listing the name and address of a relative as the college official designated to receive his Education Award. The former member obtained the Corporation's award check, forged his relative's endorsement and cashed it for his own use.

In another case, a former member fraudulently identified an automobile dealer as his education

## Audit Manager Lauded

OIG Audit Manager Stuart Axenfeld was recently cited for his exceptional efforts in an audit of the Foster Grandparents Program (FGP) of the United Planning Organization (UPO), Washington, DC. Axenfeld, working in cooperation with OIG investigators, identified a number of financial and other irregularities in UPO's program, which was supported by a Corporation grant.

Abuses included the unauthorized reassignment and payment of several UPO employees with grant funds. Those employees' duties were also found to have no relation to the work of the FGP.

Axenfeld's audit findings, supported by detailed documentation, led UPO officials to implement wide-ranging management and program reforms and also led to the recovery by the Corporation of more than \$156,000 in questioned program costs. For his efforts, Axenfeld was presented with a Certificate of Appreciation by Acting Inspector General Carol Bates.

### Did You Know?

These "Red Flags" can alert you to possible incidents of fraud, including:

- ☞ Checks are cashed at taverns, off-track betting parlors or other suspicious locales.
- ☞ Fellow employee has a close or personal relationship with a supplier.
- ☞ Fellow employee is hesitant to allow co-workers to examine records.

loan lender and attempted to use his Education Award to pay off an outstanding debt on a car.

Local service program directors involved in abuses of the Education Award program have also been targeted by the OIG. In a recent case, an official was charged with falsifying AmeriCorps members' time sheets and certifications, allowing those members to receive Education Awards they had not earned through service.

Persons convicted of Education Award fraud face a variety of penalties, including Federal and State prison sentences. And cheats can be locked out of future sources of college funds. Persons convicted of fraud can be debarred by the Corporation, which bans them from participating in all Federal programs, including education loans, for up to three years.

## Visit Us At [www.cncsig.gov](http://www.cncsig.gov)

**All you ever wanted to know** about the Office of Inspector General is just a click away on our Internet website [www.cncsig.gov](http://www.cncsig.gov). You'll find reports in Adobe Acrobat format and investigative news, as well as information on our Fraud Hotline and other ways to contact the OIG. Our Internet home also features:

- A special report on the importance of criminal background checks for volunteers and links to training information for program officials.
- "The Inspectors General Story," a video overview of the history, role and mission of the Federal Inspectors General narrated by Senator John Glenn.
- Downloadable and printable brochures, including "All About Audits," a step-by-step, comprehensive guide.
- Downloadable and printable current and back editions of "For Your Inspection."
- OIG employment opportunities.

Read About The OIG  
In Our Brochures



The Full Brochures Can Be Found  
And downloaded Free On Our [WEB Site www.cncsig.gov](http://www.cncsig.gov).

## All About Audits

Your guide to audits  
conducted by the  
Office of Inspector General of  
the Corporation for National  
and Community Service



OFFICE OF INSPECTOR GENERAL  
CORPORATION FOR NATIONAL  
AND COMMUNITY SERVICE

1201 New York Avenue, N.W.  
Suite 830  
Washington, DC 20525

Phone: (202) 456-5000 ext. 390  
Fax: (202) 545-2795  
E-mail: [postmaster@cncsig.gov](mailto:postmaster@cncsig.gov)  
Fraud Hotline: (800) 452-8210  
E-mail: [hotline@cncsig.gov](mailto:hotline@cncsig.gov)

For Your Inspection is published quarterly by the Office of Inspector General, Corporation for National and Community Service. It is also available online on the OIG website: [www.cncsoig.gov](http://www.cncsoig.gov). For more information and comments, e-mail the OIG Director of Communications: [FYI@cncsoig.gov](mailto:FYI@cncsoig.gov).