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Description of document: A copy of each Department of Health and Human Services (HHS) Inspector General (OIG) investigation relating to the Indian Health Service 2016-2021

Requested date: 03-February-2022

Release date: 31-May-2022

Posted date: 10-July-2023

Source of document: OIG Freedom of Information Officer
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Department of Health and Human Services
330 Independence Ave, S.W.
Washington, D.C. 20201
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DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



FOIA Request 2022-0530

Freedom of Information Act Office
Cohen Bldg., Suite 5541A
330 Independence Ave., SW
Washington DC 20201

May 31, 2022

By Email.

This is in response to the February 3, 2022, Freedom of Information Act (FOIA) request you submitted to the Department of Health and Human Services (HHS), Office of Inspector General (OIG), requesting a copy of the final report, closing memo, referral memo, report of investigation, etc., associated with each HHS OIG investigation closed during the time period 2016-2021 relating to the Indian Health Service (IHS).

This office located one hundred-seven (107) pages responsive to your request; I have determined to partially release all one hundred-seven (107) pages, with portions withheld under FOIA Exemptions (b)(4), (b)(6), (b)(7)(C), (b)(7)(E) and (b)(7)(F).

Exemption (b)(4) permits the withholding of commercial or financial information that was obtained from a person or organization outside the government and that is privileged or confidential.

Exemption (b)(6) permits the withholding of information that if released would constitute a clearly unwarranted invasion of personal privacy.

Exemption (b)(7)(C) permits the withholding of investigatory records compiled for law enforcement purposes when disclosure could reasonably be expected to constitute an unwarranted invasion of personal privacy.

Exemption (b)(7)(E) permits the withholding of law enforcement information which "would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law."

Exemption (b)(7)(F) permits the withholding of law enforcement-related information necessary to protect the physical safety of a wide range of individuals. This exemption provides broad protection to "any individual" when disclosure of information about him "could reasonably be expected to endanger life or physical safety."

There is no charge for FOIA services in this instance because billable fees are below the Department's \$25 cost effective threshold.

If you have reason to believe that any denied portions should not be exempt from disclosure, you may appeal. Your appeal must be electronically transmitted within 90 days from the date of this letter using the HHS [Public Link](#) or email - HHS_FOIA_Public_Liaison@hhs.gov. Clearly include in the subject line "Freedom of Information Act Appeal".

In addition, you may contact our FOIA Requester Service Center at 202.619.2541 or FOIA@oig.hhs.gov, for any further assistance or to discuss any aspect of your request. Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows: Office of Government Information Services, National Archives and Records Administration, Room 2510, 8601 Adelphi Road, College Park, Maryland 20740-6001, e-mail at ogis@nara.gov telephone at 202-741-5770; toll free at 1-877-684-6448; or facsimile at 202-741-5769.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. § 552(c) (2006 & Supp. IV (2010)). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

Sincerely,



Robin R. Brooks

Director

Freedom of Information



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



June 15, 2021
MCHIESTER-HEIM, DIANNE
Oneida, WI
CMS - Medicaid/Medical Assistance
Embezzlement
5-20-0-0090-4

This is the closing investigative memorandum (IM). The opening IM was dated June 26, 2020. This case was opened based upon a request for assistance from the U.S. Attorney's Office (USAO) in Green Bay, WI. There was a parallel civil investigation, which was a self-disclosure, file number 5-20-2-0090-4. The civil investigation was closed without action.

(b)(7)C, (b)(6)

On 02/20/2020, the Oneida Comprehensive Health Division wrote a self-disclosure letter to HHS-OIG, which provided an excellent summary of the alleged fraud.

Investigation revealed that Dianne McHeister-Heim, the Supervisor for Patient Referred Care (PRC) at the Oneida Community Health Center (the Center), falsified seven PRC claims in order to pay herself fake reimbursements. The total dollar value of the false claims was \$12,509.59.

On June 10, 2021, McLester-Heim was sentenced to 36 months of probation, restitution of \$12,509.59, and a special assessment of \$100.

The violation was theft of government property, 18 U.S.C. 641.

HHS and the U.S. Attorney's Office were the only agencies involved in the investigation.

This investigation is closed.

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



05/11/2017

BLACKFEET TRIBE OF THE BLACKFEET NATION

Browning, Montana

Government Grantee

SANDERVILLE, SANDRA MARIE

Browning, Montana

Employee-Tribal Agency

(b)(6), (b)(7)c

Browning, Montana

Employee-Tribal Agency

(b)(6), (b)(7)c

Browning, Montana

Employee-Tribal Agency

HEAVY RUNNER, CHERYL LYNN

Browning, Montana

Individual (Unaffiliated) - Recipient/Beneficiary

EMERSON, JAMES LEROY

Browning, Montana

Individual (Unaffiliated) - Recipient/Beneficiary

KICKING WOMAN, CLORECE FAYE

Browning, Montana

Individual (Unaffiliated) - Recipient/Beneficiary

FAST BUFFALO HORSE, MICHALEAN MARY

Browning, Montana

Individual (Unaffiliated) - Recipient/Beneficiary

PEPION, MARCELLE H.

Browning, Montana

Individual (Unaffiliated) - Recipient/Beneficiary

PHS-Indian Health Service and ACF-Temporary Assistance to Needy Families

Grant Fraud - Embezzlement/Misuse of Program Funds

7-13-00189-4

This is the closing Investigative Memorandum.

Investigation Background

The Kansas City Regional Office of Investigations proactively initiated an Indian Country Grant Fraud Project. The names of federally recognized tribes were cross-referenced on-line with the Federal Audit Clearinghouse (FAC). On or about June 10, 2013, the Blackfeet Tribe of the Blackfeet Nation (BTBN) was identified as a grantee receiving a variety of grant funds from the

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BLACKFEET TRIBE OF THE BLACKFEET NATION
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(b)(6), (b)(7)c

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PEPION, MARCELLE H.
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U.S. Department of Health and Human Services (HHS). Independent auditors who prepared the Single Audit Report for the BTBN for the fiscal year ending on September 30, 2010, filed documents with the FAC reflecting the auditors found questioned costs, significant deficiencies, and material weaknesses in the tribe's major grant programs. Additionally, the independent auditors found significant deficiencies and material weaknesses within the tribe's financial statements. During fiscal year 2010, the independent auditors reflect that the BTBN received in excess of \$20,000,000 in HHS grant funds.

Initial Allegations

On August 2, 2013, information was received from the Blackfeet Nation Tribal Internal Affairs Department regarding suspected fraud by former tribal employees. The information received alleged that Sandra Marie Sanderville, the former Director of the Blackfeet Nation's Temporary Assistance for Needy Families program, and (b)(6), (b)(7)c may have unlawfully taken possession of HHS grant funds while working as employees of the Blackfeet Nation. Sanderville and (b)(6), (b)(7)c were identified as former tribal employees assigned to the Blackfeet Nation's Temporary Assistance for Needy Families program. This tribal program received approximately \$3,000,000 per year in funds from HHS by way of the Administration for Children and Families (ACF), Office of Family Assistance (OFA). The ACF-OFA manages the Temporary Assistance for Needy Families (TANF) program for HHS.

The United States Attorney's Office (USAO) in the District of Montana agreed to pursue criminal charges in this matter based upon the investigative findings in this case.

Investigative Activities

In September 2013, multiple special agents, investigators, and program analysts with HHS-OIG, United States Department of Agriculture-Office of Inspector General, Federal Bureau of Investigations, and United States Department of Justice-USAO, and Blackfeet Nation Internal Affairs Department conducted interviews on the Blackfeet Indian Reservation in Montana regarding this investigation. Interviews were subsequently conducted with 28 individuals related to this investigation.

On September 18, 2013, HHS-OIG special agents interviewed Sanderville on the Blackfeet Indian Reservation in Montana. Sanderville subsequently admitted that she designed and profited from a scheme in which she provided TANF funds to ineligible recipients and overpaid eligible recipients. The overpayments were accomplished by adding children and grandchildren to the payment calculation, some real and others completely fabricated, failing to remove household residents who she knew were no longer in the household, and including ineligible non-tribal members on an eligible member's applications. Sanderville made payments to ineligible recipients

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by approving their applications, knowing that they were not eligible for some reason such as being non-tribal members or having incomes in excess of eligibility limits. Sanderville admitted that she would then facilitate the cashing of the illicit TANF checks and spilt a portion of the proceeds with the individual named on the checks. Sanderville also admitted that she went into the Blackfeet Tribal TANF computer system and attempted to delete or destroy all files relating to the fraudulent scheme.

HHS Program Damages Identified

During the course of this investigation, the HHS-OIG case agent coordinated with representatives of the Blackfeet Tribal TANF program and the Montana Department of Public Health and Human Services (MDPHHS) to review and determine program beneficiary eligibility and program overpayments in addition to all United States Department of Agriculture (USDA) Supplemental Nutrition Assistance Program (SNAP) overpayments in this matter. The parties agreed to coordinate their efforts, share information, and determine the various beneficiary overpayments by program category. They also agreed to complete an overpayment profile for each individual identified. This profile would include all beneficiary overpayments for state TANF, Tribal TANF, and SNAP. The methodology for this overpayment review included determining the eligibility of each program beneficiary. This evaluation was completed by reviewing beneficiary information for each month from 2007 to 2010, including household composition and income. This information, along with all Tribal TANF payment information, was provided to officials with the MDPHHS in order to determine if the Tribal TANF payments identified were claimed as beneficiary income or were concealed from the State. MDPHHS officials then conducted a comprehensive review of each State TANF and SNAP beneficiaries file to determine their eligibility based upon the income received in the form of TANF payments from the Blackfeet Tribal TANF program. Calculations were then completed to determine any beneficiary overpayments by program category. The following calculations of overpayments were made based upon this methodology:

<u>Blackfeet Tribal TANF</u>	<u>State TANF</u>	<u>SNAP</u>	<u>Total Overpayment</u>
\$297,612.00	\$34,006.00	\$69,594.00	\$401,212.00

Prosecution and Debarment of Sandra Sanderville

The initial allegations were further investigated and on December 18, 2013, information concerning this investigation was presented to a Federal Grand Jury in the District of Montana. An agent assigned to the Sioux Falls Field Office presented testimony in this case and Sanderville was subsequently indicted on December 19, 2013. Sanderville was indicted on one count of Theft from an Indian Tribal Government receiving Federal Grants under 18 U.S.C. § 666(a)(1)(A) and

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one count of Theft from an Indian Tribal Organization under 18 U.S.C. § 1163. A summons was subsequently issued for Sanderville's appearance on these charges.

On January 14, 2014, Sanderville appeared for her initial appearance in the Federal Judicial District of Montana (Great Falls Division). Sanderville subsequently pleaded not guilty to the Indictment and a trial date was set.

On February 12, 2014, a Plea Agreement containing a factual basis statement signed by Sanderville was filed with the United States District Court for the District of Montana pertaining to the above noted Indictment. On February 27, 2014, Sanderville pleaded guilty to Count 1 of the Indictment filed in this case which charges a violation of 18 U.S.C. § 666(a)(1)(A).

On June 12, 2014, Sanderville was sentenced in the Federal Judicial District of Montana on her earlier plea of guilty to one count of Theft from an Indian Tribal Government receiving Federal Grants in violation of 18 U.S.C. § 666(a)(1)(A). Sanderville was sentenced to 30 months of custody, 30 months of supervised release, restitution in the amount of \$297,612.00, and a \$100 special assessment. Count 2 of the indictment against Sanderville was subsequently dismissed at sentencing.

On March 26, 2015, HHS-OIG transmitted a letter to the HHS Suspension and Debarment Official recommending Sanderville be debarred. In the letter, HHS-OIG recommended that debarment actions be initiated against Sanderville pursuant to the Nonprocurement Common Rule (NCR) at 2 CFR Part 180.

Effective August 25, 2015, Sanderville was debarred and her name was added to the System for Award Management (SAM) for a period of three years with a termination date of August 24, 2018.

Investigation and Prosecution of Five Program Beneficiaries

During the course of this investigation, multiple Blackfeet Tribal TANF recipients were identified as being involved with Sanderville in a scheme to steal tribal funds originally provided by ACF to the Blackfeet Nation. These recipients were identified as Cheryl Lynn Heavy Runner, James Leroy Emerson, Clorece Faye Kicking Woman, Michalean Mary Fast Buffalo Horse, and Marcelle H. Pepion.

The allegations regarding Heavy Runner, Emerson, Kicking Woman, Fast Buffalo Horse, and Pepion were further investigated and on March 18, 2015, information concerning this investigation was presented to a Federal Grand Jury in the District of Montana. An agent assigned to the Sioux

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Falls Field Office presented testimony in this case and all five subjects were subsequently indicted. The details of those indictments follows.

On March 20, 2015, a Federal Grand Jury seated in the District of Montana named Heavy Runner in a two-count indictment. Heavy Runner was indicted on one count of Theft of Federally provided Welfare Benefits by Fraud under 18 U.S.C. § 641 and one count of False Statements under 18 U.S.C. § 1001. It is alleged that during the period of approximately April 2007 through February 2011, Heavy Runner applied for and received improper TANF and SNAP benefits. She failed to report the receipt of Blackfeet Tribal TANF income to the Glacier County Office of Public Assistance in Montana. She also failed to report receipt of rental income from her daughter between 2009 and 2011. She withheld this information, misrepresenting her household income, in order to obtain more public assistance benefits than she was entitled to receive.

On March 20, 2015, a Federal Grand Jury seated in the District of Montana named Emerson and Kicking Woman in a three-count indictment. Emerson and Kicking Woman were indicted on one count of Theft of Federally provided Welfare Benefits by Fraud under 18 U.S.C. § 641 and one count of False Statements under 18 U.S.C. § 1001. Emerson was also indicted individually on one count of Theft from an Indian Tribal Organization under 18 U.S.C. § 1163. It is alleged that during the period of approximately April 2007 through November 2010, Emerson and Kicking Woman each applied for and received improper TANF and SNAP benefits while living together. They both failed to report the receipt of Blackfeet Tribal TANF income to the Glacier County Office of Public Assistance in Montana. Emerson and Kicking Woman withheld this information, misrepresenting their household income, in order to obtain more public assistance benefits than they were entitled to receive. Emerson was also not eligible for Blackfeet Tribal TANF benefits as he was not an enrolled member of that tribe.

On March 20, 2015, a Federal Grand Jury seated in the District of Montana named Fast Buffalo Horse in a two-count indictment. Fast Buffalo Horse was indicted on one count of Theft of Federally provided Welfare Benefits by Fraud under 18 U.S.C. § 641 and one count of False Statements under 18 U.S.C. § 1001. It is alleged that during the period of approximately January 2007 through October 2010, Fast Buffalo Horse applied for and received improper TANF and SNAP benefits. She failed to report the receipt of Blackfeet Tribal TANF income to the Glacier County Office of Public Assistance in Montana. She withheld this information, misrepresenting her household income, in order to obtain more public assistance benefits than she was entitled to receive.

On March 20, 2015, a Federal Grand Jury seated in the District of Montana named Pepion in a two-count indictment. Pepion was indicted on one count of Theft of Federally provided Welfare

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Benefits by Fraud under 18 U.S.C. § 641 and one count of False Statements under 18 U.S.C. § 1001. It is alleged that during the period of approximately May 2007 through November 2010, Pepion failed to report or misrepresented the amount of Blackfeet Tribal TANF she received when she completed her initial eligibility and continuing recertification forms for SNAP benefits. Pepion: (1) wholly failed to report any tribal TANF benefits between May 2007 and September 2008; (2) recorded only a partial amount of tribal TANF between October 2008 and March 2009; and (3) reported no tribal TANF income from April 2009 to November 2010.

On June 23, 2015, a Plea Agreement containing a factual basis statement signed by Heavy Runner was filed with the United States District Court for the District of Montana pertaining to the above noted Indictment. On July 6, 2015, Heavy Runner pleaded guilty to Count II of the Indictment filed in this case which charges a violation of 18 U.S.C. § 1001(a)(2),(3).

On July 2, 2015, a Plea Agreement containing a factual basis statement signed by Pepion was filed with the United States District Court for the District of Montana pertaining to the above noted Indictment. On August 3, 2015, Pepion pleaded guilty to Count II of the Indictment filed in this case which charges a violation of 18 U.S.C. § 1001(a)(2),(3).

On July 14, 2015, a Plea Agreement containing a factual basis statement signed by Fast Buffalo Horse was filed with the United States District Court for the District of Montana pertaining to the above noted Indictment. On July 30, 2015, Fast Buffalo Horse pleaded guilty to Count II of the Indictment filed in this case which charges a violation of 18 U.S.C. § 1001(a)(2),(3).

On July 24, 2015, a Plea Agreement containing a factual basis statement signed by Kicking Woman was filed with the United States District Court for the District of Montana pertaining to the above noted Indictment. On July 30, 2015, Kicking Woman pleaded guilty to Count II of the Indictment filed in this case which charges a violation of 18 U.S.C. § 1001(a)(2),(3)

On August 11, 2015, Emerson, was convicted at trial of three felony counts as follows: one count of Theft of Federally provided Welfare Benefits by Fraud under 18 U.S.C. § 641, one count of False Statements under 18 U.S.C. § 1001, and one count of Theft from an Indian Tribal Organization under 18 U.S.C. § 1163. The prosecution and OI as the lead agency, presented evidence at trial that during the period of approximately April 2007 through November 2010, Emerson applied for and received improper TANF and SNAP benefits. Emerson failed to report the receipt of Blackfeet Tribal TANF income to the Glacier County Office of Public Assistance in Montana. Emerson withheld this information, misrepresenting his household income, in order to obtain more public assistance benefits than he was entitled to receive. Emerson was also not eligible for Blackfeet Tribal TANF benefits as he was not an enrolled member of that tribe

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On October 29, 2015, Fast Buffalo Horse was sentenced in the Federal Judicial District of Montana on her earlier plea of guilty to one count of False Statements in violation of 18 U.S.C. § 1001. Fast Buffalo Horse was sentenced to 18 months of probation, restitution in the amount of \$9,000, and a \$100 special assessment.

On November 12, 2015, Pepion was sentenced in the Federal Judicial District of Montana on her earlier plea of guilty to one count of False Statements in violation of 18 U.S.C. § 1001. Pepion was sentenced to 18 months of probation, restitution in the amount of \$8,000, and a \$100 special assessment.

On November 12, 2015, Kicking Woman was sentenced in the Federal Judicial District of Montana on her earlier plea of guilty to one count of False Statements in violation of 18 U.S.C. § 1001. Kicking Woman was sentenced to 21 months of probation, restitution in the amount of \$8,000, and a \$100 special assessment.

On November 12, 2015, Emerson was sentenced in the Federal Judicial District of Montana on his earlier trial conviction to one count of Theft of Federally provided Welfare Benefits by Fraud under 18 U.S.C. § 641, one count of False Statements under 18 U.S.C. § 1001, and one count of Theft from an Indian Tribal Organization under 18 U.S.C. § 1163. Emerson was sentenced to 30 months of probation, restitution in the amount of \$30,000, and a \$300 special assessment.

On December 7, 2015, Heavy Runner was sentenced in the Federal Judicial District of Montana on her earlier plea of guilty to one count of False Statements in violation of 18 U.S.C. § 1001. Heavy Runner was sentenced to 18 months of probation, restitution in the amount of \$14,000, and a \$100 special assessment.

Debarment of Program Beneficiaries

HHS-OIG transmitted letters to the HHS Suspension and Debarment Official recommending the debarment of Kicking Woman, Pepion, Emerson, Fast Buffalo Horse, and Heavy Runner. HHS-OIG recommended that debarment actions be initiated against these individuals pursuant to the Nonprocurement Common Rule (NCR) at 2 CFR Part 180.

Effective May 31, 2016, Pepion was debarred and her name was added to the SAM for a period of three years with a termination date of May 30, 2019.

Effective June 1, 2016, Kicking Woman was debarred and her name was added to the SAM for a period of three years with a termination date of May 31, 2019.

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Effective June 21, 2016, Fast Buffalo Horse was debarred and her name was added to the SAM for a period of three years with a termination date of June 20, 2019.

Effective July 5, 2016, Heavy Runner was debarred and her name was added to the SAM for a period of three years with a termination date of July 4, 2019.

Effective April 19, 2017, Emerson was debarred and his name was added to the SAM for a period of three years with a termination date of April 18, 2020.

ACF Misuse of Funds Penalty against the Blackfeet Tribe

During this investigation, the case agent worked with the HHS/ACF to pursue a misuse of funds penalty against the Blackfeet Tribe for their lack of oversight of HHS funds in their TANF program. In light of the facts to which Sanderville pleaded guilty and her conviction, ACF notified the Tribe that they “must hold the Tribe accountable for the misuse of Federal funds, and, in accordance with the regulations at 45 CFR 286.195(a)(1) and 45 CFR 286.200, the Blackfeet Tribe is subject to a penalty of \$297,612.”

On May 26, 2015, ACF issued a final misuse of funds penalty against the Blackfeet Tribe for their lack of oversight of HHS funds in their TANF program. The Blackfeet Tribe appealed the May 26, 2015, final determination of ACF to the HHS Departmental Appeals Board (HHS/DAB).

On January 26, 2016, the HHS/DAB found no merit in the Blackfeet Tribe’s arguments, and they upheld the penalty in the amount of \$297,612. Pursuant to the applicable regulations, the amount of TANF funds to which the Blackfeet Tribe is entitled for the next year will be reduced by the penalty amount and Blackfeet Tribe must expend non-federal funds to replace the federal funds that would have otherwise been available for its TANF program.

Other Matters

No information was identified supporting the allegations that (b)(6), (b)(7)c was involved in criminal activity at the Blackfeet Tribal TANF program. Prosecution for (b)(6), (b)(7)c was thus declined.

During the course of this investigation (b)(6), (b)(7)c a former tribal employee, was also identified as possibly being involved in a conspiracy to steal tribal funds originally provided by ACF to the Blackfeet Nation. Information could not be establish to support prosecution of (b)(6), (b)(7)c the (b)(6), (b)(7)c prosecution was also declined.

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This investigation was conducted as part of the KCRO's proactive Indian Country grant project (Operation Smoke and Mirrors). Operation Smoke and Mirrors is a joint project being worked by Region VII staff of OI, OAS, and OEI.

This matter was investigated for potential violations of Title 18, U.S.C. § 666 and Title 18, U.S.C. §§ 661 and 1153 (Larceny), and Theft from an Indian Tribal Organization under 18 U.S.C. § 1163.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



07/30/2016

HOULE, JOHN CHANCE (Houle #1 to #4)

Box Elder, Montana

Individual – Tribal Elected Official

EASTLICK, JAMES HOWARD

Havre, Montana

Individual - Employee/Tribal Agency

BURNS, HUNTER

Box Elder, Montana

Individual - Owner/Exec-Government Contractor

HUNTER BURNS CONSTRUCTION LLC

Box Elder, Montana

Business – Government Contractor

(b)(6), (b)(7)c

Eagle Butte, South Dakota

Individual - Owner/Exec-Government Contractor

COLLIFLOWER, WADE CHRISTOPHER (W. Colliflower #1 and #2)

Box Elder, Montana

Individual - Employee/Tribal Agency

LEISCHNER, MARK CRAIG

Laurel, Montana

Individual – No Known Affiliation

HENRY, FRANK GREGORY (F. Henry #1 and #2)

Box Elder, Montana

Individual – Employee-Government Grantee

HENRY, MELODY BILLY (M. Henry #1 to #3)

Box Elder, Montana

Individual – Employee-Government Grantee

ROSETTE, TIMOTHY WARREN SR (Rosette #1 to #3)

Box Elder, Montana

Individual - Employee/Tribal Agency

Indian Health Service - Kickbacks/Grant Fraud/Bribes/Embezzlement/Misuse of Program Funds

7-13-00299-4

This is the closing Investigative Memorandum.

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This investigation was initiated on August 6, 2013, when the Sioux Falls Office of Investigations received information from the United States Department of Interior (DOI) - Office of Inspector General (OIG) - Office of Investigations (OI) in Billings, Montana.

Information received alleged that Hunter Burns, a contractor for the Rocky Boy Health Board (RBHB), may have conspired with RBHB psychologist Dr. James Howard Eastlick to provide kickbacks to Former Tribal Chairman John Chance Houle for contracts awarded by the RBHB. Burns and Dr. Eastlick were identified as co-owners of Hunter Burns Construction LLC and Houle was identified as a member of the Business Council for the Chippewa Cree Tribe (CCT) of Rocky Boy's Indian Reservation. The CCT of the Rocky Boy's Indian Reservation is a federally recognized tribe located in Box Elder, Montana.

Various suspicious payments were identified during a DOI-OIG-OI review regarding DOI funds and a similar scheme identified between Burns, Dr. Eastlick, and Houle appeared to exist at the RBHB. The RBHB received over \$12,000,000 per fiscal year in Indian Health Service (IHS) Self-Governance PL. 93-638 Compact funds to provide health care services to members of the CCT. The RBHB also received funding from the HHS-Administration for Children and Families (ACF) and other HHS agencies.

The United States Attorney's Office (USAO) in the Federal Judicial District of Montana agreed to pursue criminal charges in this matter based upon the investigative findings in this case. The subjects and investigations contained in this IM were worked jointly with law enforcement partners in the USAO Montana Guardians Project. Many of the subjects of these investigations chose to provide "Substantial Assistance to Authorities" under the United States Sentencing Guidelines § 5K1.1. The assistance received during subject debriefs led to further subjects being identified and additional indictments taking place as noted below.

Based upon the large number of indictments covered in this IM, the use of United States District Court case identifiers for the Federal Judicial District of Montana have been utilized in conjunction with the subjects identified by name. The District Court identifiers all start with "CR." for a criminal case and a number sequence following the CR. This method of indictment identification was also used in the (b)(7)e to provide clarity to the (b)(7)e entries in this case.

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Hunter Burns and Hunter Burns Construction LLC (CR. 13-99)

Staff with the USAO and agents with the DOI-OIG requested that HHS-OIG-OI agents join this investigation to investigate Hunter Burns and Hunter Burns Construction LLC regarding potential false claims Burns submitted through the RBHB.

Agents with the Sioux Falls Field Office gathered records from the RBHB, the CCT, DOI-OIG, and via grand jury subpoenas. A comprehensive review of the RBHB general ledgers and associated supporting documentation was also completed including the bank accounts of the RBHB relative to Hunter Burns and Hunter Burns Construction LLC and the transactions they completed. Based upon the above noted review, agents were able to construct a comprehensive analysis of all payment transactions from the RBHB to Hunter Burns and Hunter Burns Construction LLC from 2009 to 2013. It was identified that the RBHB paid Hunter Burns and Hunter Burns Construction LLC a total of \$831,475.50 from 2009 to 2013.

Agents with the Sioux Falls Field Office completed a similar review and analysis of the CCT payments regarding Hunter Burns and Hunter Burns Construction LLC from the CCT Road Branch from 2010 to 2013. It was identified that CCT paid Hunter Burns and Hunter Burns Construction LLC a total of \$690,798.59 from 2010 to 2013.

During the course of the above noted reviews and subsequently analysis, it was determined that multiple false and inflated invoices were submitted by Hunter Burns and Hunter Burns Construction LLC for payments from HHS federal funds provided to the RBHB and CCT. These invoices were ultimately paid and Hunter Burns and Hunter Burns Construction LLC profited from the false and fictitious invoices.

Interviews with Hunter Burns and other subjects of this investigation including Dr. Eastlick and Houle confirmed that a “pay-to-play” scheme occurred where inflated contracts supported kickbacks to various people in positions of authority at the RBHB and CCT. Dr. Eastlick, Houle, and Burns all confirmed that the scheme was merely a device to funnel federal and tribal funds back to Houle and others in exchange for their continuing patronage in the giving of contracts to Hunter Burns Construction LLC.

Hunter Burns and Hunter Burns Construction LLC – Indictment (CR. 13-99)

On October 16, 2013, testimony was provided to a United States Grand Jury seated in the Federal Judicial District of Montana concerning Hunter Burns, Hunter Burns Construction LLC, and other individuals not being claimed by OI as subjects for statistical accomplishments in this matter.

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On October 18, 2013, the grand jury returned an indictment pertaining to alleged offenses by Hunter Burns and Hunter Burns Construction LLC as follows under CR. 13-99:

- False Claims Act Conspiracy under 18 U.S.C. § 286
- False and Fraudulent Claim against Federally Funded Project under 18 U.S.C. § 267
- Theft from an Indian Tribal Government Receiving Federal Funding under 18 U.S.C. § 666

Hunter Burns and Hunter Burns Construction LLC - Plea Agreements and Pleas (CR. 13-99)

Based upon the above identified, and uncharged, scheme at the RBHB and CCT Roads Division, false claims by Burns were confirmed and used as leverage against Burns and Hunter Burns Construction LLC to reach a plea agreement in this matter.

On March 19, 2014, Hunter Burns and Hunter Burns Construction LLC each entered into separate plea agreements as filed under CR. 13-99. Hunter Burns and Hunter Burns Construction LLC each agreed to plead guilty to one count of Conspiracy to violate the False Claims Act under 18 U.S.C. § 286. On April 2, 2014, Hunter Burns and Hunter Burns Construction LLC each pleaded guilty to the above noted offenses.

Hunter Burns and Hunter Burns Construction LLC - Sentencing (CR. 13-99)

On July 10, 2014, Hunter Burns and Hunter Burns Construction LLC were each sentenced on their earlier pleas of guilty to felony conspiracy to file false claims. Hunter Burns, owner of Hunter Burns Construction LLC, was sentenced to two months in custody, followed by four months of home detention, and three years of supervised release. Burns was also ordered to pay a \$125,000 in fines (joint and several) with Hunter Burns Construction LLC. Burns was further ordered to pay \$100 as a special assessment. Hunter Burns Construction LLC was sentenced to 42 months of probation. Hunter Burns Construction LLC was ordered to pay \$400 in special assessments.

Burns was the first of a series of individuals who have pleaded guilty and been sentenced in a complex, interrelated set of plea agreements dealing with corruption and embezzlement at Rocky Boy's Indian Reservation and at the RBHB.

Dr. James Howard Eastlick (CR. 14-33)

Former RBHB phycologist Dr. Eastlick, as part owner of Hunter Burns Construction LLC, was identified in the above noted investigation as being a participant in the "pay-to-play" scheme involving Burns, Houle, and other individuals.

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During the course of the investigation it was revealed that many of the Hunter Burns Construction LLC transactions involving the RBHB and CCT programs were not legitimate as noted earlier. For example, equipment purportedly sold to Hunter Burns Construction LLC would continue to appear on Houle's inventory of equipment for bank loans and credit long after it was allegedly sold. One transaction was for the potential and prospective lease of property over ten years-paid in full up front-when the land was never used for any purpose by the construction company. Another payment was related to the disposal of hazardous waste at the RBHB which was not a legitimate transaction due to the regulatory requirements for the disposal of such material that Burns could not legally perform.

Dr. Eastlick was also interviewed and admitted that the payments were to maintain the favor of Houle and to keep federal contract funds flowing to Hunter Burns Construction LLC. Houle exerted significant political control over the RBHB and the Chippewa Cree Construction Corporation (C-4) as well as over the affairs of the CCT as a whole. Houle arranged for a partnership with Dr. Eastlick and Burns with the understanding that if he lost his position on the CCT Council, he would replace Dr. Eastlick and continue to use Hunter Burns Construction LLC as a vehicle to obtain tribal funds via federal contracts.

Dr. Eastlick – Indictment (CR. 14-33)

On April 16, 2014, testimony was provided to a United States Grand Jury seated in the Federal Judicial District of Montana concerning Dr. Eastlick. On April 18, 2014, the grand jury returned an indictment pertaining to alleged offenses by Dr. Eastlick as follows under CR. 14-33:

- Bribery of an Official of an Indian Tribal Government under 18 U.S.C. § 666

It was alleged that between April 2009 and December 2011, the RBHB Clinic received over \$40 million from HHS/IHS and the Environmental Protection Agency (EPA), mostly to operate the Health Clinic and rebuild sewage lagoons damaged by floods in 2010. C-4 received over \$40 million from the DOI-Bureau of Reclamation (BOR) as part of the Rocky Boy's/North Central Montana Regional Water System project.

The investigation revealed that during the time period of the indictment, Houle engaged in a series of “business transactions” with Hunter Burns Construction LLC including the rental of property to the company, the sale or lease of equipment to the company, and the performance of personal services to the company. This joint investigation revealed that many of the transactions were not legitimate but were merely used to provide what appeared to be legitimacy to the transactions. Dr. Eastlick, Houle, and Hunter Burns all confirmed that the scheme was merely a

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device to funnel federal and tribal monies back to Houle in exchange for his giving of contracts to Hunter Burns Construction LLC. From July 28, 2009, through November 30, 2011, Hunter Burns Construction LLC made a total of \$258,487 in 17 payments to Houle, his ranching business, or (b)(6), (b)(7)(c) from the RBHB and water project contracts funded by EPA, BOR, and HHS.

It was further alleged that Dr. Eastlick and Hunter Burns Construction LLC made \$258,000 in bribe payments to a tribal councilman of the CCT identified in the indictment only as Tribal Councilman A (Houle). Houle served on the Board of Directors for C-4 and the RBHB.

Dr. Eastlick – Plea Agreement and Guilty Plea (CR. 14-33)

On April 30, 2014, Dr. Eastlick entered into a plea agreement in which he agreed to plead guilty to one count of Bribery of an Official of an Indian Tribal Government under 18 U.S.C. § 666 for bribing Houle. On May 1, 2014, Dr. Eastlick entered a formal plea of guilty to the indictment noted in CR. 14-33. Dr. Eastlick also entered guilty pleas in CR. 13-82 and CR. 14-32, but HHS-OIG-OI is not claiming a statistical accomplishment regarding these indictments and convictions.

Dr. Eastlick - Sentencing - (CR. 14-33)

On March 11, 2015, Dr. Eastlick was sentenced in the Federal Judicial District of Montana. Dr. Eastlick was sentenced to six years in custody, three years of supervised release, \$258,487 in restitution, and a \$100 special assessment as it relates to CR. 14-33.

Dr. Eastlick was indicted on a total of four separate occasions during the course of this investigation. Dr. Eastlick subsequently pleaded guilty to criminal counts in three of the four indictments. These criminal cases are listed under Montana District Court case identifiers: CR. 13-82, CR. 13-99, CR. 14-32, and CR. 14-33. The second indictment, CR. 13-99, was dismissed after sentencing.

OI is only claiming a statistical accomplishment regarding the indictment and conviction of Eastlick under CR. 14-33 with one count of bribery of an official of an Indian Tribal Government receiving Federal funding. OI was substantially involved in significant investigative actions in CR. 14-33 including discovery of the violation, the gathering of evidence, the government's meeting its burden of proof, and interviewing the subject on multiple occasions.

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John Chance Houle (CR. 14-45, CR. 14-49, CR. 14-50, and CR. 14-67)

During the course of the above investigations, agents with OI assisted agents from the earlier noted agencies in investigating Houle and others for various crimes on the Rocky Boy's Indian Reservation. This assistance included interviews, proffers, service of subpoenas, review of case records, analysis of bank records, preparing indictments for grand jury presentations, and testimony at the grand jury. This investigative work resulted in Houle being named in four separate indictments during these investigations as noted below.

Houle – Indictments (CR. 14-45, CR. 14-49, CR. 14-50, and CR. 14-67)

On June 18, 2014, testimony was provided to a United States Grand Jury seated in the Federal Judicial District of Montana concerning Houle and others identified during this investigation. On June 19, 2014, the grand jury returned three indictments against Houle pertaining to alleged offenses by Houle and others as follows under CR. 14-45, CR. 14-49, and CR. 14-50:

CR. 14-45

- Bribery of an Indian Tribal Government Official under 18 U.S.C. § 666(a)(1)(B)
- Obstruction of Justice/Manufacturing False Evidence under 18 U.S.C. § 1519

In this indictment (CR. 14-45), it was alleged that Houle accepted kick-back payments from Hunter Burns Construction LLC in exchange for facilitating the award and payment on tribal contracts at the RBHB and other CCT programs. It was further alleged that from July 28, 2009, through November 30, 2011, Houle received \$306,987 from Hunter Burns Construction LLC and Dr. Eastlick.

CR. 14-49 (Defendants: Houle and Wade Colliflower)

- Conspiracy to Embezzle Tribal Funds under 18 U.S.C. § 371
- Theft from an Indian Tribal Organization under 18 U.S.C. § 1163
- Theft in Indian Country under 18 U.S.C. §§ 1152, 661

In this indictment (CR. 14-49), it was alleged that Wade Christopher Colliflower was the President of the Bear Paw Indian Rodeo Association (BPIRA) at the same time Houle, Vice-Chairman of the CCT, served as the President of the Chippewa Cree Rodeo Association (CCRA). The CCRA is a tribally recognized association organized under the laws of the CCT to promote and sponsor tribal rodeo events which showcase Native American competitors.

It was alleged that from 2010 through 2012, Houle and Colliflower used the BPIRA bank account to extract money from the CCRA bank account and use the money for their own

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personal use and benefit. Colliflower was interviewed by OI agents during the course of the investigation and admitted his role in assisting Houle's embezzlement of monies from the CCRA by making kick-backs to Houle from payments processed through his separate rodeo association bank account.

Between June 2009 and July 2012, the CCRA accounts had deposits of over \$2,000,000 representing contributions from the CCT, contributions from departments and enterprises of the CCT, businesses doing business with the CCT, and other donors.

HHS grant funds were traced and identified as being taken directly from the CCT's Grants and Contacts accounts to fund the CCRA.

CR. 14-50 (Defendants: Houle, Wade Colliflower, and Mark Leischner)

- Conspiracy to Embezzle Tribal Funds under 18 U.S.C. § 371
- Theft from an Indian Tribal Organization under 18 U.S.C. § 1163
- Theft in Indian Country under 18 U.S.C. §§ 1152, 661
- Obstruction of Justice/Manufacturing False Evidence under 18 U.S.C. § 1519
- Obstruction of Justice/Impeding a Federal GJ Investigation under 18 U.S.C. § 1503

In this indictment (CR. 14-50), it was alleged that Houle embezzled thousands of dollars from the CCRA. As President of the Rodeo Association, Houle arranged to have payments made to nominee vendors with the understanding that a large portion of the payment would be kicked back to Houle. It was alleged that in 2009, Mark Craig Leischner, Dr. Eastlick's brother-in-law, received \$135,000 in checks from Houle and Colliflower, and kicked back to Dr. Eastlick approximately \$53,000. For 2010, Leischner received \$133,000 in checks from Houle and the CCRA. Leischner's "cut," as agreed to by Houle, was to be \$45,000.

It was alleged that in 2010 and 2011, Houle used BPIRA President Colliflower as a beneficiary of CCRA payments, a portion of which were then paid back to Houle in cash. Houle was also charged with obstruction of a federal grand jury investigation. It was alleged that when the investigation into payments to Leischner began, Houle, Dr. Eastlick and Leischner met on several occasions to manufacture documents that would give the appearance of legitimacy to the payments to Leischner. In 2013, a federal grand jury subpoenaed Leischner's records and he provided the fraudulent documents in response to the subpoena.

HHS grant funds were traced and identified as being taken directly from the CCT's Grants and Contacts accounts to fund the CCRA.

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Houle – Indictment (CR. 14-67)

On August 20, 2014, testimony was provided to a United States Grand Jury seated in the Federal Judicial District of Montana concerning Houle during this investigation. On August 22, 2014, the grand jury returned an indictment against Houle pertaining to alleged offenses as follows under CR. 14-67:

CR. 14-67

- Federal Income Tax Evasion under 26 U.S.C. § 7201

In this indictment (CR. 14-67), Houle was charged with four counts of tax evasion related to his alleged failure to pay the taxes on his undeclared income from Hunter Burns Construction LLC, Dr. Eastlick, Leischner, and Colliflower. In the four tax years 2009 through 2012, Houle had over \$412,000 in undeclared income from those sources.

Houle - Plea Agreements and Guilty Pleas

On December 1, 2014, Houle entered into three separate plea agreements covering all four indictments in this matter as filed under CR. 14-45, CR. 14-49, CR. 14-50, and CR. 14-67. Houle agreed to plead guilty to the following offenses per indictment:

CR. 14-45

- Bribery of an Indian Tribal Government Official under 18 U.S.C. § 666(a)(1)(B)

CR. 14-49 (This indictment was agreed to be dismissed at sentencing for Houle.)

CR. 14-50

- Theft from an Indian Tribal Organization under 18 U.S.C. § 1163
- Obstruction of Justice/Impeding a Federal GJ Investigation under 18 U.S.C. § 1503

CR. 14-67

- Federal Income Tax Evasion under 26 U.S.C. § 7201

On December 8, 2014, Houle pleaded guilty to the above noted offenses as filed under CR. 14-45, CR. 14-50, and CR. 14-67. Houle pleaded guilty to four felonies involving bribery, embezzlement, obstruction of justice, and tax evasion. Houle pleaded guilty to accepting kick-back payments from Hunter Burns Construction LLC and Dr. Eastlick in exchange for facilitating the award and payment on tribal contracts. Houle also pleaded guilty to embezzling

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thousands of dollars from the CCRA and obstructing a federal grand jury investigation. In the last indictment, Houle pleaded guilty to one of four counts of tax evasion.

Houle - Sentencing

On July 29, 2015, Houle was sentenced regarding CR. 14-45, CR. 14-50, and CR. 14-67. Houle was sentenced to 68 months in prison, \$646,456 in restitution, three years of supervised release to follow his incarceration, and \$400 in special assessments. (These cases are noted as Houle, Houle #3, and Houle #4 in (b)(7)e .

Mark Craig Leischner (CR. 14-50)

As identified in the information listed above Houle, Colliflower, and Leischner were jointly charged in one indictment on June 19, 2014, regarding this investigation as follows for CR. 14-50:

CR. 14-50 (Defendants: Houle, Wade Colliflower, and Mark Leischner)

- Conspiracy to Embezzle Tribal Funds under 18 U.S.C. § 371
- Theft from an Indian Tribal Organization under 18 U.S.C. § 1163
- Theft in Indian Country under 18 U.S.C. §§ 1152, 661
- Obstruction of Justice/Manufacturing False Evidence under 18 U.S.C. § 1519
- Obstruction of Justice/Impeding a Federal GJ Investigation under 18 U.S.C. § 1503

In this indictment (CR. 14-50), it was alleged that Houle embezzled thousands of dollars from the CCRA. As President of the Rodeo Association, Houle arranged to have payments made to nominee vendors with the understanding that a large portion of the payment would be kicked back to Houle. It was alleged that in 2009, Leischner, Dr. Eastlick's brother-in-law, received \$135,000 in checks from Houle and Colliflower, and kicked back to Dr. Eastlick approximately \$53,000. For 2010, Leischner received \$133,000 in checks from Houle and the CCRA. Leischner's "cut," as agreed to by Houle, was to be \$45,000.

Leischner – Plea Agreement and Guilty Plea (CR. 14-50)

On September 17, 2014, Leischner entered into a plea agreement in this matter as filed under CR. 14-50. Leischner agreed to plead guilty to the following offenses in the indictment:

- Theft from an Indian Tribal Organization under 18 U.S.C. § 1163
- Obstruction of Justice/Impeding a Federal GJ Investigation under 18 U.S.C. § 1503

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On October 1, 2014, Leischner pleaded guilty to assisting Houle, a tribal official and the President of the CCRA embezzle funds from the rodeo association accounts by serving as a nominee vendor and then kicking money back to Houle and his brother-in-law, Dr. Eastlick and obstructing a Grand Jury investigation.

Leischner – Sentencing (CR. 14-50)

On March 11, 2015, Leischner was sentenced on his earlier pleas of guilty in this matter. Leischner was sentenced to twenty four months in custody and three years of supervised release. Leischner was ordered to pay a \$217,221 in restitution and also ordered to pay \$200 as a special assessment.

Wade Christopher Colliflower (CR. 14-49 and CR. 14-50)

As noted earlier in this IM, Colliflower was the President of the BPIRA at the same time Houle, Vice-Chairman of the CCT, served as the President of the CCRA. From 2010 through 2012, Houle and Colliflower used the BPIRA account to extract money from the CCRA account and use the money for their own personal use and benefit. Colliflower was interviewed by OI agents during the course of the investigation and admitted his role in assisting Houle's embezzlement of monies from the CCRA by making kick-backs to Houle from payments processed through his separate rodeo association bank account.

HHS grant funds were taken directly from the CCT's Grants and Contacts accounts to fund the CCRA.

Colliflower – Sentencing (CR. 14-49)

On May 7, 2015, Colliflower was sentenced in the Federal Judicial District of Montana. Colliflower was sentenced to six months in custody, six months of home confinement, two years of supervised release, \$44,750 in restitution, and a \$100 special assessment. Colliflower had earlier pleaded guilty to theft from an Indian tribal organization for his role in a scheme to embezzle monies from CCRA accounts.

The indictment against Colliflower listed under CR. 14-50 was dismissed after Colliflower was sentenced under CR. 14-49. (This subject was Wade Colliflower #2 in (b)(7)e)

Frank and Melody Henry (CR. 14-66, CR. 14-97, and CR. 15-06)

During the course of the above investigations, Frank Henry and Melody Henry were identified in taking almost a quarter of a million dollars in alleged kick-backs from Hunter Burns and Hunter Burns Construction LLC between October of 2010 and November of 2012. Melody Henry had

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approved \$530,242 in contracts to Hunter Burns Construction LLC in her role as President of Stone Child College. The payments were never disputed but the Henrys claimed that Frank Henry had, in addition to his full-time employment at the Stone Child College, done work at the College on behalf of Hunter Burns Construction LLC and therefore the payments were not kick-backs but payments for services rendered.

Henry - First Indictment (CR. 14-66)

On August 20, 2014, testimony was provided to a United States Grand Jury seated in the Federal Judicial District of Montana concerning Frank Henry and Melody Henry. On August 22, 2014, the grand jury returned an indictment pertaining to alleged offenses by Frank Henry and Melody Henry as follows under CR. 14-66:

- Conspiracy to Embezzle Federal Grant and Contract Funds under 18 U.S.C. § 371
- Theft from an Indian Tribal Government Receiving Federal Funding under 18 U.S.C. § 666
- Theft from an Indian Tribal Organization under 18 U.S.C. §§ 1163, 2
- Bribery/Accepting under 18 U.S.C. § 666

A federal jury acquitted the Henrys after a three day trial in February 2015 related to the charges in CR. 14-66.

Henry - Second Indictment (CR. 14-97)

During the course of the above investigation, it was identified that Melody Henry was operating a business identified as Creeative, Inc. while she was President of Stone Child College. It was alleged that from September 8, 2013, to October 1, 2014, Melody Henry embezzled funds by soliciting and receiving a grant from the American Indian College Fund on behalf of Stone Child College and then awarded Creeative, Inc. funds from this grant.

On October 15, 2014, testimony was provided to a United States Grand Jury seated in the Federal Judicial District of Montana concerning Melody Henry. On October 20, 2014, this grand jury handed up an indictment against Melody Henry pertaining to the following alleged offenses:

CR. 14-97

- Theft from an Indian Tribal Government Receiving Federal Funding under 18 U.S.C. § 666
- Theft from an Indian Tribal Organization under 18 U.S.C. §§ 1163

HOULE, JOHN CHANCE #1, #2, #3 and #4
EASTLICK, JAMES HOWARD
BURNS, HUNTER
HUNTER BURNS CONSTRUCTION LLC

(b)(6), (b)(7)c

COLLIFLOWER, WADE CHRISTOPHER #1 and #2
LEISCHNER, MARK CRAIG
HENRY, FRANK GREGORY #1 and #2
HENRY, MELODY BILLY #1, #2, and #3
ROSETTE, TIMOTHY WARREN SR #1, #2, and #3
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Charges related to this indictment against Melody Henry were dismissed as part of the plea agreement in indictment CR. 15-06. (This indictment was noted under Melody Henry #2 in

(b)(7)e

Henry - Third Indictment (CR. 15-06)

During the course of the above investigations, information was developed indicating that Frank Henry and Melody Henry attempted to evade payment on the monies received by them from Hunter Burns Construction LLC by claiming business expenses in an amount that would eliminate any tax liability. For the tax year 2012 the Henrys claimed their salaries from Stone Child College totaling \$246,586 and business income from Hunter Burns Construction LLC in the amount of \$124,537 for a total annual income of \$371,124. The Henrys claimed \$135,146 in business expenses which completely off-set the income received from Hunter Burns Construction LLC and resulted in a business loss. A forensic financial review of the Henrys' bank account records did not reveal any expenditures consistent with the expenses claimed.

On January 21, 2015, testimony was provided to a United States Grand Jury seated in the Federal Judicial District of Montana concerning Frank Henry and Melody Henry. On January 23, 2015, this grand jury handed up an indictment against Frank Henry and Melody Henry pertaining to the following alleged offenses under CR. 15-06:

- Willful Failure to File a Federal Income Tax Return under Title 26 U.S.C. § 7203
- Federal Income Tax Fraud/Filing a False Return under Title 26 U.S.C. § 7206(1)

On April 10, 2015, Frank Henry entered into a plea agreement as filed under CR. 15-06. Henry agreed to plead guilty to one count of Federal Income Tax Fraud/Filing a False Return under Title 26 U.S.C. § 7206(1).

On April 13, 2015, Melody Henry entered into a plea agreement as filed under CR. 15-06. Henry agreed to plead guilty to one count of Federal Income Tax Fraud/Filing a False Return under Title 26 U.S.C. § 7206(1).

On April 13, 2015, Melody Henry and her husband, Frank Henry entered guilty pleas to federal income tax fraud in the Federal Judicial District of Montana.

On August 6, 2015, Melody Henry and Frank Henry were sentenced to five months in prison each for federal income tax fraud and were ordered to repay \$47,301 (joint and several). They were

HOULE, JOHN CHANCE #1, #2, #3 and #4
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(b)(6), (b)(7)c

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LEISCHNER, MARK CRAIG
HENRY, FRANK GREGORY #1 and #2
HENRY, MELODY BILLY #1, #2, and #3
ROSETTE, TIMOTHY WARREN SR #1, #2, and #3
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each also ordered to pay \$100 as a special assessment. (These subjects are listed as Frank Henry #2 and Melody Henry #3 in (b)(7)e

HHS provided funding to SCC from FY 2011-2013 totaling \$1,749,823. This funding included grants from the Immediate Office of the Secretary, ACF, and the Substance Abuse and Mental Health Services Administration.

Timothy Warren Rosette Sr. (CR. 14-101, CR. 15-03, and CR. 15-04)

During the course of the above investigations, Timothy Warren Rosette Sr. was identified as a subject believed to be involved in various schemes including bribery and theft of tribal funds originating from federal grants.

From at least April 2009 to December 2010, Rosette occupied positions of tribal authority at Rocky Boy's Indian Reservation. Rosette served as the Director of the RBHB Clinic's Environmental Health Unit, with authority to select contractors, award contracts and approve contract payments relating to the RBHB. During the same period, Rosette was also the Director of the tribe's Roads Division with authority to select contractors, award contracts, and approve contract payments relating to the roads, highways, easements, and bridges on the reservation.

During the course of this investigation it was determined that Rosette accepted bribes and gifts from Hunter Burns Construction LLC and Dr. Eastlick, who held a 49% ownership interest in Hunter Burns Construction LLC. Rosette was also alleged to have received cash kick-backs from a Havre businessman, who was acting on behalf of a local trucking company—K Bar K Trucking—and that Rosette facilitated fraudulent claims on behalf of other companies such as TMP Services and K & N Consulting.

Rosette agreed to meet with agents from HHS-OIG-OI and DOI-OIG-OI during the course of this investigation. Rosette was subsequently interviewed at length on two occasions and these interviews were audio recorded with Rosette's consent. Rosette admitted to agents that he took bribes and kick-backs in the form of cash for assisting Hunter Burns, Dr. Eastlick, and Houle in securing contracts that were federally funded from HHS and DOI.

Rosette - First Indictment (CR. 14-101)

On October 15, 2014, an agent from the Sioux Falls Field Office appeared before a United States Grand Jury seated in the Federal Judicial District of Montana and provided testimony concerning Rosette. Testimony provided pertaining to the investigation of this matter in relation to an alleged violation of 18 U.S.C. § 666(a)(1)(B) Bribery of an Official of an Indian Tribal Government

HOULE, JOHN CHANCE #1, #2, #3 and #4
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HUNTER BURNS CONSTRUCTION LLC

(b)(6), (b)(7)c

COLLIFLOWER, WADE CHRISTOPHER #1 and #2
LEISCHNER, MARK CRAIG
HENRY, FRANK GREGORY #1 and #2
HENRY, MELODY BILLY #1, #2, and #3
ROSETTE, TIMOTHY WARREN SR #1, #2, and #3
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receiving Federal Funding. Information was provided to the Grand Jury concerning the information discovered to date during this investigation.

On October 20, 2014, Rosette was indicted on one count of Bribery of an Official of an Indian Tribal Government receiving Federal Funding under 18 U.S.C. § 666(a)(1)(B). It was alleged that from October 2009 to December 2011, Rosette took bribes from Dr. Eastlick on behalf of Hunter Burns and Hunter Burns Construction LLC. This indictment was filed under CR. 14-101 and remained sealed until it was superseded on January 23, 2015, with a more expansive indictment against Rosette.

Rosette - First Superseding Indictment (CR. 14-101) and indictments CR. 15-03 and CR. 15-04

On January 21, 2015, an agent from the Sioux Falls Field Office and an agent from DOI-OIG appeared before a United States Grand Jury seated in the Federal Judicial District of Montana and provided testimony concerning Rosette. Information was provided to the Grand Jury concerning the information discovered to date during this investigation.

On January 23, 2015, Rosette, the Acting Chief Executive Officer of the RBHB Clinic for the CCT, was named in three separate multi-count indictments by a Federal Grand Jury seated in the Federal Judicial District of Montana. During the timeframes of the three indictments, Rosette was the Director of the CCT's Roads Branch and was in charge of all road work/construction contracts. He was also the Director of the RBHB Clinic's Environmental Health Division and later the Acting RBHB CEO.

In the first indictment (CR. 14-101), Rosette was indicted on one count of Bribery of an Official of an Indian Tribal Government receiving Federal Funding under 18 U.S.C. § 666(a)(1)(B), one count of Theft from an Indian Tribal Organization under 18 U.S.C. § 1163, and one count of Theft from a Health Care Facility under 18 U.S.C. § 669.

It was alleged that from October 2009 to December 2011, Rosette took bribes from Dr. Eastlick on behalf of Hunter Burns Construction LLC related to contacts with the RBHB. These bribes included cash, furniture, and trips to Las Vegas. The kick-backs received by Rosette stemmed from funding received by the tribe from HHS and DOI. Rosette also allegedly took approximately \$23,000 in double payments of salary, overtime payments for which he was not eligible as an exempt employee, in addition to withdrawal of severance and retirement benefits in excess of what had been deposited on his behalf. The \$23,000 loss was identified during an HHS-OIG-Office of Audit Services audit of the RBHB Finance Department.

HOULE, JOHN CHANCE #1, #2, #3 and #4
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(b)(6), (b)(7)c

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LEISCHNER, MARK CRAIG
HENRY, FRANK GREGORY #1 and #2
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ROSETTE, TIMOTHY WARREN SR #1, #2, and #3
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In the second indictment (CR. 15-03), Rosette was indicted on one count of Bribery of an official of an Indian Tribal Government receiving Federal Funding under 18 U.S.C. § 666(a)(1)(B), one count of False Claims Act Conspiracy under 18 U.S.C. § 286, and one count of False and Fraudulent Claim against Federally Funded Project under 18 U.S.C. § 287.

It was alleged that from August 2010 to June 2012, Rosette took bribes from a (b)(4) businessman on behalf of K Bar K Trucking. Using (b)(4) and tribal contracts, the businessman entered into sole-source hauling contracts with the CCT and paid Rosette, as Director of the Roads Branch, cash kick-backs of \$100 on a per truck per trip basis. It was also alleged that Rosette was involved in a false claim conspiracy for a claim submitted in October 2011. In that instance the businessman submitted a claim on behalf of a non-existent entity, (b)(4), for explosives work in the amount of \$120,000. The claim was subsequently approved by Rosette.

In the third indictment (CR. 15-04), Rosette was indicted on one count of Bribery of an official of an Indian Tribal Government receiving Federal Funding under 18 U.S.C. § 666(a)(1)(B) and one count of Theft from an Indian Tribal Organization under 18 U.S.C. § 1163.

It was alleged that from August 2010 to June 2012, Rosette took bribes from a businessman on behalf of TMP Services. These bribes related to a 2010 flood that destroyed the RBHB clinic. All the property salvaged from the clinic building was stored using FEMA funds with the idea that the property would be used in the new clinic building, but it was never used.

Rosette - Plea Agreements and Guilty Pleas

On June 25, 2015, Rosette entered into three separate plea agreements covering all three indictments in this matter as filed under CR. 14-101, CR. 15-03, and CR. 15-04. Rosette agreed to plead guilty to the following offenses per indictment:

CR. 14-101

- Accepting Bribes by a Tribal Government Official under 18 U.S.C. § 666(a)(1)(B)

CR. 15-03

- Accepting Bribes by a Tribal Government Official under 18 U.S.C. § 666(a)(1)(B)

CR. 15-04

- Theft from an Indian Tribal Organization under 18 U.S.C. § 1163

HOULE, JOHN CHANCE #1, #2, #3 and #4
EASTLICK, JAMES HOWARD
BURNS, HUNTER
HUNTER BURNS CONSTRUCTION LLC

(b)(6), (b)(7)c

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HENRY, MELODY BILLY #1, #2, and #3
ROSETTE, TIMOTHY WARREN SR #1, #2, and #3
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On July 28, 2015, Rosette pleaded guilty to two counts of bribery and one count of theft of tribal funds as filed under CR. 14-101, CR. 15-03, and CR. 15-04. (These indictments are listed under Rosette, Rosette #2 and Rosette #3 in (b)(7)e)

Rosette – Sentencing

On December 3, 2015, Rosette was sentenced to 38 months in federal custody in connection with his earlier guilty pleas to two counts of bribery and one count of theft from an Indian tribal organization, to serve two years of supervised release, \$300 in special assessments, and pay \$600,000 in restitution. The breakout of the sentencing conditions per the three judgments in this matter is as follows:

CR. 14-101

- Restitution of \$300,000
- Special assessment of \$100
- 38 months imprisonment
- Two years of supervised release

CR. 15-03

- Restitution of \$270,000
- Special assessment of \$100
- 38 months imprisonment
- Two years of supervised release

CR. 15-04

- Restitution of \$30,000
- Special assessment of \$100
- 38 months imprisonment
- Two years of supervised release

Lyman James Colliflower

During the course of the above investigations, an individual identified as (b)(6), (b)(7)c was identified as a past contractor for the CCT. It was alleged that (b)(6), (b)(7)c and a CCT employee participated in a kick-back scheme for tribal contracts. The investigation of (b)(6), (b)(7)c (b)(6), (b)(7)c was discontinued on July 1, 2016, after this matter was declined by the USAO in the District of Montana.

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(b)(6), (b)(7)c

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ROSETTE, TIMOTHY WARREN SR #1, #2, and #3
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Operation Smoke and Mirrors

These investigations were conducted as part of the KCRO's proactive Indian Country grant project (Operation Smoke and Mirrors). Operation Smoke and Mirrors is a joint project being worked by Region VII staff of OI, OAS, and OEI.

These investigations were brought by the federal agents of the Guardians Project and were investigated by the agents of the Offices of Inspector General of HHS, DOI, and EPA, as well as by the Internal Revenue Service Criminal Investigation Division.

This matter was investigated for violations of 18 U.S.C. § 666(a) (1)(A), Theft from an Indian Tribal Government Receiving Federal Grants, 18 U.S.C. § 666, Bribery, 18 U.S.C. § 1163, Theft from an Indian Tribal Organization and 18 U.S.C. 669, Theft from a Health Care Facility.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



03/19/2016

STANDING BEAR, ISAAC WAYNE

Martin, South Dakota

Individual (Unaffiliated) - Recipient/Beneficiary

Indian Health Service and Medicaid - Forged/Altered Prescription

7-15-00061-9 / UC

This is the closing Investigative Memorandum.

This investigation was initiated on February 24, 2015, when the Sioux Falls Office of Investigations received information from the Indian Health Service (IHS) in Pine Ridge, South Dakota.

Information received alleged that on February 24, 2015, Isaac Wayne Standing Bear, an IHS and South Dakota Medicaid beneficiary, presented an altered prescription for a controlled substance at the Pine Ridge IHS Hospital and Pharmacy in Pine Ridge, South Dakota. Information provided alleged that the prescription received by IHS from Standing Bear was altered in order for Standing Bear to receive additional Hydrocodone tablets for which he was not entitled.

On March 12, 2015, agents with the Sioux Falls Field Office interviewed Standing Bear and he confessed to the allegation. Standing Bear admitted altering an original valid prescription by changing the tablet quantity from "60" to "80" Hydrocodone tablets in an attempt to obtain 20 additional Hydrocodone tablets.

This allegation was further investigated and on September 15, 2015, information concerning this investigation was presented to a Federal Grand Jury in the District of South Dakota. An agent assigned to the Sioux Falls Field Office presented testimony in this case and Standing Bear was subsequently indicted on this same date. Standing Bear was indicted on one felony count of Attempt to Obtain Controlled Substances by Fraud under 21 USC § 843(a)(3) in addition to one felony count of False Statements Relating to Health Care Matters under 18 USC § 1035. An Arrest Warrant was issued for Standing Bear.

On September 16, 2015, Standing Bear was arrested by members of the Sioux Falls Field Office in Martin, South Dakota on his outstanding warrant in this matter. Standing Bear appeared in District Court in Rapid City South Dakota and was subsequently released pending further order of the Court.

On January 16, 2016, Standing Bear entered into an Agreement for Pretrial Diversion with the United States Attorney's Office (USAO) in the District of South Dakota. The USAO agreed to

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STANDING BEAR, ISAAC WAYNE

7-15-00061-9

Closing IM dated March 19, 2016

defer prosecution of Standing Bear for a period of 12 months, under conditions. If Standing Bear satisfactorily completes supervision for 12 months the indictment in this matter will be dismissed.

This matter was investigated for violations of Title 18 USC § 1035, False Statements Related to Health Care Matters, and Title 18 USC § 1347, Health Care Fraud.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



3/24/2016
DAVIS, SHELLY MARIE
Rapid City, South Dakota
IHS Beneficiary
PHS - Indian Health Service
Drug Diversion
7-15-00141-4

This is the closing Investigative Memorandum.

This investigation was initiated on May 29, 2015, when the Sioux Falls Office of Investigations received information from the Indian Health Service in Rapid City, South Dakota.

The information received alleges that Indian Health Service beneficiary Shelly M. Davis is obtaining opioid prescriptions two Indian Health Service pharmacies in North Dakota and South Dakota. It is alleged that Davis conducted “doctor shopping” activities by visiting these Indian Health Service providers in order to obtain prescriptions for controlled substances such as Hydrocodone and Oxycodone.

This allegation was investigated and on September 15, 2015, information concerning this matter was presented to a Federal Grand Jury seated in the District of South Dakota. An agent assigned to the Sioux Falls OI Field Office presented testimony in this case and Davis was subsequently indicted on this same date, on one count of 18 USC 1035 False Statement Relating to Health Care Matters, and one count of 18 USC 843(a)(3) and 846, Attempt to Obtain Controlled Substance by Fraud. A Warrant for Arrest was issued for Davis by the District Court.

On September 18, 2015, Davis self-surrendered to the USMS in Rapid City, South Dakota.

On March 21, 2016, a Pre-trial Diversion was executed in this matter. Davis admitted to the aforementioned charges and an Order for a Period of Delay was entered on this same for 18 months or until breach of the pre-trial diversion agreement.

This matter was investigated as a potential violation of Title 18, U.S.C. Section 1347; Healthcare Fraud.

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



9/13/2016

DRAPEAU, BRYCE DAMON

Fort Thompson, South Dakota

Individual (Unaffiliated) - Recipient/Beneficiary

Indian Health Service and Medicaid - Forged/Altered Prescription

7-15-00172-9 / UC

This is the closing Investigative Memorandum (IM).

This investigation was initiated on July 10, 2015, when the Sioux Falls Office of Investigations received information from the Indian Health Service (IHS) in Fort Thompson, South Dakota.

Information received alleged that on July 10, 2015, Bryce Damon Drapeau, an IHS and South Dakota Medicaid beneficiary, presented an altered prescription for a controlled substance at the Crow Creek IHS Clinic and Pharmacy in Fort Thompson, South Dakota. Information provided alleged that the prescription received by IHS from Drapeau was altered in order for Drapeau to receive additional Hydrocodone tablets for which he was not entitled.

This allegation was investigated and on October 14, 2015, information concerning this matter was presented to a Federal Grand Jury seated in the District of South Dakota. An agent assigned to the Sioux Falls Office of Investigations presented testimony in this case and Drapeau was subsequently indicted on this same date, on one count of 21 USC 843(a)(3) and 846, Obtaining a Controlled Substance by Fraud and one count of 18 USC 1035, False Statements Relating to Health Care Matters. A Warrant for Arrest was issued for Drapeau by the District Court.

On December 17, 2015, Drapeau was arrested by the USMS based on the outstanding warrant issued by the US District Court.

On May 26, 2016, Drapeau executed a plea agreement, agreeing to plead guilty to one count of 18 USC 1035. The remaining counts were dismissed.

On September 8, 2016, Drapeau was sentenced based on the aforementioned plea of guilty. Drapeau was sentenced to one year of supervised release and a \$100 special assessment.

This matter was investigated as violations of Title 18 USC § 1035, False Statements Related to Health Care Matters, and Title 18 USC § 1347, Health Care Fraud.

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



December 15, 2017
McGovern, Kevin
Brian Eagleman
MT Waterworks
MC Holdings
Havre, Montana
Individual (Unaffiliated)
Indian Health Service
7-15-0-0227-4

This is an interim investigative memorandum (IM). The last IM was dated 12/16/15. This investigation was initiated on October 6, 2015 based upon previous investigative work involving corruption and fraud at the Rocky Boy Indian Reservation in Box Elder, Montana. Through review of bank records associated with multiple programs involving the Chippewa Cree Indian Tribe, (S)(A), (b)(7)(c), (b)(7)(f) investigation revealed corruption by high-ranking tribal officials and misuse of HHS funds through multiple bank accounts. (S)(A), (b)(7)(c), (b)(7)(f) investigation was a collaborative effort with assistance from other agencies, such as the Department of Interior, Inspector General, through the Guardians Task Force, which was created to fight corruption and fraud, waste and abuse in Indian Country. (S)(A), (b)(7)(c), (b)(7)(f) investigation also revealed an embezzlement scheme involving not only comingled HHS funds but also corruption by tribal officials from the Tribe's council who had a fiduciary role to oversee those funds.

A-133 audit reports for fiscal year 2010, the Tribe received \$16,254,117 in Self Governance Compact funds from HHS, along with millions more from other HHS programs such as TANF, LIHEAP, Child Support Enforcement and others, with their total federal dollars received being \$47,796,652. In 2011, the Tribe received \$16,000,367 in Compact funds, along with millions more from the aforementioned HHS programs, with their total federal dollars received being \$52,552,350.

The HHS federal program funds, along with program funds from other agencies, such as the Department of Interior, Department of Agriculture, Department of Justice and others, would often be dissipated into the Tribe's "Grants and Contracts" bank account. That bank account was held at numerous banks throughout the years, including Wells Fargo Bank, Independence Bank and First Interstate Bank. The HHS funds would become comingled with the other federal program funds and the Tribe would then decide on how to utilize those funds for their programs. The Chippewa Cree Business Committee oversaw those federal program dollars.

Information received alleged that tribal funds, including comingled monies provided to the Tribe through various grants and contracts from HHS, DOI, EPA, etc. were used to purchase construction equipment at an inflated cost in order to facilitate a kickback/bribery scheme for tribal members and outside individuals at the Rocky Boy Indian Reservation. Kevin McGovern, owner of MC Equipment Holdings, was able to sell a hot plant to the Tribe for \$1.7 million, approximately \$300,000 over its value.

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The excess \$300,000 was divided among multiple tribal members involved in the purchase. Some of those tribal members, such as (b)(6), (b)(7)(c) at the time, have been convicted of federal felons involving bribes and kickbacks.

For example, from December 6, 2011 through February 7, 2012, HHS deposited \$765,034.16 through seven transactions into the "Grants and Contracts" bank account at Wells Fargo Bank. During that same time frame, on December 15, 2011 and on February 6, 2012, transfers of \$508,243.00 and \$976,018.00 were made to another grants and contracts bank account held by the Tribe at First Interstate Bank. On the same dates noted above, internal transfers for the same amounts were made to the Tribe's Roads Department bank account, thus injecting comingled HHS funds into the Roads Department bank account.

On February 6, 2012, a wire transfer of \$400,000 from the Roads Department bank account at First Interstate Bank is made to an MC Equipment Holdings. The wire request was completed by (b)(6), (b)(7)(c) and (b)(6), (b)(7)(c). Also, the same wire request involved wiring \$200,000 to MC Equipment Holdings from the tribe's "Program Reserve" account #2203147950.

On February 7, 2012, a wire transfer of \$800,000 from the Roads Department bank account at First Interstate Bank is made to MC Equipment Holdings. The wire request was completed by (b)(6), (b)(7)(c) and (b)(6), (b)(7)(c). Note: At the time of the transfers on February 6 and February 7, 2011 to MC Holdings, the Roads Department bank account did not have enough funds available to make the transfers, thus illustrating the need to inject funds from the Grants and Contracts bank account.

On February 16, 2012, a wire transfer of \$300,000 from the Roads Department bank account at First Interstate Bank is made to MC Equipment Holdings. The wire request was completed by (b)(6), (b)(7)(c) and (b)(6), (b)(7)(c).

These wires from the Tribe's two Grants and Contracts accounts to the Road Departments account to complete the \$1.7 million needed to cover the cost of the fraud scheme to purchase the hot plant from McGovern clearly showed HHS funds being utilized.

Through debriefs of cooperating subjects, including (b)(6), (b)(7)(c) and through bank records review, the investigation revealed a conspiracy between tribal officials and McGovern to purchase the hot plant and kickback \$229,000, which was then distributed to other tribal officials. The following is a summary of events that occurred involving the purchase of a "hot plant" that involved bribes and kickbacks from McGovern to tribal officials:

On May 25, 2010, CMG Construction and MCL Property Holdings purchased a Road Builder Model RB 250 Parallel Flow Asphalt Plant (hot plant) from Asphalt Drum Mixer in Hunterton, IN for \$1.2 million. Those companies were owned by McGovern.

On October 18, 2010, (b)(6), (b)(7)(C) of Tony Belcourt, board member over the Roads Department, issued a cashier's check to (b)(6), (b)(7)(c) for \$50,000. (b)(6), (b)(7)(c) would relate this was a bribe payment for (b)(6) approval as chairman of the Road's Department of a contract to CMG Construction for a contract for \$1.5 million for the demolition of the Tribe's health clinic after a flood. The contract would later be awarded to CMG Construction in June 2011. (b)(6), (b)(7)(c) also related (b)(6), (b)(7)(c) took the check from Belcourt personally to (b)(6), (b)(7)(c) as (b)(6), (b)(7)(c) was originally supposed to be a part of the deal but later backed out. SA (b)(6), (b)(7)(c), (b)(7)(c), and SA (b)(6), (b)(7)(c), participated in this interview of (b)(6), (b)(7)(c).

On December 10, 2010, MCL Property Holdings obtained a small business loan from Stockman Bank to purchase the hot plant and for real estate at 3310 Coulson Road, Billings, MT. The total amount of the loan was \$2.5 million.

On July 30, 2011, Belcourt received a check from McGovern for \$50,000. This payment was made during the time frame when Belcourt was approving payments from the Chippewa Cree Construction Corporation to CMG Construction.

In December 2011, Belcourt became involved in wanting to purchase the hot plant from McGovern for the Roads Department on the reservation.

On January 5, 2012, a tribal resolution from the Tribe's Business Committee was approved to purchase the hot plant from McGovern. That resolution was 08-12.

On January 31, 2012, there was a bill of sale for the hot plant between MC Equipment and the Tribe's Roads Department for \$1.7 million signed by McGovern and (b)(6), (b)(7)(C) (b)(6), (b)(7)(C)

According to records from MC Equipment, the total of \$1.7 million was broken down as \$1.3 million for the hot plant, \$170,000 for reconditioning, delivery, set up and training and \$229,000 for "broker fees."

On March 22, 2012, McGovern emailed Belcourt the loan lien release and advised the hot plant would be delivered to the Tribe the next day.

On April 9, 2012, McGovern issued a check for \$229,000 from MC Equipment to (b)(6), (b)(7)c (b)(6), (b)(7) would later relate to that. (b)(7)(c) Belcourt traveled to Billings where they met with McGovern. (b)(6), (b)(7) understood from Belcourt that McGovern would provide the "finder's fee" check at this meeting. The meeting occurred at a bar in Billings. It was short in duration. There was no payment from McGovern at this meeting. This was the only time that (b)(6), (b)(7) met with McGovern. Approximately three weeks later, Belcourt delivered to (b)(6), (b)(7) a check from McGovern in the amount of \$229,000. Belcourt advised that this money was to be divided between (b)(6), (b)(7) and (b)(6), (b)(7)c (b)(6), (b)(7)c interpreted this directive as Belcourt had obtained his "third" of the "finder's fee" directly from McGovern, although there was no discussion with Belcourt in that regard. (b)(6), (b)(7) confirmed that (b)(6), (b)(7) deposited this check on April 12, 2012, in (b)(6), (b)(7) business checking account entitled (b)(4), (b)(6) (b)(6), (b)(7) further confirmed that neither (b)(6), (b)(7) nor (b)(4) performed any service that would have justified this payment of \$229,000 from McGovern.

On April 13, 2012, (b)(4), (b)(6) \$3,000.

On April 16, 2012, MT Waterworks issued a check to Belcourt for \$91,800.

On April 20, 2012, (b)(4), (b)(6) \$12,558. This payment was made to help pay for substance detoxification for (b)(6), (b)(7)c

On April 25, 2012, (b)(4), (b)(6) \$50,000 through a cashier's check made payable to the IRS. The investigation revealed Eagleman never used the funds to pay off his IRS debt.

On May 7, 2012, (b)(4), (b)(6) \$2,000.

On July 27, 2012, (b)(4), (b)(6) \$3,000.

The investigation revealed the hot plant was never used by the Tribe and the \$229,000 was divided up between tribal members who had influence on approving contracts to McGovern and his companies. The Tribe ultimately sold the hot plant in May 2015 for \$1 million to a company called Oil Berta.

Through multiple interviews of McGovern, he advised the payment to Belcourt of \$50,000 in July 2011 was a “loan” to Belcourt and was unrelated to any contracts Belcourt may have approved. McGovern also stated the payment of \$25,000 to the Tribe’s Events Committee had no bearing on his contracts with the Tribe. Of note: McGovern and Belcourt had gone into business together through MT Waterworks which sold pipe to the Chippewa Cree Construction Corporation, the same company Belcourt oversaw. Belcourt’s involvement with MT Waterworks allowed (b)(6), (b)(7)(C) , to create a shell company called T Lieschner Consulting and launder \$100,000 through it. Belcourt and Lieschner were ultimately convicted for their involvement in the scheme.

McGovern did admit that he agreed to pay a finder’s fee to Belcourt for \$229,000 for the purchase of the hot plant.

McGovern said Belcourt was bought out of MT Waterworks in 2013 in the amount of \$500,000. McGovern stated he had to buy out Belcourt because Belcourt was 51% owner of MT Waterworks, which allowed the company be labeled as a minority-owned business.

The interviews of (b)(6), (b)(7)(C) which included the participation of (b)(6), (b)(7)(C), (b)(7)(D) confirmed the fraud scheme to utilize tribal funds, which were comingled federal program funds, including HHS, to purchase the hot plant from McGovern for the purpose of distributing the “finder’s fees” to tribal officials. Additionally, the investigation revealed corruption on the part of high-ranking tribal officials who held a fiduciary role in monitoring HHS funds, including (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C), (b)(7)(D), interviewed (b)(6), (b)(7)(C), (b)(7)(D) about (b)(6), (b)(7)(C) involvement and was the lead agent on the investigation that ultimately convicted (b)(6), (b)(7)(C) of multiple fraud schemes. The draft indictment against McGovern involving the hot plant purchase will also include Eagleman for his involvement, as the other players have already reached plea agreements for other fraud schemes and are not being prosecuted. That pending indictment also names MT Waterworks, MC Equipment Holdings and Eagleman as defendants. The pending charges are as follows:

- CONSPIRACY TO DEFRAUD THE CHIPPEWA CREE TRIBE (Counts I, II) Title 18 U.S.C. § 371, 18 U.S.C. § 1343 (Penalty: Five years imprisonment, \$250,000 fine, and three years supervised release)
- SCHEME TO DEFRAUD THE CHIPPEWA CREE TRIBE/WIRE (Count III) Title 18 U.S.C. § 1343 (Penalty: 20 years imprisonment, \$250,000 fine, and three years supervised release)
- THEFT FROM AN INDIAN TRIBAL ORGANIZATION (Count IV) Title 18 U.S.C. §§ 1163, 2 (Penalty: Five years imprisonment, \$250,000 fine, and three years of supervised release)
- BRIBERY/OFFERING (Count V) Title 18 U.S.C. §§ 666(a)(2) (Penalty: Ten years imprisonment, \$250,000 fine, and three years of supervised release)
- FINES FOR CORPORATE DEFENDANT Title 18 U.S.C. § 3571(c) (Penalty: \$500,000 fine for each count of conviction)

On March 18, 2016, McGovern, his companies and Eagleman were indicted on the aforementioned charges. The arraignment is scheduled for March 29, 2016 in Great Falls, MT.

On February 17, 2017, McGovern signed a plea agreement pleading guilty to Count II (Wire Fraud) and Count IV (Theft from an Indian Tribal Organization).

On March 1, 2017, McGovern pleaded guilty at a change of plea hearing in front of Judge Morris in Great Falls, MT to Count II (Wire Fraud 18 USC 1343) and Count IV (Theft from an Indian Tribal Organization 18 USC 1136) of the indictment. Sentencing was set for June 8, 2017.

On June 13, 2017, McGovern was sentenced to two years incarceration, two years of supervised release, ordered to pay \$880,000 in restitution and ordered to pay a fine of \$300,000 under case CR 16-22-GF-BMM-01.

On June 13, 2017, MC Equipment was sentenced and ordered to pay a fine of \$800,000 under case CR 16-22-GF-BMM-02.

Having been sentenced, this case is closed.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



3/27/2017
DALE, MELISSA
Rapid City, South Dakota
Medicaid
Drug Diversion/Identity Theft
(b)(6), (b)(7)(c)

This is the closing Investigative Memorandum (IM).

This investigation was initiated on October 6, 2015, when the Sioux Falls Office of Investigations received information from the Rapid City Indian Health Service Unit alleging that Melissa Dale, the subject of this name, used a fictitious name, date of birth, and social security number in an attempt to get oxycodone, a schedule II controlled substance.

Information received alleges that Dale presented under a name other than her own and received morphine, a schedule II controlled substance, and attempted to get a prescription for Oxycodone. Dale completed a "new patient" registration form using this fictitious name during a visit to the RCIHS emergency room.

This allegation was investigated and on November 17, 2015, information concerning this matter was presented to a Federal Grand Jury seated in the District of South Dakota. An agent assigned to the Sioux Falls Office of Investigations presented testimony in this case and Dale was subsequently indicted on this same date, on one count of 42 USC 408(a)(7), Social Security Fraud. A Warrant for Arrest was issued for Dale by the District Court.

On May 2, 2016, Dale self-surrendered to the USMS in Rapid City, South Dakota.

On December 6, 2016, Dale executed a plea agreement agreeing to plead guilty to one count of 42 USC 408(a)(7)(B), Social Security Fraud.

On March 24, 2017, Dale was sentenced based on the aforementioned plea. Dale was sentenced to supervised release for three years and a special assessment of \$100.00. It should be noted that Dale was initially released after her initial appearance but repeatedly violated her conditions of release.

This matter was investigated as violations of Title 18 USC § 1347 Health Care Fraud.

IM (Mar/14)

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

OFFICE OF INVESTIGATIONS



11/4/2016
WOUNDED, WILLIAM
Pine Ridge, South Dakota
Medicaid
Diversion / Forged or Altered Prescriptions
(b)(6), (b)(7)(c)

This is the closing Investigative Memorandum (IM).

This investigation was initiated on October 27, 2015, when the Sioux Falls Office of Investigations received information from the Pine Ridge Indian Hospital Pharmacy alleging that William Wounded, a South Dakota Medicaid and Indian Health Services recipient, presented a fraudulent prescription to the Pine Ridge Indian Hospital Pharmacy in Pine Ridge, South Dakota for Hydrocodone, a schedule II controlled substance.

Information alleges that Wounded altered his valid prescription for Norco, a schedule III controlled substance, by adding Hydrocodone to the original prescription. Wounded then presented the altered prescription to the PRIH Pharmacy in an attempt to obtain the additional controlled substances.

This allegation was investigated and on March 22, 2016, an Agent assigned to the Sioux Falls Office of Investigation presented testimony in this matter to a United States Grand Jury for alleged violations of 18 USC 1035, and 843(a)(3) and 846. Wounded was subsequently indicted on this same date. A Warrant for Arrest was issued for Wounded.

On June 3, 2016, Wounded was arrested by the Pennington County Sheriff's Office based on outstanding warrant entered into the NCIC.

On October 24, 2016, Wounded entered into a Pre-trial Diversion agreement for 18 months. This agreement was accepted by the US District Court on October 26, 2016 and an Order excluding this from the period of delay was entered.

This matter was investigated as violations of Title 18 USC § 1035, False Statements Related to a Health Care Program and Title 18 USC § 1347 Health Care Fraud.

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



3/9/2017

BROWN, LINDSEY NICOLE

Pine Ridge, South Dakota

Public Health Service – Indian Health Service

Diversion / Forged or Altered Prescriptions

7-16-00096-4

This is the closing Investigative Memorandum (IM).

This investigation was initiated on May 11, 2016, when the Sioux Falls Office of Investigations received information from the Pine Ridge Indian Hospital Pharmacy that Lindsey Brown, an Indian Health Services beneficiary, was attempting to gain prescriptions for Hydrocodone, a schedule II controlled substance.

Information received indicates that Brown was receiving multiple prescriptions for Hydrocodone and other controlled substances from multiple providers and using several pharmacies to fill the prescriptions in an attempt to cover up her diversion scheme. Many of these prescriptions were received within days of each other.

This allegation was investigated and on August 23, 2016, information concerning this matter was presented to a Federal Grand Jury seated in the District of South Dakota. An agent assigned to the Sioux Falls OI Field Office presented testimony in this case and Brown was subsequently indicted on this same date, on one count of 18 USC 1035 False Statement Relating to Health Care Matters, and one count of 18 USC 843(a)(3), Attempt to Obtain Controlled Substance by Fraud, and 18 USC 1347, Health Care Fraud. A Summons was issued for Brown by the District Court.

On September 7, 2016, Brown appeared in US District Court in Rapid City, South Dakota pursuant to the aforementioned Summons in a Criminal Case.

On March 3, 2017, a Pre-trial Diversion was executed in this matter. Brown admitted to the aforementioned charges and an Order for a Period of Delay was entered on this same date for 12 months or until breach of the pre-trial diversion agreement.

This matter was investigated as a potential violation of Title 18, U.S.C. Section 1347; Healthcare Fraud.

IM (Mar/14)

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

OFFICE OF INVESTIGATIONS



7/27/2017

BANGSUND, CHRISTOPHER

Rapid City, South Dakota

Public Health Service – Indian Health Service

Drug Diversion

7-16-00131-4

This is the closing Investigative Memorandum (IM).

This investigation was initiated on June 24, 2016, after the Sioux Falls Field Office of Investigation received information from the Sioux San Indian Hospital in Rapid City, South Dakota. Information received alleges that Christopher Bangsund, a Indian Health Service beneficiary, is diverting controlled substances.

According to information received from the Sioux San Pharmacy Department, Bangsund is allegedly receiving multiple prescriptions from various providers including Sioux San, Veteran's Affairs, and private practice in multiple States. Bangsund is receiving prescriptions for Lyrica, a schedule V controlled substance.

This allegation was investigated and on September 20, 2016, information concerning this matter was presented to a Federal Grand Jury seated in the District of South Dakota. An agent assigned to the Sioux Falls OI Field Office presented testimony in this case and Bangsund was subsequently indicted on this same date, on one count of 18 USC 1035 False Statement Relating to Health Care Matters, and one count of 18 USC 843(a)(3), Attempt to Obtain Controlled Substance by Fraud. A warrant was issued for Bangsund by the District Court.

On November 3, 2016, Bangsund self-surrendered to the US Marshals Service.

On May 12, 2017, a Pre-trial Diversion was executed in this matter. Bangsund admitted to the aforementioned charges and an Order for a Period of Delay was entered on this same date for 18 months or until breach of the pre-trial diversion agreement.

This matter was investigated as a potential violation of Title 18, U.S.C. Section 1347; Healthcare Fraud.

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



11/23/2019
ALL AROUND SPORTS
Boise, Idaho
Business – Marketing Firm
DEBOER, KRISTIN
Caldwell, Idaho
Individual (Unaffiliated)
PELLICHET, CALVIN
Boise, Idaho
Individual (Unaffiliated)
HOSHAW, CHRISTOPHER
Boise, Idaho
Individual (Unaffiliated)
Indian Health Service – General Theft of Government Property
7-16-0-0157-4

This is the Closing Investigative Memorandum (IM). The Third Interim IM for this case is dated August 13, 2019.

On July 13, 2016 the U.S. Department of Interior, Office of Inspector General provided information to the HHS-OIG Sioux Falls Field Office.

The information received alleged that Oglala Sioux Tribe (“OST”) vendor, All Around Sports (“AAS”) had made eight (8) unauthorized withdrawals totaling \$210,000.00 from the OST’s Master Health Account. This account contains funding from HHS Indian Health Service to the OST.

AAS is a business located in Boise, Idaho whose primary goal, according to records, “is to partner with schools to help them fund their athletic programs while providing inexpensive advertising solutions for the local merchants who support those schools.” AAS has a call center in which salespeople call businesses to try to sell advertisements of various sizes. These advertisements typically go on athletic posters for high schools located in the proximity of the businesses making the purchase.

The matter was presented to the South Dakota United States Attorney’s Office (“SD USAO”) on October 13, 2016 and the case was accepted. Throughout the course of the investigation, multiple subpoenas have been issued and records received. Additional victims of AAS were

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identified and subsequently interviewed, to include Alaskan Indian and additional South Dakota Indian tribes and related entities.

On March 20, 2017, the District of South Dakota issued a search warrant for e-mail content relating to AAS Sales Manager Calvin Pellichet (“Pellichet”) and Office Manager Kristin DeBoer’s (“DeBoer”) work e-mail accounts. On June 20, 2017, the District of South Dakota issued a search warrant for e-mail content relating to AAS owner Christopher Hoshaw’s (“Hoshaw”) e-mail account. On August 18, 2017, the District of Idaho issued a search warrant for the AAS’ Boise, Idaho business location. The search warrant was executed on August 30, 2017 by HHS-OIG and both digital and paper records were seized.

Between 2017 and 2018, a substantial number of interviews were conducted by HHS-OIG of current and former employees and managers of AAS.

In an Information and Plea Agreement filed on June 25, 2018 in the United States District Court, District of South Dakota, DeBoer agreed to waive indictment and plead guilty to one (1) count of 18 USC 1343 (Wire Fraud).

In an Information and Plea Agreement filed on December 12, 2018 in the United States District Court, District of South Dakota, Hoshaw agreed to waive indictment and plead guilty to one (1) count of 18 USC 1343 (Wire Fraud) and one (1) count of 18 USC 1349 (Conspiracy to Commit Wire Fraud) on behalf of AAS.

On May 7, 2019, Pellichet was charged in the United States District Court, District of South Dakota, with a nine (9) count Indictment (8 counts of 18 USC 1343 and 1 count of 18 USC 1349). Pellichet was subsequently arrested in Idaho by state authorities (based off the parole violation stemming from federal charges) and transferred to the District of South Dakota on a federal Writ. A jury trial was set for September 3, 2019, however, Pellichet’s defense counsel filed a Motion for Continuance for the Court to move the trial to on or after October 8, 2019.

In a Plea Agreement filed on August 28, 2019 in the United States District Court, District of South Dakota, Pellichet agreed to plead guilty to one (1) count of 18 USC 1343 (Wire Fraud).

On November 18, 2019, all Subjects were sentenced in the United States District Court for the District of South Dakota located in Sioux Falls, SD. The following were each Subject’s sentences:

All Around Sports, LLC: 3 years probation; \$42,500 fine delayed imposition for 2 years; \$400 special assessment; restitution of \$157,450 (joint and several between AAS, Hoshaw, and Pellichet).

Christopher Hoshaw: 5 years probation; 1 year home confinement; 40 hours community service; \$100 special assessment; restitution ordered.

Calvin Pellichet: 24 months imprisonment; 3 years supervised release; \$100 special assessment; restitution ordered.

Kristin DeBoer: 2 years probation; 4 months home confinement; 40 hours community service; \$100 special assessment.

This matter was investigated for potential violations of Titles 18 U.S.C. § 1163 (Embezzlement and Theft from Indian Tribal Organizations), § 1341 (Mail Fraud), § 1343 (Wire Fraud), and § 1344 (Bank Fraud).



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



02/17/2018

(b)(6), (b)(7)(C)

Box Elder, Montana
Employee – Tribal Agency
KATHY SUTHERLAND
Box Elder, Montana
Employee – Tribal Agency
Indian Health Service – Grant Fraud/Embezzlement
7-16-0-0237-4

This is the Closing Investigative Memorandum (IM). The previous IM was dated February 21, 2017. This case is a spinoff investigation of the ROCKY BOY HEALTH BOARD investigation (7-13-0-0190-4).

Background

In 2013, the Kansas City Regional Office of Investigations proactively initiated an Indian Country Grant Fraud Project. The names of federally recognized tribes were cross referenced on-line with the Federal Audit Clearinghouse (FAC). In June 2013, the Rocky Boy Health Board (RBHB) Clinic was identified as a grantee receiving a variety of grant funds from the U.S. Department of Health and Human Services (HHS). This facility is located in Box Elder Montana on the Rocky Boy's Indian Reservation. Independent auditors who prepared the Single Audit Reports for the RBHB Clinic for the fiscal years ending on September 30, 2010, and September 30, 2011, filed documents with the FAC reflecting the auditors found questioned costs, significant deficiencies, and material weaknesses in the tribe's major grant programs. Additionally, the independent auditors found significant deficiencies and material weaknesses within the tribe's financial statements. During fiscal years 2010 and 2011, the independent auditors reflected that the RBHB Clinic received in excess of \$35,000,000 in HHS grant funds.

In June 2013, and during the course of the RBHB investigation, an anonymous source provided information to an agent with the Sioux Falls Office of Investigation (SFOI). The information alleged that Theodora Ann Morsette ("Morsette"), Finance Manager for RBHB Clinic, embezzled HHS funds by generating duplicate payroll checks, both electronic fund transfer (EFT) deposits and paper payroll checks. It was alleged that in her position Morsette embezzled from various HHS funded RBHB Clinic accounts. Morsette's salary was paid by HHS/Indian Health Service (IHS) PL. 93-638 compact funding as provided to the RBHB.

In the course of the RBHB investigation, it was discovered, through interviewing and financial documents, that Morsette did intentionally misapply and knowingly embezzle, steal, obtain by

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fraud, and otherwise without authority convert to her own use and the use of another, property valued at \$5,000 or more, and owned and under the care, custody, and control of the RBHB.

On January 28, 2015, Morsette was convicted at trial of three felony counts of embezzlement and theft for taking over \$100,000 in federal monies provided to the Chippewa Cree Tribe for the operation and services of the RBHB Clinic.

In the course of the RBHB investigation, it was discovered that additional RBHB employees were potentially embezzling grant monies in a similar manner to Morsette.

(b)(6), (b)(7)c

RBHB Clinic former (b)(6), (b)(7)c was added as a case subject to the RBHB investigation. Information identified during the RBHB investigation indicated that (b)(6), (b)(7)c also received additional payroll checks from the RBHB for which (b)(6), (b)(7)c was not entitled.

Kathy Sutherland

Kathy Sutherland (“Sutherland”) was the Grants Manager for the RBHB clinic. Information identified during the RBHB investigation indicated that Sutherland also received additional payroll checks from the RBHB for which she was not entitled.

Operation Smoke and Mirrors

This investigation is being conducted as part of the KCRO's proactive Indian Country grant project (Operation Smoke and Mirrors). Operation Smoke and Mirrors is a joint project being worked by Region VII staff of OI, OAS, and OEI.

Sutherland and (b)(6), (b)(7)c were both interviewed by OI on April 5, 2017 and both Subjects were later presented to the MT USAO for prosecution consideration.

In a letter dated July 17, 2017, the MT USAO declined to prosecute (b)(6), (b)(7)c because the five (5) year statute of limitations had run out for the case.

Sutherland was indicted on a (3) count Indictment filed on July 24, 2017 (1st Count – 18 USC 1343, 2nd Count – 18 USC 666(a)(1)(A), 3rd Count – 18 USC 1163) in the District of Montana. A Summons was served to Sutherland and Sutherland made her initial appearance on August 24, 2017. Sutherland entered a plea of “Not Guilty” at her initial appearance but later plead guilty to one (1) count of Wire Fraud (18 USC 1343) pursuant a Plea Agreement dated October 20, 2017. On February 14, 2018, Sutherland was sentenced on the aforementioned plea. Sutherland was sentenced to restitution of \$111,902.50, imprisonment of 12 months and 1 day, and a special assessment of \$100.00.

This matter is being investigated for violations of 18 U.S.C. § 666(a)(1)(A), Theft from an Indian Tribal Government Receiving Federal Grants, 18 U.S.C. § 1163, Theft from an Indian Tribal Organization and 18 U.S.C. § 669 Theft or Embezzlement in Connection with Health Care.



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

OFFICE OF INVESTIGATIONS



2/26/2019

WETENKAMP, ROBERT J.

Rushville, Nebraska

Public Health Service – Indian Health Service

Drug Diversion

7-17-00045-4

This is the closing Investigative Memorandum (IM).

This investigation was initiated on February 1, 2017, after the Sioux Falls Field Office of Investigation received information from the Pine Ridge Indian Hospital in Pine Ridge, South Dakota. Information received alleges that Robert Wetenkamp, a contract registered nurse, is diverting fentanyl, a schedule II controlled substance, from the Hospital Emergency Department pharmacy. Wetenkamp has a prior history of fentanyl diversion while he was a registered nurse licensed by the Ohio Board of Nursing.

A search warrant was obtained and executed on Wetenkamp for samples of his urine and hair for forensic analysis for opioid and fentanyl use on February 23, 2017. The samples obtained were sent to the South Dakota Health Laboratory and FBI Laboratory respectively for analysis and testing. FBI analysis revealed Wetenkamp's hair sample was positive for Fentanyl among multiple other controlled prescription medication and marijuana usage.

This matter was investigated and on November 21, 2017, an Agent assigned to the Sioux Falls OI Field Office provided testimony to a Federal Grand Jury seated in the District of South Dakota. Wetenkamp was subsequently indicted on one count of 18 USC 1347, 18 USC 1035, and 21 USC 843(a)(3). A warrant was issued for Wetenkamp by the US District Court.

On January 9, 2018, Wetenkamp was arrested by the Rushville, Nebraska Sheriff's Office and subsequently transported to the District of South Dakota on the following day for his initial appearance. Wetenkamp was released following his Court appearance.

On September 7, 2018, Wetenkamp executed a plea agreement, agreeing to plead guilty to one count of 21 USC 843(a)(3).

On February 20, 2019, Wetenkamp was sentenced based on the aforementioned plea agreement. Wetenkamp was sentenced to one year of supervised release, 100 hours of community service, restitution of \$33.01, and a special assessment of \$100.00. The remaining counts were dismissed.

This matter was investigated as a violation of Title 18, U.S.C. § 1347, Health Care Fraud.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

OFFICE OF INVESTIGATIONS



12/27/2018
JANIS, DAPHNE
Pine Ridge, South Dakota
Medicaid
Diversion / Forged or Altered Prescriptions
7-17-00190-9

This is the closing Investigative Memorandum.

This investigation was initiated on May 23, 2017, when the Sioux Falls Office of Investigations received information from the Sioux San Indian Hospital Pharmacy alleging that Daphne Janis, a South Dakota Medicaid and Indian Health Services recipient, is allegedly receiving multiple prescriptions for Tramadol.

Information alleges that Janis is receiving multiple prescriptions for Tramadol, a schedule IV controlled substance and filling those prescriptions at different pharmacies in order to conceal her receipt of these prescriptions. In addition, Janis is a South Dakota Title XIX recipient. It further alleged that Janis is using Title XIX, I.H.S. and cash to pay for her fraudulent prescriptions to further conceal her behavior.

This allegation was investigated and on July 18, 2017, information concerning this matter was presented to a Federal Grand Jury seated in the District of South Dakota. An agent assigned to the Sioux Falls Office of Investigations presented testimony in this case and Janis was subsequently indicted on this same date, on one count of 18 USC 1035, False Statements in Health Care Matters and 21 USC 843(a)(3), Obtaining Controlled Substances by Fraud. A Summons was issued for Janis by the District Court.

On September 5, 2018, a superseding indictment was filed against Janis. On this same date, Janis was indicted on one count of 18 USC 1035, False Statement in Health Care Matters, and one count of 18 USC 843(a)(3), Obtaining Controlled Substances by Fraud, and one count of 18 USC 843(b), Use of a Communications Facility to Commit Another Felony. Janis had previously been arrested and was pending trial for the first indictment.

On September 19, 2018, Janis was found guilty on one count of 18 USC 1035, one count of 21 USC 843(a)(3) and one count of 21 USC 843(b). Janis was acquitted of the remaining two counts. On December 21, 2018, Janis was sentenced based on her conviction of the three aforementioned charges. Janis was sentenced to five months of incarceration for each count to be served concurrently, two years of supervised release upon release from incarceration for one count and one year of supervised release for the remaining two counts, all to be served concurrently, and five months of home confinement upon release. In addition, Janis was ordered to pay a special assessment of \$300 and restitution of \$163.36 to the South Dakota Title XIX

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program. The 2017 FMAP of 54.94% was used to calculate the Federal and State shares of the restitution.

This matter was investigated as violations of Title 18 USC § 1035, False Statements Related to a Health Care Program and Title 18 USC § 1347 Health Care Fraud.

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Sample IM (12/2012)

OIG-000049



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

OFFICE OF INVESTIGATIONS



05/15/2018

FARMER, DANIEL JAMES
Saint Francis, South Dakota
Indian Health Service – Individual (Unaffiliated)
Drug Diversion
Forged/Altered Prescription
7-17-0-0216-4

This is the closing Investigative Memorandum (IM). The opening IM was dated June 27, 2017.

This investigation was initiated on June 9, 2017, when the Sioux Falls Office of Investigations (OI) received information from the Indian Health Service (IHS) in Rosebud, South Dakota.

Information received alleged that Daniel James Farmer (“Farmer”), an IHS beneficiary, presented an altered prescription for a controlled substance at the IHS Hospital and Pharmacy in Rosebud, South Dakota.

Information provided alleged that the prescription received by IHS from Farmer was altered by penning in a “10” in the “Refills” section of an original prescription issued for Tramadol. The “Refills” section of the prescription, prior to altering, contained only a typed zero (0).

Farmer was interviewed by OI on June 22, 2017 and admitted to altering the prescription and later presenting it to the IHS pharmacy in Rosebud, SD.

The case was presented to the South Dakota United States Attorney’s Office for prosecution consideration on June 26, 2017. Farmer was subsequently charged in a two (2) count Indictment filed on August 16, 2017 in the District of South Dakota. The first count was in violation of 18 USC 1035 (False Statements Relating to Health Care Matters) and the second count was in violation of 21 US 843(a)(3), 843(d), and 846 (Attempt to Obtain Controlled Substance by Fraud). Farmer was arrested and made his initial appearance in Pierre, SD on September 5, 2017.

On February 23, 2018, Farmer signed a Plea Agreement, agreeing to plead guilty to one (1) count of False Statements Relating to Health Care Matters in violation of 18 U.S.C. 2 and 42 U.S.C. 1320a-7b(a)(1), a misdemeanor charge contained in a Superseding Information.

On May 14, 2018, Farmer was sentenced to two (2) years probation and a \$25.00 assessment.

This matter was investigated for violations of Title 18 USC § 1035, False Statements Related to a Health Care Matters, and Title 18 USC § 1347, Health Care Fraud.

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



May 9, 2019
FOX, JR., ROBERT L.
Wagner, South Dakota
Emergency Medical Technician (EMT)
(b)(6), (b)(7)c
Wagner, South Dakota
Recipient/Beneficiary
Indian Health Service – Drug Diversion
7-17-0-0312-4

This is the Closing Investigative Memorandum (IM). The First Interim IM was dated November 6, 2018.

This investigation was initiated on September 1, 2017, when the Sioux Falls Office of Investigations received information from the Wagner Indian Health Services Hospital in Wagner, South Dakota, alleging that Robert L. Fox, Jr, a South Dakota certified Emergency Medical Technician-Basic and Indian Health Services Beneficiary, has allegedly been receiving multiple prescriptions for controlled substances from multiple providers including the Wagner I.H.S. facility.

Information received indicates that Fox, Jr, is receiving prescriptions for multiple schedule II and schedule III controlled substances from multiple providers. Information alleges that Fox, Jr, is creating false symptoms in order to receive controlled substances. In addition, it is alleged that Fox, Jr, has received prescriptions from the Wagner I.H.S. within 24 to 48 hours of receiving prescriptions from private providers in Wagner.

It should be noted that Fox, Jr, was previously investigated by the Sioux Falls Office of Investigation and charged with similar conduct in 2008 under OI file 7-06-00649-4.

Medical records and pharmacy records were retrieved, and Subject and witness interviews conducted as part of this investigation.

On November 3, 2017, this matter was presented and accepted by the South Dakota United States Attorney's Office (SD-USAO) for prosecution.

In an Indictment filed on June 6, 2018, Fox Jr. was charged in the United States District Court-District of South Dakota-Southern Division with two (2) counts of 21 USC 843(a)(3) and 846 (Obtaining Controlled Substances by Fraud). On June 27, 2018, OI arrested Fox, Jr. in Wagner, SD and transported him to Sioux Falls for his initial court appearance. Fox, Jr. pleaded "not

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
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guilty” at his initial appearance and two (2) motions for 60-day continuances were filed and granted since that initial plea. Motions and plea agreements were due by December 26, 2018 and jury trial was set for January 8, 2019.

On December 20, 2018, Fox signed a Plea Agreement, agreeing to plead guilty to one (1) count of Obtaining Controlled Substances by Fraud (21 USC 843(a)(3) and 846).

On April 1, 2019, Fox was sentenced in Sioux Falls to five (5) months imprisonment and 3 years supervised release.

Fox’s domestic partner, (b)(6), (b)(7)c, was also identified as a Subject in this investigation due, in part, to medical records and witness statements indicating (b)(6), (b)(7)c also may be drug-seeking. OI obtained a South Dakota PDMP report on April 2, 2019 to identify whether (b)(6), (b)(7)c had overlapping prescriptions issued within the last three (3) years. Based on the information contained in that report, OI was unable to identify any notable prescribing activity that would be considered significant drug-seeking behavior.

This matter was investigated for potential violations of 18 USC 1035, False Statements Relating to Health Care Matters and 18 USC 1347, Health Care Fraud.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
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October 8, 2021

(b)(6), (b)(7)c

Browning, Montana
Employee – Government Grantee

(b)(6), (b)(7)c

Browning, Montana
Employee – Government Grantee

BROWN, JENNIFER L.

Browning, Montana
Employee – Tribal Agency

BELL, MARIA D.

Ronan, Montana
Employee – Tribal Agency

(b)(6), (b)(7)c

Browning, Montana
Employees – Tribal Agency
Administration for Children & Families – Grant Fraud/Embezzlement
7-17-0-0344-2

This is the closing Investigative Memorandum.

On October 20, 2017, the U.S. Department of Health and Human Services – Office of Inspector General, Office of Investigations (“OI”) received information that former Blackfeet Community College (“BCC”) (b)(6), (b)(7)c

(b)(6), (b)(7)c may have potentially misused and/or embezzled BCC funding while employed at BCC.

Upon examination of A-133 audits as well as other government sources, OI identified that BCC received funding from multiple HHS OPDIVS.

On November 2, 2017, this matter was presented to, and accepted by, the United States Attorney’s Office – District of Montana (“USAO-MT”).

In December 2017, OI conducted a site visit to BCC to conduct interviews and gather records. During this visit, OI received information that former BCC employees Jennifer Brown (“Brown”) and Maria Bell (“Bell”) had also allegedly embezzled BCC funds.

OI interviewed Brown in December 2017. The matter was subsequently presented to the USAO-MT and accepted for prosecution. Brown was indicted in February 2018, subsequently pleaded

IM (May/2020)

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OIG-000053



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



guilty to one (1) count of Wire Fraud (18 USC 1343), and sentenced in September 2018 to two (2) years probation and restitution of \$13,393.00.

OI interviewed Bell in February 2018. The matter was subsequently presented to the USAO-MT and accepted for prosecution. Bell was indicted in April 2018, subsequently pleaded guilty to one (1) count of Wire Fraud (18 USC 1343), and sentenced in October 2018 to two (2) years probation and restitution of \$8,989.44.

On June 20, 2019, after performing an internal records review, BCC provided OI with information alleging that (b)(6), (b)(7) had been “double-dipping” (b)(6), (b)(7) travel per diem while employed at BCC. BCC also alleged that former BCC employee (b)(6), (b)(7)c had used a BCC credit card and other college property for personal use. In a letter to (b)(6), (b)(7)c BCC demanded repayment of \$24,533.87 it deemed owed to BCC.

On July 17, 2019, OI made a site visit to BCC to gather more information and records regarding the allegations involving (b)(6), (b)(7)c and (b)(6), (b)(7)c. BCC consensually provided OI with content from e-mail accounts, digital devices, and other paper records regarding the allegations. OI submitted the digital devices and e-mail content to Digital Investigations Branch (DIB) to be processed for web-based review.

On August 26, 2019, OI interviewed (b)(6), (b)(7) regarding (b)(6), (b)(7) alleged misconduct. (b)(6), (b)(7) denied any misconduct but expressed that (b)(6), (b)(7) would repay BCC if a mutual agreeance between (b)(6), (b)(7)c and BCC could be reached regarding any outstanding debts owed. OI provided (b)(6), (b)(7)c copies of BCC’s workpapers to review so (b)(6), (b)(7)c could familiarize (b)(6), (b)(7)c with what BCC was alleging. On December 4, 2019, the USAO-MT issued a target letter to (b)(6), (b)(7)c.

On April 1, 2020, (b)(6), (b)(7)c provided OI with workpapers that summarized/calculated what (b)(6), (b)(7)c felt (b)(6), (b)(7)c owed to BCC. The workpapers conclude that (b)(6), (b)(7)c should reimburse BCC \$3,767.75 for debts incurred between 2014-2016.

BCC engaged a CPA firm to perform a forensic examination of transactions involving (b)(6), (b)(7)c. On September 22, 2020, BCC provided OI a copy of a draft report detailing the CPA firm’s findings. The draft report reported, among other things, that (b)(6), (b)(7)c appeared to have double-dipped at least \$7,346.00 in travel expenses from November 2011 through September 2017. OI subsequently presented the CPA firm’s findings to the USAO-MT.

On August 25, 2021, the USAO-MT provided OI with a declination letter regarding (b)(6), (b)(7)c. The USAO-MT’s declination decision was based off the low dollar loss and lack of evidence of criminal intent by (b)(6), (b)(7)c to defraud BCC. Evidence gathered by OI pertaining to (b)(6), (b)(7)c and (b)(6), (b)(7)c was not sufficient to demonstrate prosecutable criminal conduct for either of these two Subjects.

This investigation is closed.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



8/1/2019

TUTTLE, Alyssa

Sisseton, South Dakota

Indian Health Services

Diversion / Forged or Altered Prescriptions

7-18-0-0042-4

This is the closing Investigative Memorandum (IM).

This investigation was initiated on March 9, 2018, when the Sioux Falls Office of Investigations received information from the Indian Health Services (IHS) Pharmacy Department in Sisseton, South Dakota, alleging that Alyssa Tuttle (Tuttle), an Indian Health Services recipient, allegedly altered her prescription for Hydrocodone.

Information obtained from IHS indicated that an anonymous caller alleged that Tuttle altered a prescription for Hydrocodone that she received from her dentist. The anonymous caller further alleged that Tuttle is selling her Hydrocodone tablets.

On June 20, 2018, agents requested documentation from Walgreens Pharmacy in Watertown, South Dakota relating to the prescription written by (b)(6), (b)(7)c for Tuttle. Agents interviewed (b)(6), (b)(7)c regarding the prescription (b)(6), (b)(7)c wrote for Tuttle.

On July 10, 2018, agents interviewed witness (b)(6), (b)(7)c, and subject Alyssa Tuttle.

On September 5, 2018, information concerning this matter was presented to a Federal Grand Jury seated in the District of South Dakota. An agent assigned to the Sioux Falls OI Field Office presented testimony in this case and Tuttle was subsequently indicted on this same date, on one count of 21 U.S.C. § 843(a)(3), Obtain Controlled Substance by Fraud. A warrant was issued for Tuttle by the District Court.

On October 28, 2018, Tuttle was arrested by South Dakota Highway Patrol and booked into Roberts County Jail. On November 1, 2018, HHS agents transported Tuttle from the Roberts County Jail in Sisseton, South Dakota, to US District Court in Aberdeen, South Dakota for her initial appearance.

On July 18, 2019, a Pre-trial Diversion was executed in this matter. Tuttle admitted to the aforementioned charge and an Order for a Period of Delay was entered on this same date for 12 months or until breach of the pre-trial diversion agreement.

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



This matter is being investigated as a potential violation of Title 21, U.S.C. Section 843(a)(3);
Acquiring Controlled Substances by Fraud.



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

OFFICE OF INVESTIGATIONS



5/13/2020
BAD MILK, FALLON
Pine Ridge, South Dakota
Indian Health Service – Individual (Unaffiliated)
Drug Diversion
Forged/Altered Prescription
7-18-0-0203-4

This is the closing Investigative Memorandum.

This investigation was initiated November 8, 2018, when the Sioux Falls Office of Investigations (“OI”) received information from the Indian Health Service (IHS) in Pine Ridge, South Dakota.

Information received alleged that Fallon Bad Milk (“Bad Milk”), an IHS beneficiary, presented an altered prescription for a controlled substance at the IHS Hospital and Pharmacy in Pine Ridge, South Dakota.

Information provided alleged that the prescription received by IHS from Bad Milk was altered by penning in a “2” in front of the “6,” to give the appearance of a quantity of “26” tablets on the original prescription issued for Hydrocodone. The quantity of the prescription, prior to altering, contained only a handwritten six (6) per the prescriber.

OI conducted a site visit to Pine Ridge on December 6, 2018 and interviewed pharmacy staff and Bad Milk.

The matter was presented to the South Dakota United States Attorney’s Office (“SD USAO”) on December 7, 2019 for prosecution consideration.

In a two (2) count Indictment filed on December 18, 2018, Bad Milk was charged with False Statements Relating to Health Care Matters (18 U.S.C. § 1035) and Attempting to Obtain Controlled Substances by Fraud (21 U.S.C. §§ 843(a)(3) and 846). Bad Milk was subsequently arrested by OI on December 19, 2018 in Alliance, NE and transported to Rapid City, SD for her initial appearance. Bad Milk was released from custody following her initial appearance.

Bad Milk was later arrested by the United States Marshals Service (USMS) pursuant bench warrants issued following Bad Milk’s apparent violations of her pretrial release conditions.

On January 29, 2020, Bad Milk signed a Plea Agreement, agreeing to plead guilty to one (1) count of False Statements Relating to Health Care Matters in violation of 18 U.S.C. § 1035.

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On May 8, 2020, Bad Milk was sentenced to time served, three (3) years supervised release, and a \$100.00 assessment. U.S. Probation calculated Bad Milk's time served to be 139 days.

This matter was investigated for violations of Title 18 U.S.C. § 1035, False Statements Related to a Health Care Matters, and Title 18 U.S.C. § 1347, Health Care Fraud.



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

OFFICE OF INVESTIGATIONS



1/29/2020

(b)(6), (b)(7)(C)

Rapid City, South Dakota
Indian Health Service
Diversion
7-19-00044-4

This is the closing Investigative Memorandum (IM).

This investigation was initiated on February 20, 2019, when the Sioux Falls Office of Investigations received information from the Sioux San Indian Hospital Pharmacy alleging that (b)(6), (b)(7)(C) an Indian Health Services recipient, is allegedly receiving multiple prescriptions for Gabapentin and Clonazepam, both controlled substances.

Information alleges that (b)(6), (b)(7)(C) is receiving multiple prescriptions for Gabapentin, a schedule IV controlled substance and filling those prescriptions at different pharmacies in order to conceal her receipt of these prescriptions. In addition, it is alleged that (b)(6), (b)(7)(C) is using cash to pay for her fraudulent prescriptions to further conceal her behavior.

On 7/11/19, agents interviewed (b)(6), (b)(7)(C) at her mother's house. (b)(6), (b)(7)(C) admitted to being an addict and discussed her struggles with sobriety and (b)(6), (b)(7)(C) was adamant that she took all the pills she got and did not distribute any of them.

On 7/23/19 (b)(6), (b)(7)(C) was indicted by a federal Grand Jury seated in Rapid City, SD. An arrest warrant was issued on the afternoon of 7/23/19. (b)(6), (b)(7)(C) was arrested that same evening and processed into the Pennington County (SD) jail.

On 7/24/19 (b)(6), (b)(7)(C) made her initial appearance and received a public defender.

On 10/15/19 (b)(6), (b)(7)(C) the SD USAO, and the United States Probation Office entered into a pre-trial diversion agreement (PTD). In the PTD agreement, (b)(6), (b)(7)(C) accepted responsibility for violating 21 U.S.C. § 843(a)(3) and 21 U.S.C. §. 843(b). Pursuant to the terms contained in the PTD agreement, prosecution by the SD USAO is deferred for a 12-month period and if (b)(6), (b)(7)(C) follows the terms of the PTD agreement, the SD USAO will not prosecute her for violating 21 U.S.C. § 843(a)(3) and 21 U.S.C. §. 843(b).

This case is closed.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



August 31, 2020

(b)(6), (b)(7)(C)

Sioux Falls, South Dakota

(b)(6), (b)(7)(C)

Aberdeen, South Dakota

(b)(6), (b)(7)(C)

Aberdeen, South Dakota

(b)(6), (b)(7)(C)

Belcourt, North Dakota

(b)(6), (b)(7)(C)

IHS – Unethical Compensation for Federal EE/Standards of Conduct
7-19-0-0116-4

This is the closing Investigative Memorandum (IM).

This investigation was initiated on May 17, 2019, after the HHS-OIG/OI Sioux Falls Field Office (“OI”) received information from the Indian Health Service (IHS), through HHS-OIG’s Special Investigations Branch (SIB), that (b)(6), (b)(7)(C) had unjustly received \$22,000 for an (b)(6), (b)(7)(C). (b)(6), (b)(7)(C) is employed with IHS in Belcourt, ND but also maintains a residence in (b)(6), (b)(7)(C). Records provided to OI by IHS reflected that a \$22,000 payment was directly deposited into (b)(6), (b)(7)(C) bank account in June 2017, followed by a second payment of \$22,000 (the double payment) in October 2017. The payments to (b)(6), (b)(7)(C) were processed at the IHS Great Plains Area Office located in Aberdeen, SD.

On June 20, 2019, OI contacted (b)(6), (b)(7)(C) by phone, to arrange an interview with (b)(6), (b)(7)(C). During this contact, (b)(6), (b)(7)(C) agreed to meet with OI at their office in Sioux Falls, SD on June 27, 2019 and expressed (b)(6), (b)(7)(C) desire to resolve the matter. OI requested for (b)(6), (b)(7)(C) to bring (b)(6), (b)(7)(C) bank statements with (b)(6), (b)(7)(C) to the interview.

IM (May/2020)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



On June 25, 2019, OI interviewed IHS staff at the IHS Great Plains Area Office to: 1) gather additional information on what may have caused the double payment to (b)(6), (b)(7)(C), and 2) inquire what had since been done to recoup the funds from (b)(6), (b)(7)(C).

On June 27, 2019, OI interviewed (b)(6), (b)(7)(C) at the OI office located in Sioux Falls, SD. In advance of the interview, (b)(6), (b)(7)(C) signed a Form OI-28 (Warnings and Assurances to Employee Requested to Provide Information on a Voluntary Basis). (b)(6), (b)(7)(C) told OI that (b)(6), (b)(7)(C) had not yet determined whether (b)(6), (b)(7)(C) had received the extra \$22,000 from IHS but would pay the funds back if it was determined that (b)(6), (b)(7)(C) did not have bank statements with (b)(6), (b)(7)(C) previously requested by OI, but told OI he was working with (b)(6), (b)(7)(C) to obtain them.

On June 27, 2019, OI presented the case to the District of South Dakota United States Attorney's Office ("SD USAO") for case opening considerations. On July 1, 2019, the SD USAO notified OI that they would open a case on the matter and an Assistant United States Attorney (AUSA) was assigned.

On November 14, 2019, the criminal case was resolved with (b)(6), (b)(7)(C) signing a deferred prosecution agreement with the SD USAO. The agreement stated that (b)(6), (b)(7)(C) appeared to have committed the offense of Making a Materially False Statement to a Federal Agency of the Executive Branch of the United States on or about June 27, 2019, in violation of 18 U.S.C. § 1001(a). In this agreement, (b)(6), (b)(7)(C) agreed and attested that misstatements made to HHS-OIG special agents on or about June 27, 2019, were materially false. Additionally, (b)(6), (b)(7)(C) agreed to "remit payment of \$22,000, plus interest of \$1,236.94, relating to the double payment of the settlement amount from the U.S. Department of Health and Human Services and totaling \$23,236.94 made payable to the U.S. Department of Justice."

On December 26, 2019, OI presented IHS management with an Investigative Summary Memorandum (ISM) that summarized OI's investigation of (b)(6), (b)(7)(C) and identified potential standards of conduct violations identified during the course of that investigation.

On April 29, 2020, OI briefed IHS management in a conference call on the content of that ISM.

On June 16, 2020, IHS advised OI that IHS management planned to initiate disciplinary actions against the following four (4) IHS employees relating to their involvement in the \$22,000 double payment: (b)(6), (b)(7)(C)



Department of Health and Human Services
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In August 2020, IHS initiated the following disciplinary actions and then closed their administrative inquiry into the matter involving (b)(6), (b)(7)(C)

- -
 -
 -
- (b)(6), (b)(7)c

This case is closed.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



January 9, 2021
DEVOUS, ARNOLD S.
Billings, Montana
Physician, General Practice
Indian Health Service – Illegal Prescriptions/Drug Diversion/Standards of Conduct
Cross-Reference: H-16-0-0141-4
7-19-0-0134-4

This is the closing Investigative Memorandum (IM).

SUBJECT OF INVESTIGATION:

Subject Full Name: Devous, Arnold Scott
Subject's Title: Medical Officer (former)
Component: PHS/IHS/Billings Area/Blackfeet Service Unit
Subject Job Series/Grade: GP-0602-15, Step 10
Subject's Date of Birth: (b)(6), (b)(7)(C)

PREDICATE:

On June 21, 2019, the United States Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Investigations (OI), Kansas City Regional Office (KCRO), received a case referral from HHS-OIG Special Investigation Branch (SIB). The complaint originated from the Montana Medicaid Fraud Control Unit and was initially made to the KCRO. The KCRO had initially referred the matter for SIB to investigate and SIB later transferred the case back to KCRO. The referral related to Dr. Arnold Scott Devous ("Dr. Devous"), a former IHS Medical Officer (GP-15/Step 10) that was assigned to the IHS Blackfeet Service Unit in Browning, Montana.

ALLEGATIONS:

The initial complaint alleged that Dr. Devous had solicited cash kickbacks from a non-IHS pharmacist and pharmacy related to the filling of the prescription drug Farxiga. This drug is identified as a drug used to treat Type 2 Diabetes with a high point of sale cost. This drug was also initially identified as not being on the IHS Blackfeet Service Unit prescription drug formulary.

It was further alleged that Dr. Devous had entered into agreements with several pharmacists to split the profits with the pharmacists for his referrals.

IM (May/2020)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
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POTENTIAL VIOLATIONS:

This matter was investigated for potential violations of Title 18 USC § 1347, Health Care Fraud and 18 USC § 208, Acts Affecting a Personal Financial Interest.

JOINT INVESTIGATIVE AGENCIES:

None

INVESTIGATIVE ACTIVITIES:

Investigative activities undertaken by SIB prior to assignment to KCRO are summarized in case file H-16-0-0141-4.

Prosecution of this matter was accepted by the United States Attorney's Office for the District of Montana ("MT USAO") pending findings of this investigation and subpoenas have been issued and served.

In July 2019, OI interviewed employees of a pharmacy located in Choteau, MT that was allegedly involved with Dr. Devous. Additionally, the pharmacy voluntarily provided OI with records that detailed Farxiga prescriptions referred to the pharmacy by Dr. Devous as well as a letter of understanding between the pharmacy and (b)(6), (b)(7)(c). The letter of understanding was for (b)(6), (b)(7)(c) to receive 80% of the gross profits derived from the sales of Farxiga prescriptions by the pharmacy.

In October 2019, OI interviewed Dr. Devous in Great Falls, MT.

On January 8, 2020, OI presented an investigative summary to the MT USAO recommending the prosecution of Dr. Devous.

In an Indictment filed on February 26, 2020, Dr. Devous was charged with one (1) count of Federal Medical Officer with Conflict of Interest in violation of 18 U.S.C. §§ 208(a) and 216(a)(2). Dr. Devous later pleaded guilty pursuant a Plea Agreement filed on September 4, 2020.

On January 7, 2021, Dr. Devous was sentenced in U.S. District Court in Great Falls, Montana to 3 months in federal prison and 2 years supervised release. Dr. Devous was also ordered to pay a \$10,000 criminal fine and a \$100 assessment.

CASE STATUS:

This case is closed.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



10/27/2021
ONE HORN, FRENCHONE
Pine Ridge, South Dakota
Beneficiary
Indian Health Service – Drug Diversion, Child Abuse
7-20-00019-4

This is the closing Investigative Memorandum (IM).

On January 15, 2020, the United States Attorney's Office for the District of South Dakota contacted the United States Department of Health and Human Services, Office of Inspector General, Office of Investigation field office in Sioux Falls, South Dakota regarding a possible child abuse case. Information from the USAO alleged that Frenchone One Horn was assaulting her children in order to receive prescription for various controlled substances.

A forensic interview was conducted in December 2019 by the FBI in Rapid City, South Dakota. The interviewee, a minor child, made several allegations against One Horn that the minor and (b)(6), (b)(7)(c) had suffered various broken bones that required amputation of fingers in order for One Horn to obtain controlled substances. The allegations made also indicated that One Horn had undue influence over a (b)(6), (b)(7)(c) who also suffered from various broken bones in order for One Horn to receive controlled substances.

This matter was investigated and on October 22, 2020, the FBI co-case agent provided testimony to a Federal Grand Jury seated in the District of South Dakota. One Horn was subsequently indicted on seven counts of 18 USC 113(a)(6) and 1153; seven counts of 18 USC 113(a)(3) and 1153; four counts of 18 USC 114 and 1153; one count of 18 USC 1347; one count of 21 USC 843(a)(3). A warrant was issued for One Horn by the US District Court.

On November 30, 2020, One Horn was arrested by the FBI in Rosebud, South Dakota pursuant to the outstanding warrant and indictment issued by the US District Court. One Horn remains in custody.

On May 14, 2021, One Horn executed a signed plea agreement. One Horn agreed to plead guilty to two counts of 18 USC 113(a)(6) and 1153, Assaulting Resulting in Serious Bodily Injury (Counts 1, 7); one count of 18 USC 1035(a)(2), False Statements in Health Care (Count 19); and one count of 21 USC 843(a)(3), Obtaining Controlled Substances by Fraud (Count 20).

On October 22, 2021, One Horn was sentenced based on the aforementioned plea agreement. One Horn was sentenced to 12 years with 327 days as time served. One Horn was ordered to serve five

IM (Mar/14)

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years each for Counts 1 and 7, two years for Count 19, all to run consecutively; and one year on Count 20, too run concurrently. In addition, One Horn was sentenced to three years supervised released for Counts 1, 7 and 19; and one years of supervised released on count 20, all to be served concurrently. One Horn was also ordered to pay a special assessment of \$400. During the hearing, the Judge described One Horn as “diabolical” in her actions.

This matter was jointly investigated by the FBI and HHS/OIG for child abuse and drug diversion.

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



09/17/2020

WEBER, STANLEY PATRICK
Pine Ridge, South Dakota
Supervisory Medical Officer, GP-15
Indian Health Service – Sexual Abuse of a Minor

STABLER, WEHNONA LEA
Walthill, Nebraska
Health System Administrator, GS-15
Indian Health Service - False Statements

(b)(6), (b)(7)(C)

This is the Closing Investigative Memorandum (CIM).

SUBJECTS OF INVESTIGATION

Subject Full Name: Stanley Patrick Weber, MD
Subject's Title: Supervisory Medical Officer
Component: PHS/IHS/Great Plains Area/Pine Ridge Service Unit
Subject Job Series/Grade: GP-0602, Grade 15 and Step 4
Subject's Date of Birth: (b)(6), (b)(7)(C)

Subject Full Name: Wehnona Lea Stabler
Subject's Title: Health System Administrator
Component: PHS/IHS/Great Plains Area/Pine Ridge Service Unit
Subject Job Series/Grade: GS-0670, Grade 15 and Step 3
Subject's Date of Birth: (b)(6), (b)(7)(C)

Subject Full Name:
Subject's Title:
Employment:
Subject's Date of Birth:

(b)(6), (b)(7)(C)

IM (May/2020)

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PREDICATE

On October 16, 2015, the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Investigations, Special Investigations Branch (SIB) received a complaint from the Bureau of Indian Affairs – Office of Justice Services (BIA-OJS) that Indian Health Service (IHS) pediatrician Stanley Patrick Weber had allegedly sexually abused multiple juvenile male patients under his care. This complaint, in part, originally came from a physician who previously worked at the Pine Ridge IHS Hospital in South Dakota.

POTENTIAL VIOLATIONS

This case was investigated for possible violations of:

18 U.S.C. § 2241, Aggravated sexual abuse
18 U.S.C. § 2242, Sexual Abuse
18 U.S.C. § 2243, Sexual Abuse of a Minor
18 U.S.C. § 2244, Abusive Sexual Contact
18 U.S.C. § 1001, False Statements
18 U.S.C. § 1035, False Statements regarding Health Care Matters
18 U.S.C. § 1169, Reporting of Child Abuse
Standards of Ethical Conduct for Employees of the Executive Branch

JOINT INVESTIGATIVE AGENCIES

This matter began as an investigation jointly worked by HHS-OIG and BIA-OJS. The BIA-OJS dropped out of this investigation due to the BIA-OJS assigned agent being unavailable due to a workplace injury. The FBI was not an investigating entity in this investigation, but their agents were consulted during the early stages of this investigation.

BACKGROUND AND INVESTIGATIVE ACTIVITIES

In June 2015, a BIA-OJS agent interviewed a former IHS patient treated by Dr. Weber at the Pine Ridge IHS Hospital in South Dakota. During the interview, the former patient described how he was sexually abused by Dr. Weber starting when he was approximately 12 years old, and the sexual abuse by Dr. Weber continued into the patient's adulthood. During this time, Dr. Weber provided this former patient with money, food, and other gifts. BIA-OJS staff conducted additional interviews of previous juvenile male patients seen by Dr. Weber, these patients confirmed receiving gifts from Dr. Weber, but the patients denied being sexually abused by him.

In July 2015, BIA-OJS staff contacted officials in the Great Plains Area IHS and notified them of the allegations against Dr. Weber, a then current IHS employee, regarding sexual abuse of children. Email correspondence located during this investigation indicated that IHS management officials subsequently contacted members of the HHS-Office of General Counsel (OGC) regarding the allegations. Neither IHS nor OGC officials immediately contacted the OIG per policy and statute regarding these allegations of sexual abuse against a minor child by Dr. Weber.

On October 30, 2015, the Great Plains Area Acting Director notified Dr. Weber that effective immediately he would no longer be seeing patients at the Pine Ridge IHS Hospital until further notice. Dr. Weber was directed to handle administrative duties including establishing a corrective action plan for previously cited CMS deficiencies at the facility. During this time period, HHS-OIG requested a copy of Dr. Weber's licensure and disciplinary file from the South Dakota Board of Medical and Osteopathy Examiners.

In November 2015, investigators requested all IHS emails, complaints and investigations regarding Dr. Weber from the United States Commissioned Corps and IHS.

In December 2015, investigators reviewed Dr. Weber's IHS emails. In addition, investigators reviewed additional BIA-OJS interview reports of previous male patients seen by Dr. Weber, these patients confirmed receiving gifts from Dr. Weber but denied being sexually abused by him.

In January 2016, investigators reviewed various interview reports from a 1995 investigation conducted by the FBI regarding an allegation that Dr. Weber inappropriately touched a teenage male patient in a sexual way in Pine Ridge. The patient denied being inappropriately sexually touched by Dr. Weber. However, various IHS staff reported that it was Dr. Weber's preference to see primarily adolescent aged male patients, even though pediatricians at the facility typically only saw patients under the age of 13. IHS staff also reported that Dr. Weber violated policy by seeing adolescent patients without having their parents/guardians present during these visits.

On February 10, 2016, investigators conducted an additional interview of the alleged primary victim previously identified and interviewed by a BIA-OJS agent in 2015. This interview provided additional information and leads regarding potential victims, payments provided to the victims, and collaborative information supporting the allegations.

On May 11, 2016, Dr. Weber was placed on excused administrative leave by IHS management pending an administrative fact-finding investigation into alleged misconduct and/or performance related concerns. Dr. Weber subsequently resigned his Federal employment with IHS effective May 16, 2016.

On May 18, 2016, Dr. Weber's government owned computer was seized by HHS-OIG, and Dr. Weber also surrendered his personal computer for analysis. The South Dakota Internet Crimes against Children (ICAC) Task Force examined the hard drive images from these computers for possible child pornography and leads regarding Dr. Weber's alleged sexual relationships with children.

On May 19, 2016, (b)(6), (b)(7)c, (b)(7)f and BIA-OJS Special (b)(6), (b)(7)c, (b)(7)f interviewed Dr. Weber for approximately two hours in his government quarters. During the interview, Dr. Weber discussed his knowledge of, and relationship with, several juvenile males during his time on the Pine Ridge Indian Reservation, including three males who were later identified as alleged victims of sexual abuse by Dr. Weber. Dr. Weber admitted to knowing those three individuals but

denied having a sexual relationship them. Dr. Weber also discussed his tenure as a pediatrician on the Blackfeet Indian Reservation in Montana in the early to mid-1990s. He stated that he worked at the IHS Hospital in Browning, Montana from 1992 to 1995. He admitted that, while there, he sometimes allowed juvenile males to stay at his IHS government quarters. Although he could not recall any of their names, this activity happened several times per year. Dr. Weber also admitted that he was investigated while he worked in Montana after he was found drinking alcoholic beverages in his IHS government quarters. This interview with Dr. Weber was audio recorded.

During the pre-indictment investigation of this case from 2015 to 2017, investigators interviewed over 100 potential witnesses and victims to determine the validity of the allegations and potential violations by Dr. Weber and others. These interviews began shortly after the investigation began in 2015 and continued until Dr. Weber's last trial in September 2019.

Investigators compiled a master list of potential victims and witnesses in this matter. Approximately 225 interviews of potential witnesses and victims were completed during the course of the entire investigation. Over twelve alleged victims of sexual abuse have claimed that Dr. Weber engaged in various sexual acts with them as minors, including digital, anal, and oral intercourse from 1992 to 2011. These alleged victims have been identified through interviews in multiple states during this investigation.

Not all investigative activities conducted during this investigation are noted in this Closing Investigative Memorandum.

PROSECUTION OF DR. WEBER IN SOUTH DAKOTA

On February 22, 2017, the matter regarding Dr. Weber was presented to a Federal Grand Jury in the Federal Judicial District of South Dakota. (b)(6), (b)(7)c, (b)(7)f testified regarding the evidence identified during this investigation, and the grand jury returned a True Bill for 10 criminal counts involving alleged sexual abuse by Dr. Weber of multiple juvenile male patients under his care while in South Dakota. The indictment was sealed, and an arrest warrant was issued for Dr. Weber's arrest.

On February 24, 2017, three search warrants were sought and issued to search two email accounts maintained by Dr. Weber and for his residence in Spearfish, South Dakota. The search warrants for the email accounts were served on the same date electronically. The arrest warrant for Weber and the search warrant for Dr. Weber's house were executed simultaneously on February 28, 2017, and various items of suspected evidentiary value were secured. Dr. Weber was arrested by HHS-OIG agents on his outstanding arrest warrant and housed in the Pennington County Jail on February 28, 2017.

On November 1, 2017, (b)(6), (b)(7)c, (b)(7)f appeared before United States Magistrate Judge Daneta Wollmann in Rapid City, South Dakota and provided testimony concerning Dr. Weber. The testimony provided related to the search of Dr. Weber's residence on February 28, 2017. Dr. Weber and his counsel had earlier filed a motion to suppress certain documents seized during the search of

this residence. Judge Wollmann heard testimony and advised that she would rule on the motion after a certified transcript of testimony was completed and briefs were submitted to the Court. Judge Wollmann later ruled that no 4th amendment violations took place, and any evidence from Dr. Weber's home would not be suppressed. Dr. Weber's defense team appealed this ruling.

On October 15, 2018, United States District Court Judge Jeffrey Viken ruled on the South Dakota motion by Dr. Weber's defense team to suppress physical evidence seized pursuant to a search warrant related to Dr. Weber's residence. Judge Viken ruled, in a 25-page ruling, that the items seized during the search warrant would not be suppressed, and the Court denied all defense motions.

On October 23, 2018, Dr. Weber was charged by superseding indictment by a Federal Grand Jury in the Federal Judicial District of South Dakota. (b)(6), (b)(7)c, (b)(7)f testified regarding the evidence identified during this investigation, and the grand jury returned a True Bill for 12 criminal counts involving alleged sexual abuse of minors by Dr. Weber during his employment with the Public Health Service. Dr. Weber was charged with six counts of 18 U.S.C. § 2241(c) Aggravated Sexual Abuse of a Child, one count of 18 U.S.C. § 2242(2) Sexual Abuse, and five counts of 18 U.S.C. § 2243(a) Sexual Abuse of a Minor. The superseding indictment issued on October 23, 2018, reflected two additional criminal counts related to one additional minor victim identified in South Dakota.

On August 20, 2019, Dr. Weber was charged by a second indictment by a Federal Grand Jury in the Federal Judicial District of South Dakota. (b)(6), (b)(7)(C) testified regarding the evidence identified during this investigation and the grand jury returned a True Bill for two criminal counts involving alleged sexual abuse of minors by Dr. Weber during his employment with the Public Health Service. Dr. Weber was charged with two counts of 18 U.S.C. § 2243(a) Sexual Abuse of a Minor. This was a separate indictment to the first indictment filed on February 22, 2017. This indictment was dismissed in 2020 after Dr. Weber's sentencing in the District of South Dakota.

On September 10, 2019, Dr. Weber was charged by a second superseding indictment by a Federal Grand Jury in the Federal Judicial District of South Dakota (b)(6), (b)(7)c, (b)(7)f testified regarding the evidence identified during this investigation, and the grand jury returned a True Bill for 12 criminal counts involving alleged sexual abuse of minors by Dr. Weber during his employment with the Public Health Service. Dr. Weber was charged with six counts of 18 U.S.C. § 2241(c) Aggravated Sexual Abuse of a Child, one count of 18 U.S.C. § 2242(2) Sexual Abuse, and five counts of 18 U.S.C. § 2243(a) Sexual Abuse of a Minor. This second superseding indictment issued on September 10, 2019, reflected the same number of counts as the first superseding indictment, but language in nearly each count was changed for form.

From September 23-27, 2019, Dr. Weber was tried by a jury in South Dakota and found guilty on eight criminal counts by a Federal jury trial related to his sexual abuse of juvenile male patients from 1995 to 2011 while he was a Commissioned Corps Officer working on the Pine Ridge Indian Reservation in South Dakota. Dr. Weber was found guilty on five counts of 18 U.S.C. § 2241(c) Aggravated Sexual Abuse and three counts of 18 U.S.C. § 2243(a) Sexual Abuse of a Minor. Three other criminal counts of the indictment were dismissed during trial.

On February 10, 2020, Dr. Weber was sentenced in the Federal Judicial District of South Dakota to five consecutive life sentences in federal prison for the five Aggravated Sexual Abuse charges, and 15 years on each of the three counts of Sexual Abuse of a Minor. All of these sentences are to be served consecutively to each other, and also consecutive to his previous sentence in the District of Montana of 18 years and 4 months in federal prison. Weber was also ordered to pay \$800,000 in criminal fines and an \$800 special assessment to the Federal Crime Victims Fund.

Dr. Weber's defense counsel appealed this conviction to the 8th Circuit Court of Appeals on various grounds and requested that the conviction be vacated. The prosecution and the defense provided written briefs and the matter remains up on appeal with the 8th Circuit Court of Appeals pending resolution.

INVESTIGATION AND PROSECUTION OF DR. WEBER IN MONTANA

During this investigation, investigative efforts turned to offenses of alleged sexual abuse by Dr. Weber that were suspected to have taken place in the District of Montana from 1992 to 1995, the timeframe Dr. Weber worked at the IHS Hospital in Browning, Montana. These investigative efforts subsequently led to four individuals alleging that Dr. Weber sexually abused them when they were juveniles from 1992 to 1995 in Montana.

On February 7, 2018, Dr. Weber was federally charged by indictment in the District of Montana on two counts of 18 U.S.C. § 2241(c) Aggravated Sexual Abuse of a Child, one count of 18 U.S.C. § 2241(c) Attempted Aggravated Sexual Abuse of a Child, one count of 18 U.S.C. § 2243(a) Attempted Sexual Abuse of a Minor, and one count of 18 U.S.C. § 2244(a)(2) Abusive Sexual Contact of a Minor. This portion of the investigation was also led by OIG agents.

On July 10, 2018, (b)(6), (b)(7)c, (b)(7)f appeared before United States District Court Judge Brian Morris in the District of Montana and provided testimony concerning Dr. Weber. The testimony provided pertained to an interview conducted with Dr. Weber on May 19, 2016, in South Dakota. The defense in this matter had earlier submitted a motion to suppress the content of the interview. Judge Morris subsequently ruled from the bench on this same date that the defense motion was denied, the interview would not be suppressed, and the content of the interview could be used at Dr. Weber's jury trial in Montana.

From September 3-6, 2018, Dr. Weber was tried and found guilty on four of five criminal counts by a Federal jury trial related to his sexual abuse of juvenile male patients from 1993 to 1995 while he was a Commissioned Corps Officer working on the Blackfeet Indian Reservation in Montana. Dr. Weber was found guilty on two counts of 18 U.S.C. § 2241(c) Aggravated Sexual Abuse of a Child, one count of 18 U.S.C. § 2241(c) Attempted Aggravated Sexual Abuse of a Child, and one count of 18 U.S.C. § 2244(a)(2) Abusive Sexual Contact of a Minor. Dr. Weber was acquitted on one count of 18 U.S.C. § 2243(a) Attempted Sexual Abuse of a Minor. Dr. Weber was remanded to the custody of the United States Marshals Service immediately following the trial verdict.

On January 17, 2019, Dr. Weber was sentenced in the Federal Judicial District of Montana (Great Falls) to 220 months (18 years, 4 months) of incarceration, five years of supervised release, \$200,000 fine, \$200 special assessment, and special conditions.

Dr. Weber's defense counsel appealed this conviction to the 9th Circuit Court of Appeals on various grounds and requested that the conviction be vacated. In February 2020, the 9th Circuit Court of Appeals denied the appeal and all motions to vacate the conviction and judgment. No further appeals of this Montana conviction were filed, and the conviction was affirmed by mandate of the 9th Circuit Court of Appeals.

INVESTIGATION AND PROSECUTION OF WEHNONA STABLER, IHS CEO (GS-15)

During the course of this investigation, evidence was identified that other individuals were culpable for crimes associated with Dr. Weber. One of these individuals was former IHS Pine Ridge Hospital Chief Executive Officer (CEO) Wehnona L. Stabler.

On October 14, 2016, and on January 19, 2017, HHS-OIG agents interviewed Stabler. At the time of the interviews, Stabler was the CEO of the Carl T. Curtis Health Education Center in Macy, Nebraska. This facility receives funding from the Centers for Medicare and Medicaid Services in addition to IHS. During these interviews, Stabler admitted receiving a complaint in 2011 that Dr. Weber had sexually abused his juvenile male patients. Stabler also admitted that she failed to notify law enforcement authorities or the OIG regarding this complaint. Stabler admitted receiving a \$5,000 gift from Dr. Weber in 2013 and failed to report the gift to her supervisor or to document the payment on her Confidential Financial Disclosure Report Form OGE-450 in 2014. Stabler denied the \$5,000 gift from Dr. Weber was a bribe in exchange for her silence on the complaint against Dr. Weber of sexual abuse of children.

On June 20, 2017, (b)(6), (b)(7)c, (b)(7)f testified in front of a Federal Grand Jury and former IHS CEO Stabler was charged by indictment in the Federal Judicial District of South Dakota with one count of False Statements under 18 U.S.C. § 1001. It was alleged by indictment that on or about January 21, 2014, in the District of South Dakota, Stabler did willfully and knowingly make and cause to be made, and use and cause to be used, in a matter within the jurisdiction of a department or agency of the United States, a false writing or document, knowing the same to contain a materially false, fictitious, and fraudulent statement, namely, Stabler submitted to HHS/IHS a Confidential Financial Disclosure Report Form OGE-450 subscribing as true that she had not received any gifts greater than \$350 from one source. The statement was then and there false because as Stabler, then and there knew, she had indeed received a \$5,000 gift from Dr. Weber, which was subject to reporting, all in violation of 18 U.S.C. § 1001.

On February 8, 2018, a plea agreement and a factual basis statement were filed in this matter regarding Stabler. In the plea agreement, Stabler agreed to plead guilty to the one count felony indictment in this matter. In the factual basis statement signed by Stabler and her attorney, she stipulated to the following facts:

“The defendant, Wehnona Stabler, was formerly the Chief Executive Officer, Public Health Services/Indian Health Services (IHS), United States Department of Health and Human Services (HHS), in Pine Ridge, South Dakota. Stabler was therefore a federal employee and subject to the rules and regulations that status requires. While acting in that capacity, Stabler knowingly received a \$5,000 check from Dr. Stanley Patrick Weber as a gift. Dr. Weber was a pediatrician at the IHS facility in Pine Ridge and was the acting clinical director at the facility.”

“At no time after her receipt of the gift did the defendant, Wehnona Stabler, report it to HHS as required. HHS requires employees in certain positions to make periodic financial disclosures via a Confidential Financial Disclosure Report, otherwise known as an OGE-450. Employees in positions of financial trust who have potential financial conflicts of interest are required to make OGE- 450 disclosures. Based on her position as Chief Executive Officer, the defendant, Wehnona Stabler, was required to report certain financial information, including when she received gifts greater than \$350 from any one source. Stabler knew of her obligations to make OGE-450 financial disclosures at all relevant times. Although there are certain exceptions to the requirement that OGE-450 mandatory disclosers report gifts from one source over \$350, the \$5,000 gift from Dr. Weber was not exempt.”

On June 29, 2018, former CEO Stabler, a former GS-15 federal employee, was sentenced in the Federal Judicial District of South Dakota based upon her earlier guilty plea to one felony count of False Statements under 18 U.S.C. § 1001. Stabler was sentenced to one year of unsupervised probation and ordered to pay \$100 special assessment. The conviction and sentence of Stabler was not appealed.

PBS/FRONTLINE AND WALL STREET JOURNAL DOCUMENTARY

On February 12, 2019, PBS/Frontline and the Wall Street Journal published a documentary regarding Dr. Weber and the OIG investigation that led to his indictments and subsequent conviction in Montana. The link for this documentary can be found at <https://www.pbs.org/wgbh/frontline/film/predator-on-the-reservation/>

INTEGRITAS CREATIVE SOLUTIONS, LLC CONTRACT WITH IHS

In May 2019, Integritas Creative Solutions, LLC, was retained by IHS to conduct an internal medical quality assurance review to investigate and determine why the IHS failed to remove Dr. Weber when he was credibly suspected of sexual abuse on multiple occasions throughout a decades-long career. The company’s charge was to discover the reasons for the lack of rigorous inquiry and diligent action by IHS that allowed the danger posed by Dr. Weber to continue after suspicions of molestation had been repeatedly raised at at least two IHS service units.

A final written report was produced by Integritas Creative Solutions, LLC, for IHS in January 2020. Disclosure of information pertaining to the IHS patient safety review and the contents of the report can only be made in accordance with federal law at 25 U.S.C. § 1675, thus no public release of this

WEBER, STANLEY PATRICK
STABLER, WEHNONA LEA

(b)(6), (b)(7)c

H-15-0-3055-4

CIM dated September 17, 2020

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document took place. A redacted version of the report was provided by IHS to the Senate Committee on Indian Affairs at their request. A copy of the final unredacted version of the report is maintained in the official HHS-OIG case file.

(b)(6), (b)(7)(C)

SERVICE OF USPHS COMMISSIONED CORPS BOARD OF INQUIRY NOTICE

On August 19, 2020, at the request of the HHS-Office of General Counsel, Dr. Weber was served in-person in a Bureau of Prisons facility with a U.S. Public Health Service Commissioned Corps Board of Inquiry (BOI) Notice of Charges and Specifications by an HHS-OIG agent in Oklahoma City, Oklahoma. The BOI Notice indicated that the Corps was requesting the termination of Dr. Weber's commission and the termination of all benefits therewith, including his retired pay, with a characterization of "under other than honorable conditions."

An Affidavit of Service was completed by the agent after the in-person service on Dr. Weber, and a copy of this document was provided to the Corps. The BOI proceedings are scheduled to commence on October 13-15, 2020.

OTHER AREAS OF INTEREST

This matter was extensively briefed with staff of the United States Senate Committee on Indian Affairs (SCIA) on two occasions during this investigation. These briefings took place after the trial conviction of Dr. Weber in Montana and again after Dr. Weber's conviction in South Dakota. Briefing information provided to SCIA staff included only publicly available information.

Multiple civil actions have been filed in various Federal Courts regarding this matter. They include, but are not limited to, two actions in the United States Court of Federal Claims by alleged victims and two actions in the United States District Court in the Southern District of New York seeking any reports produced by Integritas Creative Solutions LLC investigators regarding Dr. Weber.

Multiple former IHS employees and managers were identified, much like Stabler, that were aware of allegations or suspicions against Dr. Weber of him sexually abusing his minor patients. The timeframe of these allegations of sexual abuse by Dr. Weber covered several decades. Timely administrative and judicial remedies were not available to the investigators for these former employees due to their retired statuses and the statute of limitations being expired on potential criminal violations.

No further criminal remedies or charges are anticipated in this matter against Dr. Weber due to the sentences received in Dr. Weber's two prior criminal convictions and his multiple life sentences.

HHS/OIG/OI was the lead agency on the multiple investigations of Dr. Weber in South Dakota and Montana.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



03/30/2017

BLACK EAGLE, LARIN MYERS

Lodge Grass, Montana

Pharmacy Aid, GS-3

Indian Health Service – Drug Diversion/Standards of Conduct

H-16-0-0547-4

This is the closed Investigative Memorandum (IM).

SUBJECT OF INVESTIGATION:

Subject's Full Name: Black Eagle, Larin Myers
Subject's Title: Pharmacy Aid
Component: PHS/IHS/Billings Area/Crow Service Unit
Subject Job Series/Grade: GS-0661-03, Step 10
Subject's Date of Birth: (b)(6), (b)(7)(C)

PREDICATE:

On February 24, 2016, the United States Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Investigations (OI), Special Investigations Branch (SIB), received information from staff with the Indian Health Service (IHS), Crow Service Unit regarding the alleged diversion of multiple controlled substances by an IHS employee in the Crow/Northern Cheyenne Indian Hospital and Pharmacy in Crow Agency, Montana.

ALLEGATIONS:

The initial complaint in this matter alleged that Larin Myers Black Eagle, a Pharmacy Aid (GS-3) for the IHS/Billings Area/Crow Service Unit, diverted controlled substances for his personal use and enrichment. These controlled substances included schedule II drugs such as Hydrocodone, Oxycodone, and Methylphenidate.

POTENTIAL VIOLATIONS:

This matter was investigated for potential violations of 18 U.S.C. § 1347 (Health Care Fraud), 18 U.S.C. § 669 (Theft or Embezzlement in Connection with Health Care), 21 U.S.C. § 843 (Obtaining Controlled Substances by Fraud), and 18 U.S.C. § 1365 (Tampering with Consumer Products). This matter was also being investigated for possible Standards of Conduct violations.

JOINT INVESTIGATIVE AGENCIES:

This matter was not investigated jointly with any other law enforcement agency.

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INVESTIGATIVE ACTIVITIES:

A complete audit and inventory of the three IHS pharmacies in question was requested and completed. An SIB Inspector secured multiple controlled and non-controlled substances as evidence from two of the IHS pharmacies. Video footage from each pharmacy, with an identified loss of controlled substances, was secured and reviewed.

An SIB Inspector interviewed Black Eagle regarding the allegations and the findings of this investigation. Black Eagle admitted during this interview that he had taken multiple controlled and non-controlled substances from two IHS pharmacies for his personal use. Black Eagle also admitted to tampering with consumer products by replacing stolen controlled substances with unknown tablets to conceal the theft of the controlled substances.

On July 13, 2016, an Inspector from SIB appeared before a United States Grand Jury seated in the District of Montana and provided testimony concerning Black Eagle's conduct and the findings of this investigation. The testimony provided illustrated the investigation of this matter and how the investigative results relate to the potential charges of Obtaining a Controlled Substance by Fraud, Deception, and Subterfuge under 21 U.S.C. § 843(a)(3) in addition to one count of Tampering with a Consumer Product under 18 U.S.C. § 1365(a).

CASE STATUS:

On July 14, 2016, Black Eagle was charged by indictment in the Federal Judicial District of Montana (Billings) with one count of Obtaining a Controlled Substance by Fraud, Deception, and Subterfuge under 21 U.S.C. § 843(a)(3) in addition to one count of Tampering with a Consumer Product under 18 U.S.C. § 1365(a).

It was alleged in the indictment that from November 2015 to February 2016, Black Eagle, knowingly acquired a controlled substance (hydrocodone, oxycodone, morphine, and methylphenidate) by fraud, deception, and subterfuge. In addition, it was alleged that Black Eagle, with reckless disregard for the risk that another person would be placed in danger of bodily injury, and under circumstances manifesting extreme indifference to such risk, tampered and attempted to tamper with a consumer product (hydrocodone and oxycodone) that affected interstate commerce, by replacing the hydrocodone and oxycodone with tablets containing other substances.

On September 29, 2016, a Plea Agreement was filed with the United States District Court for the Judicial District of Montana pertaining to the indictment in this matter. Black Eagle agreed to plead guilty to count I of the indictment with count II being dismissed at sentencing. On this same date, Black Eagle pleaded guilty to count I of the indictment.

On December 15, 2016, Black Eagle was sentenced on his plea of guilty to one count of Obtaining a Controlled Substance by Fraud, Deception, and Subterfuge under 21 U.S.C. § 843(a)(3) in the Federal Judicial District of Montana. Black Eagle was sentenced to three years of probation and a special assessment of \$100.00. A second count of Tampering with a Consumer Product under 18 U.S.C. § 1365(a) was dismissed at sentencing as part of the plea agreement in this matter.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



03/22/2019

ORLOSKI, AMANDA MARIE

Palm City, Florida

Pharmacist, Contractor

Indian Health Service – Drug Diversion & Prescription Shorting

H-16-0-1222-4

This is the closing Investigative Memorandum (CIM).

SUBJECT OF INVESTIGATION:

Subject Full Name:	Orloski, Amanda Marie
Subject's Title:	Pharmacist
Component:	PHS/IHS/Great Plains Area/Fort Yates Service Unit
Subject Job Series/Grade:	Indian Health Service - Contractor
Subject's Date of Birth:	(b)(6), (b)(7)(C)

PREDICATE:

On April 18, 2016, the United States Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Investigations (OI), Special Investigations Branch (SIB), received information from staff with the Indian Health Service (IHS), Fort Yates Service Unit regarding the alleged diversion of multiple controlled substances by an IHS contractor in the Fort Yates Indian Hospital in Fort Yates, North Dakota.

ALLEGATIONS:

The initial complaint in this matter alleged that Amanda Marie Orloski, a contract Pharmacist for the IHS/Great Plains Area/Fort Yates Service Unit diverted controlled substances for her personal use and enrichment. These controlled substances included schedule II controlled substances including Hydrocodone.

POTENTIAL VIOLATIONS:

This matter was investigated for potential violations of Title 18, U.S.C. § 1347 (Health Care Fraud), 18 U.S.C. § 669 (Theft or Embezzlement in Connection with Health Care), and Title 21, U.S.C. § 843 (Obtaining Controlled Substances by Fraud).

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ORLOSKI, AMANDA MARIE

H-16-0-1222-4

CIM dated March 22, 2019

JOINT INVESTIGATIVE AGENCIES:

This matter was not investigated jointly with any other law enforcement agency.

INVESTIGATIVE ACTIVITIES:

A comprehensive review of 28 video feeds received from the IHS pharmacy was conducted. The review identified multiple occasions where Orloski was observed taking controlled substances from filled prescriptions and concealing the prescription drugs on her person. Orloski could also be observed consuming some of the prescription drugs while working as a pharmacist in the IHS pharmacy.

On July 19, 2017, an SIB Inspector and OI Special Agent from the Phoenix Field Office interviewed Orloski in Prescott, Arizona. The interview was audio recorded with Orloski's consent. Orloski was presented with information indicating that she had stolen controlled substances, including Hydrocodone/APAP 10/325 MG tablets, at the Fort Yates IHS Pharmacy in April 2016. Orloski admitted that she had taken Hydrocodone tablets, a schedule II controlled substance, for her personal use on multiple occasions during April 2016. Orloski admitted that the thefts were "stupid" and "foolish."

On September 6, 2017, an SIB Inspector presented this matter to a Federal Grand Jury in the District of North Dakota and Orloski was indicted on one count of 21 U.S.C. § 843(a)(3): Obtain Controlled Substances by Fraud.

On September 26, 2017, Orloski appeared via video conferencing in the Federal Court for the Federal Judicial District of North Dakota. Orloski pleaded not guilty to the one count indictment. The Court granted multiple continuances of the scheduled jury trial in this matter after Orloski's initial appearance.

On August 9, 2018, a plea agreement was filed with Orloski agreeing to plead guilty to the one count indictment in this matter.

CASE STATUS:

On January 7, 2019, Orloski pleaded guilty and was sentenced in the Federal Judicial District of North Dakota (Bismarck) related to a one count felony indictment for Obtaining a Controlled Substance by Fraud, Deception, and Subterfuge under 21 U.S.C. § 843(a)(3). Orloski was sentenced to one year of probation, \$100 special assessment, and special conditions.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



09/21/2020

BLAND, ROBERT RODNEY

Rapid City, South Dakota

Owner/Executive-Government Contractor

MOTIVE MAGIC MOBILE WINDSHIELD REPAIR & REPLACEMENT

Rapid City, South Dakota

Indian Health Service - Government Contractor

Misuse of Program Funds/Property and Theft of Government Property

H-17-0-1785-4

This is the Closing Investigative Memorandum.

SUBJECTS OF INVESTIGATION:

Subject Full Name: Robert Rodney Bland (business owner)
Subject Business: Motive Magic Mobile Windshield Repair & Replacement
Component: Public Health Service/Indian Health Service

PREDICATE:

On August 18, 2017, the United States Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Investigations (OI), Special Investigations Branch (SIB), received information from the General Services Administration (GSA)-OIG regarding a GSA vendor being used by the Indian Health Service (IHS) in South Dakota.

ALLEGATIONS:

The initial information in this matter from GSA-OIG alleged that in June 2017 members of the GSA Loss Prevention Team (LPT) referred a complaint to GSA-OIG regarding possible fraud involving a GSA Fleet card vendor identified as Motive Magic Mobile Windshield Repair & Replacement (Motive Magic) of Rapid City, South Dakota.

A review of GSA Fleet fuel and maintenance credit card purchases via Wright Express (WEX) reports identified that Motive Magic had the second largest number of windshield repairs on GSA vehicles in the country. GSA LPT staff noted that the market for GSA vehicle repairs in the Rapid City area is relatively small. GSA LPT staff advised that Motive Magic regularly called into the WEX customer service telephone line in order to get payment for the windshield repairs for numerous GSA vehicles using a centralized WEX MasterCard instead of using the WEX card assigned to each GSA vehicle. Vendors who do not take the WEX card are authorized to be paid for repairs up to \$100 by using this external method of payment. GSA requires that the vendor contact GSA's Maintenance Control Center (MCC) or Accident Management Center (AMC) to

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receive a purchase order number for purchases over \$100. The vast majority of Motive Magic's claims were for \$100 or less.

GSA LPT identified approximately 1,955 repairs supposedly done by Motive Magic on GSA vehicles from November 2011 to the present with total claims being approximately \$210,000. Of this amount, vehicles assigned to IHS and HHS tribal programs accounted for 458 claims totaling a \$60,496.97 charge back expense to IHS.

POTENTIAL VIOLATIONS:

This matter was investigated for potential violations of the following statutes:

- 18 U.S.C. § 669 (Theft or Embezzlement in Connection with Health Care)
- 18 U.S.C. § 287 (False, Fictitious or Fraudulent Claims)
- 18 U.S.C. § 641 (Theft of Embezzlement of Public Money, Property, or Records)
- 18 U.S.C. § 1343 (Wire Fraud)

JOINT INVESTIGATIVE AGENCIES:

This matter was jointly investigated with GSA-OIG, DOI-OIG, and DCIS.

INVESTIGATIVE ACTIVITIES:

On August 28, 2017, this matter was presented to prosecutors with the United States Attorney's Office (USAO) in the District of South Dakota. The matter was reviewed and accepted for potential prosecution on this same date.

SIB has worked with IHS to identify how many of the 458 claims submitted by Motive Magic stemmed from actual repairs ultimately paid by IHS. During this analysis and a subsequent meeting with IHS staff, SIB was advised that IHS could not identify any services being provided by Motive Magic from the 458 identified claims.

On March 27, 2018, an SIB Inspector took a GSA vehicle leased to IHS to two separate and independent auto glass repair shops in Rapid City, SD, to have them inspect this vehicle and give their professional assessment as to how many windshield repairs have been done on this vehicle. Professional technicians from both repair shops inspected the windshield of the vehicle and both revealed the same separate conclusion that there had only been three windshield repairs ever done on this vehicle's windshield. Motive Magic filed a total of 16 claims against the vehicle for repairs.

On March 27, 2018, an SIB Inspector reviewed all IHS documents and other records for 20 vehicles associated with the IHS Sioux San Hospital from 2011 to present. The Inspector was only able to locate two Motive Magic invoices in these records. A review of detailed vendor transactions for Motive Magic repairs revealed that Motive Magic charged for 92 windshield repairs or replacements involving these 20 vehicles, 36 of which occurred between 2015 and present. The fleet supervisor at the IHS Sioux San Hospital had never seen Bland repair any vehicle windshields.

On May 9, 2018, agents with SIB, the OI Sioux Falls Field Office, GSA-OIG, DOI-OIG, and local law enforcement executed two simultaneously search warrants in Rapid City, SD. The search warrants related to Motive Magic and Bland. The search warrants were executed on the business of Motive Magic and Bland's personal residence. Immediately after executing the two search warrants, three additional grand jury subpoenas were issued and served. These three grand jury subpoenas were for Bland's accountants and a credit card vendor. Documents and data received during the execution of these search warrants are being reviewed.

On May 21, 2019, Bland was indicted on 18 counts of Wire Fraud under 18 U.S.C. § 1343 and one count of Theft of Government Property under 18 U.S.C. § 641. The indictment was sealed by the Court at the government's request pending operational considerations in the matter.

On June 5, 2019, agents with HHS-OIG, the United States Marshals Service, and GSA-OIG initiated steps to locate and arrest Bland pursuant to an indictment and arrest warrant. The indictment and arrest warrant were filed in the Federal Judicial District of South Dakota, Western Division, in relation to alleged violations of 18 U.S.C. §§ 1343 and 641. On this same date, HHS-OIG agents assisted agents with GSA-OIG and DCIS with seizing and securing assets owned by Bland pursuant to a Court ordered Seizure Warrant related to this matter.

On June 6, 2019, Bland, owner of Motive Magic Mobile Windshield Repair & Replacement, appeared at his initial appearance in the Federal Judicial District in South Dakota. Bland appeared to face a 19-count indictment in South Dakota for charges related to Wire Fraud under 18 U.S.C. § 1343 and Theft of Government Property under 18 U.S.C. § 641.

On March 30, 2020, a plea agreement and factual basis statement signed by Bland were filed with the Court. Bland agreed to plead guilty to Counts 6, 18 and 19 of the Indictment filed in this case, charging Wire Fraud, in violation of 18 U.S.C. § 1343, and Theft of Government Property, in violation of 18 U.S.C. § 641.

On May 20, 2020, Bland entered his formal plea of guilty before the Court related to Counts 6, 18 and 19 of the Indictment filed in this case.

On September 4, 2020, Bland was sentenced pursuant to his guilty pleas to three counts in this matter. Bland was sentenced to 12 months of custody, \$75,000 in restitution, and \$300 in special assessments. Bland was immediately remanded to the custody of the United States Marshals Service after sentencing.

CASE STATUS:

This matter is closed.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



12/17/2019

KILLSBACK, LAWRENCE JACE

Busby, Montana

Former Elected Official/Tribal Government

Indian Health Service - Health System Specialist, GS-14

Grant Fraud/Theft of Government Property

H-17-0-2184-4

This is the Closing Investigative Memorandum (IM).

SUBJECT OF INVESTIGATION:

Subject Full Name:	Lawrence Jace Killsback
Subject's Former Title:	Former Elected Tribal President
Subject's Former Title	Health System Specialist (GS-0671) (GS-14/Step 1)
Component:	Public Health Service/Indian Health Service

PREDICATE:

On October 12, 2017, the United States Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Investigations (OI), Special Investigations Branch (SIB), received information from a contract investigator assigned to the United States Attorney's Office in the Federal Judicial District of Montana.

ALLEGATIONS:

The initial information received in this matter alleged that Northern Cheyenne Tribe (NCT) President Lawrence Jace Killsback expended approximately \$30,000 in Indian Health Service (IHS) carryover funds to pay for his own college tuition and related school expenses. It was alleged that Killsback was enrolled in online college courses through the University of Montana to obtain a master's degree. The funding for Killsback's college program was IHS funds awarded to the NCT Tribal Board of Health.

NCT Council members confronted Killsback regarding these college expenditures and he did not deny the payments had been made on his behalf. Killsback was reportedly defensive about the inquiry and suggested that all of the NCT council representatives should further their own education. NCT Tribal Council members concluded that there was no legitimate reason the Northern Cheyenne Tribal Board of Health funds should be used for the furtherance of Killsback's college education. Killsback was subsequently removed from office by the NCT Tribal Council.

Killsback was also suspected of extensive travel fraud related to the use of NCT funds that were provided by several federal government departments including HHS.

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POTENTIAL VIOLATIONS:

This matter was investigated as potential violations by Killsback of the following statutes:

- 18 U.S.C. § 1343 (Wire Fraud)
- 18 U.S.C. § 666 (Theft related to Federal Grants)
- 18 U.S.C. § 669 (Theft or Embezzlement in Connection with Health Care)
- 18 U.S.C. § 286 (False Claims Act)
- 18 U.S.C. § 641 (Theft of Embezzlement of Public Money, Property, or Records)

JOINT INVESTIGATIVE AGENCIES:

This matter was jointly investigated with the United States Department of Interior (DOI)-OIG-OI.

INVESTIGATIVE ACTIVITIES:

On October 12, 2017, a meeting was conducted with an Assistant United States Attorney (AUSA) in the District of Montana. During this meeting, the AUSA accepted this matter for potential prosecution based upon the investigative findings.

On January 3, 2018, Killsback was re-elected to the position of President of the NCT after being removed from office in December 2017 by the NCT Tribal Counsel for misconduct.

In April 2018, SIB staff met with the AUSA in Montana and an agent with the DOI-OIG. New allegations of extensive travel fraud by Killsback were discussed. It was agreed that the multiple sources of documents and records would sought and queried to address the new travel fraud allegations against Killsback. Receipts from dozens of hotels and other sources in multiple states were subsequently secured and reviewed.

On July 3, 2018, travel documents for Killsback were also requested from IHS, NIH, CDC, CMS, and SAMHSA related to the travel fraud allegations. The documents received were reviewed and compared to documents submitted to support Killsback's travel reimbursements with the NCT.

It was noted from the agent review that Killsback frequently signed NCT Trip Reports certifying that he had not or would not be paid for these trips from another source. This occurred when he signed his trip reports after his travel was complete and after he had received initial reimbursement from the NCT. Each time Killsback submitted a statement to the government for reimbursement, he was making a false claim to the government. Killsback's scheme also involved wholly or partially falsified hotel invoices for his travel. He was changing the number of days, rates, or total expenses for trips.

During this investigation, it was determined that Killsback would submit false or fraudulent invoices claiming travel related expenses for travel that (1) he was already being reimbursed through either the NCT, state, other tribes, and/or federal agencies or (2) travel dates that were inflated (e.g. claiming an extra day at a hotel). In total, Killsback received approximately \$25,000 from 2014 to 2017 in improper financial benefits related to travel.

On October 9, 2018, KILLSBACK resigned the position of President with the NCT while this matter was under investigation.

On October 15, 2018, KILLSBACK began employment with IHS as a Health System Specialist (GS 14/Step 1) performing duties as the Director of Tribal Programs in the IHS Billings Area Office.

SUBJECT INTERVIEW:

On March 4, 2019, KILLSBACK was interviewed by agents with HHS-OIG and DOI-OIG. During this interview, KILLSBACK was confronted with information that he had falsified travel receipts. KILLSBACK stated, "I turned in some that were probably, um, not valid hotel receipts." KILLSBACK agreed to review the hotel receipts with the agents during the interview. KILLSBACK was asked about ten "double/triple dipping" trips where he received reimbursement from multiple sources.

KILLSBACK admitted using false receipts during this travel and being reimbursed in excess for the travel identified. KILLSBACK also admitted to submitting airline and hotel receipts to the tribe and federal sources for payment when the expense had already been paid by other sources. When the reimbursement was paid for these expenses, which were not initially paid by KILLSBACK, he would keep the proceeds and not tell the payer that the expenses had already been covered by another source. KILLSBACK admitted giving some of the proceeds of his fraud away, spending some on child support, and spending some on student loan debt.

CASE STATUS:

The tuition reimbursements from IHS funds that KILLSBACK received for his education at the University of Montana were investigated. This was one of the original complaints levied against KILLSBACK. However, in reviewing these reimbursements, the payments were authorized under an HHS CFR and were found to be proper.

On June 17, 2019, a two count Information was filed in the Federal Judicial District of Montana charging KILLSBACK with one count of Wire Fraud under 18 U.S.C. § 1343 and one count of False Claims Act Conspiracy under 18 U.S.C. § 286. A signed plea agreement noting KILLSBACK's willingness to plead guilty to both counts of the Information was also filed on this same date.

On June 18, 2019, KILLSBACK resigned his employment with IHS.

On July 8, 2019, KILLSBACK entered a plea of guilty to both counts as filed in the Information.

On December 12, 2019, KILLSBACK was sentenced in this matter to six month of imprisonment on each count to run concurrently, three years of supervised release on each count to run concurrently, restitution in the amount of \$25,092.67, and a special assessment of \$200.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



09/27/2019

REED, MARTIN LOUIS

Billings, Montana

Lieutenant Commander, U.S. Commissioned Corps

Indian Health Service – Standards of Conduct

H-17-0-2495-4

This is the Closing Investigative Memorandum (CIM).

SUBJECT OF INVESTIGATION:

Subject Full Name: Reed, Martin Louis
Subject's Title: U.S. Commissioned Corps Lieutenant Commander
Subject's Position: Engineer
Component: USPHS/IHS/Billings Area Office
Subject Job Series/Grade: Engineer, Rank E-04
Subject's Date of Birth: (b)(6), (b)(7)(C)

PREDICATE:

On October 17, 2017, the United States Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Investigations (OI), Special Investigations Branch (SIB), received information from an anonymous source regarding United States Public Health Service Commissioned Corps Lieutenant Commander Martin Louis Reed and Reed's suspicious cash deposits. Reed was identified as being assigned to the Indian Health Service (IHS) at the Billings Area Office in Billings, Montana.

ALLEGATIONS:

The initial information received from the anonymous complainant advised that Reed was depositing large sums of cash into a bank account located at in Billings, Montana. The complainant was suspicious of the cash in Reed's possession, as it appeared to be outside of Reed's income from his Federal employment. The complainant understood that Reed had access to supplies with his Federal employment and suspected that Reed could be taking items of Federal property, but the complainant had no evidence of thefts by Reed.

POTENTIAL VIOLATIONS:

This matter is being investigated for possible HHS employee misconduct and violations pertaining to HHS Standards of Conduct under 45 C.F.R. Part 73 and Standards of Ethical Conduct for Employees of the Executive Branch under 5 C.F.R. Part 2635. This matter is also being investigated as a potential violation of 18 U.S.C. § 669, Theft or Embezzlement in Connection

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with Health Care in addition to potential state statute violations which may be referred to local officials.

JOINT INVESTIGATIVE AGENCIES:

This matter was not jointly investigated.

INVESTIGATIVE ACTIVITIES:

Initial stages of the investigation included determining IHS assets assigned to Reed in comparison to items that Reed had pawned at pawn related businesses located in Billings, Montana. Multiple items owned by IHS and issued to Reed were subsequently identified as being pawned by Reed.

It was also identified shortly after the initial complaint in this matter that Reed was being involuntarily discharged from the United States Public Health Service Commissioned Corps as he had been determined to be non-deployable.

Interview of Martin Reed

On November 16, 2017, Reed was interviewed by SIB at his place of employment. Prior to any questioning, Reed was asked if the interview could be audio recorded and Reed consented to audio recording of the interview. Reed advised that he was scheduled to be involuntarily terminated from his current position on November 30, 2017, as he has failed to maintain a "Basic Ready" or "Deployment Ready" status with the USPHS Commissioned Corps. Reed described that he failed to get a physical and maintain his deployment ready status; therefore, his employment was scheduled for termination.

Upon discussion, Reed admitted that he began having financial problems due to credit card debt and he failed to pay some of his ongoing and outstanding bills. These financial problems resulted in Reed misusing his government issued travel card by conducting monthly inappropriate cash advances for approximately five to six months in 2017. Reed used his government issued credit card to obtain cash advances totaling \$800 to \$1,000 per month without valid travel orders in place to justify these cash advances. IHS terminated Reed's government issued travel card in the summer of 2017 due to his abuse of the card and violations of IHS policy in his use of the card. Reed admitted using the cash advances secured with the government issued travel card as a short-term loans to cover some bills.

Reed was questioned regarding his government income and ongoing expenses. Reed initially noted that some of his expenses were due to unforeseen bills related to his (b)(6), (b)(7)(C)

Reed eventually admitted that he was spending large sums of his income on online adult pornography sites that host live entertainers performing sexual and non-sexual acts based upon tips received from the viewers. On these pornographic websites, Reed is able to chat with the entertainers and request that they perform certain acts or tasks. The entertainers are not able to see Reed, but he can see the entertainers and chat with them during his sessions. Reed admitted that for the last two to three years he has spent up to \$1,500 per month on adult internet pornography sites, including the following web sites:

- www.girlsoncam.com
- www.myfreecams.com

Reed admitted spending one to two hours per night, nearly every night, for the past two to three years online at the above noted live and interactive pornography websites. Reed described that his expenses on these pornography websites stemmed from his purchase of “tokens” to tip the live entertainers. Reed noted that he would pay \$149.99 per day or every other day purchasing website tokens for tipping the live entertainers so they would be incentivized to perform certain sexual and non-sexual acts for him and others viewing the specific sites. Reed advised that anywhere from 20 to 100 people would be virtually present in an online chat room at any given time viewing sessions with the live entertainers.

Reed admitted to using his government issued Dell laptop and Apple iPads to view pornography online while at his residence and on government travel. Reed noted that the government computer was better than his personal computer at home as the government computer allowed for faster download speeds for video via a Wi-Fi connection.

Reed used his government issued laptop to view pornography websites for the past year. Reed admitted clearing the internet browsing history on all of the government issued electronics in order to conceal his use of these items to view pornography. Reed had earlier attempted to view online pornography sites on the internet while connected to the IHS network in his cubicle in the Billings Area IHS Office. The IHS network security protocols blocked Reed’s attempts to reach the pornographic websites he was seeking. Reed denied seeking or viewing any child pornography.

Reed moved large amounts of cash from his Federal government employment proceeds out of his account at Billings Federal Credit Union. Reed then deposited these cash funds into his account at Stockman Bank. The funds were moved in cash to limit transfer expenses. The funds deposited at Stockman Bank were used to pay some bills and to keep the funds away from his (b)(6), (b)(7)(C), as this was not a joint account with (b)(6), (b)(7)(C). Reed explained that the frequent \$149.99 charges against his Stockman Bank account from www.MFCBill.com were for the purchase of tokens in an online account with the adult pornography website located at www.myfreecams.com. Reed also paid for tokens at the online pornography sites by purchasing and loading prepaid credit cards.

Reed admitted that he converted to his own use property owned by the Federal government, including an Apple iPad and a Canon camera. Reed became short on cash and used the items as collateral for short-term cash loans. (b)(6), (b)(7)(C), (b)(7)(F) reviewed pawn records with Reed and he confirmed using the following business to pawn an Apple iPad and a Canon camera on July 21, 2017, for \$100: First National Pawn in Billings, MT.

Reed also confirmed the description of the items as detailed in IHS records and pawn tickets at First National Pawn as follows:

- Canon Powershot Camera
Model: SX610HS

Serial Number: 232060004603

- Apple iPad
Model: MGL12LL/A
Serial Number: DMPNFAR4G5VJ

Reed stated that he “forgot about it” and did not return to First National Pawn to pay off his loan for the above listed items resulting in the items being lost to the pawnshop. Reed stated that he felt “terrible” and he knew he had “messed up” when he lost these IHS owned items to First National Pawn.

Reed also admitted to pawning a second Apple iPad several months prior to this interview for \$75. Reed did pay off the loan for this Apple iPad and was able to recover the item from the pawnshop. Reed could not recall the name of the pawnshop, but identified that the business was located on Main Street in Billings, Montana. Reed recalls paying off the short-term loan, secured with the Apple iPad, at the pawnshop approximately one to two days prior to this interview. Reed identified the Apple iPad as follows:

- Apple iPad Air 2
Model: MH2U2LL/A
Serial Number: DMPQ2GTRG5WQ

Reed noted that he had current possession of the Apple iPad and would get the iPad from his cubicle if (b)(6), (b)(7)c, (b)(7)f wished to see it. (b)(6), (b)(7)c, (b)(7)f agreed and Reed left the conference room to collect the item at approximately 4:38 pm. Reed returned to the conference room approximately one minute later with the above noted Apple iPad.

Reed identified that the two Apple iPads and one Canon Camera that he took from IHS for his own personal use and pawned were the only items he had stolen from IHS. These items were pawned in his own name and he did not use the names of others, including relatives, to pawn any IHS owned property. Reed intended to tell IHS management that he could not locate the items upon his departure from IHS. Reed did not notify anyone that he had taken the items and pawned them for his personal benefit.

Reed estimated the used value of the two Apple iPads and one Canon Camera that he had taken from IHS, for his own personal use, to be valued at approximately \$650.00. Reed was asked about what he thought should happen to him regarding this conduct. Reed stated that he would be willing to pay “restitution” for the two items that he pawned and were not recovered.

Documents secured regarding pawning IHS items

On November 16, 2017, and on later dates, documents were secured from various pawn businesses in Billings, Montana supporting that Reed had pawned IHS government owned property for his own personal use. Records noting the original purchases of these items by IHS and IHS inventory control documents were also secured.

Analysis of government equipment for suspected child pornography

On November 21, 2017, IHS Incident Response Team (IRT) and IHS Area staff coordinated to examine two government owned laptop computers and one government iPad as issued to Reed to determine if the items contained suspected child pornography. No suspected child pornography was identified on the items, but evidence of adult pornography sites being visited was identified.

Financial Analysis Completed

On November 5, 2018, a review and analysis of Reed's financial information was completed including the following documents:

- Reed's bank statements - Billings Federal Credit Union & Stockman Bank from 2016-2017
- Reed's government issued travel card statements from 2016 to 2017
- Reed's approved annual and sick leave from 2016 to 2017
- Reed's government travel orders and vouchers from 2016 and 2017

SUMMARY OF INVESTIGATIVE CASE RESULTS:

Based upon information discovered during the course of this investigation, along with admissions from Reed, it was determined that from at least July 1, 2016 to June 15, 2017, Reed used his government issued travel credit card to obtain excessive unauthorized cash advances. Reed also exceeded authorized cash advance amounts on eight HHS/IHS sponsored trips. An analysis of the usage of Reed's government issued travel credit card, his leave statements, his travel orders/vouchers and two bank accounts in Reed's name identified the following information from July 1, 2016 to June 15, 2017:

• Reed's unauthorized cash advances outside of travel periods:	\$12,242.00	
• Reed's unauthorized cash advances during travel periods:	\$1,539.75	
• Reed's unauthorized government travel card purchases	\$3,147.76	
• Reed's unauthorized cash advance fees related to cash advances	\$307.14	
	<u>\$17,236.65</u>	<u>Total</u>

Based upon information discovered during the course of this investigation, along with admissions from Reed, it was determined that from at least July 21, 2017 to November 15, 2017, Reed took various items of property owned by IHS from the Billings Area IHS Office in Billings, Montana for his personal use and enrichment. Reed knowingly took these items of property without consent during the course of his Federal employment. The estimated financial loss to the Billings Area IHS for their losses was estimated at \$1,339.22 based upon the theft of the following three items and their purchased values:

- Canon Powershot Camera
Model: SX610HS
Serial Number: 232060004603
Purchase price: \$217.55
- Apple iPad

Model: MGL12LL/A
Serial Number: DMPNFAR4G5VJ
Purchase price: \$492.00

- Apple iPad Air 2
Model: MH2U2LL/A
Serial Number: DMPQ2GTRG5WQ
Purchase price: \$629.67

Total identified loss of the three items is \$1,339.22.

CASE STATUS

On November 25, 2018, the matter was declined for prosecution by the United States Attorney's Office in Billings, Montana due to the de minimis amount of loss identified. The Assistant United States Attorney assigned to this matter recommended that a presentation of this case material be made to the Yellowstone County Attorney in Billings, Montana for potential prosecution under Montana statutes.

On December 21, 2018, information regarding this investigation was presented to the Yellowstone County Attorney's Office in Billings, Montana regarding Reed. Information provided pertained to the investigation of this matter in relation to an alleged violation of Montana Code 45-6-301, Theft of Property.

On April 17, 2019, the Yellowstone County Attorney's Office charged Reed with one count of Theft 1st Degree and one count of Unsworn Falsification to Authorities.

On May 24, 2019, Reed pleaded guilty to both charges in this matter.

On September 12, 2019, Reed was sentenced in this matter in Yellowstone County, Montana related to the two state counts. Reed was sentenced to six months suspended incarceration and \$660 in fines.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



02/20/2019

(b)(6), (b)(7)c

Kyle, South Dakota

(b)(6), (b)(7)(C)

OLD HORSE, ROBERT WAYNE

Kyle, South Dakota

Patient/Recipient/Beneficiary

Indian Health Service – Standards of Conduct/Sexual Abuse/False Statement

H-18-0-0086-4

This is the closing Investigative Memorandum (IM).

SUBJECTS OF INVESTIGATION:

Subject Full Name:

Subject's Title:

Component:

Subject Job Series/Grade:

Subject's Date of Birth:

(b)(6), (b)(7)c

Subject Full Name:

Robert Wayne Old Horse

Subject's Type:

Recipient/Beneficiary

Component:

PHS/IHS/Great Plains Area/Kyle Health Center

Subject's Date of Birth:

(b)(6), (b)(7)(C)

PREDICATE:

On January 23, 2018, the United States Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Investigations (OI), Special Investigations Branch (SIB), received information from the Indian Health Service (IHS) at the Kyle Health Center in Kyle, South Dakota regarding (b)(6), (b)(7)c. The information received from IHS originated with a complaint on January 9, 2018, from IHS patient Robert Wayne Old Horse.

ALLEGATIONS:

On January 9, 2018, Old Horse provided a written patient grievance to IHS management officials at the Kyle Health Center. Old Horse alleged that (b)(6), (b)(7)c required him to remove all of his clothing during a patient visit on November 1, 2017. Old Horse further alleged that (b)(6), (b)(7)c then touched Old Horse sexually on his groin, legs, thighs, and back without any medical necessity. (b)(6), (b)(7)c then allegedly brushed close to Old Horse's face as (b)(6), (b)(7)c was trying to kiss him.

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OLD HORSE, ROBERT WAYNE
H-18-0-0086-4
CIM dated February 20, 2019
Page 2 of 3

After receiving the patient grievance against (b)(6), (b)(7)c on January 9, 2018, IHS management officials embarked on an administrative review and investigation of the matter without first contacting HHS-OIG regarding the criminal allegation. The IHS administrative investigation involved multiple interviews, including the interview of (b)(6), (b)(7)c regarding Old Horse's allegations. Two weeks after the allegations were received by IHS, the allegations were provided to SIB for investigation.

On January 24, 2018, IHS Management officials placed (b)(6), (b)(7)(c) on an administrative detail and away from patient care responsibilities pending the investigation of the allegations.

POTENTIAL VIOLATIONS:

This matter was initially investigated for a possible violation of Title 18 USC § 2242, Sexual Abuse. This matter was also initially investigated for possible HHS employee misconduct and violations pertaining to HHS Standards of Conduct under 45 C.F.R. Part 73 and Standards of Ethical Conduct for Employees of the Executive Branch under 5 C.F.R. Part 2635.

This matter was also investigated for violations by Old Horse of False Statements in violation of 18 U.S.C. § 1001 and False Statements Related to Health Care Matters in violation of 18 U.S.C. § 1035.

JOINT INVESTIGATIVE AGENCIES:

This matter was not jointly investigated.

INVESTIGATIVE ACTIVITIES:

During the SIB investigation, multiple interviews were conducted with the complainant, the subject, and other potential witnesses. (b)(6), (b)(7)c also submitted to a polygraph examination and the results of the examination identified "Truthfulness" in (b)(6), (b)(7)c denials to touching Old Horse sexually.

On February 22, 2018, OI agents interviewed Old Horse for a second time. During this interview, Old Horse admitted that he had lied about (b)(6), (b)(7)c touching him sexually. Old Horse advised that he was upset with (b)(6), (b)(7)c because (b)(6), (b)(7)c would not prescribe him with the Bupropion, aka Wellbutrin, he had requested.

On February 22, 2018, this matter was presented to the United States Attorney's Office (USAO) in the District of South Dakota. USAO prosecutors declined to proceed with prosecution of (b)(6), (b)(7)c due to lack of evidence, but they agreed to proceed with potential criminal prosecution of Old Horse for false statements.

On March 2, 2018, SIB advised IHS management officials that they could move forward administratively on the grievance complaint from Old Horse as they saw fit.

OLD HORSE, ROBERT WAYNE
H-18-0-0086-4
CIM dated February 20, 2019
Page 3 of 3

CASE STATUS:

This investigation identified no credible information supporting the allegations against (b)(6), (b)(7)c as identified in Old Horse's written grievance and during Old Horse's first interview with the agents.

On April 17, 2018, Old Horse was indicted on one count of False Statements in violation of 18 U.S.C. § 1001 and one count of False Statements Related to Health Care Matters in violation of 18 U.S.C. § 1035. It was alleged that between November 1, 2017, and February 22, 2018, Old Horse, did willfully and knowingly make a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the executive branch of the Government of the United States, by alleging that (b)(6), (b)(7)c fondled Old Horse's genitalia during a medical exam while acting as an IHS provider. Old Horse made the statements to SIB and Sioux Falls Field Office agents during their investigation into the complaint that Old Horse previously made to members of the IHS facility in Kyle, South Dakota. The statements and representations were entirely false as Old Horse later admitted to OI agents that (b)(6), (b)(7)c did not engage in sexual misconduct with Old Horse.

On June 29, 2018, Old Horse pleaded guilty to one count of False Statements in violation of 18 U.S.C. § 1001.

On November 16, 2018, Old Horse was sentenced in the Federal Judicial District of South Dakota on his earlier guilty plea to one count of False Statements in violation of 18 U.S.C. § 1001. Old Horse was sentenced to 16 months imprisonment, one year of supervised release, and a \$100 special assessment. The remaining count of the indictment was dismissed at sentencing.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



12/19/2016
Burke, Virginia
Chinle, Arizona
I.H.S Warehouse Manager
Indian Health Services - L-16-0-0073-4

This is the Closing Investigative Memorandum

The Opening Investigative Memorandum was date August 22, 2016. The Office of Investigations received a call from the (b)(6), (b)(7)(c) for the Chinle Service Unit in Chinle, Arizona. Employees have reported to IHS management that Virginia Burke, the warehouse manager at Chinle Service Unit is suspected of stealing infant formula from the warehouse. Several Employees have either seen her or have information that she is the one stealing the infant formula.

On August 17, 2016 Virginia Burke plead guilty and was sentenced to unsupervised probation for a period of one year. Burke was also ordered to pay a fine of \$1,000 dollars and a Special Assessment of \$25.00 dollars and restitution in the amount of \$3,637.80 dollars to Chinle Hospital.

This case was investigated for violations of 18 USC 641, Theft of Public Money Property of Records

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



10/30/2017

Trujillo, Susan

Sells, Arizona

Indian Health Services - I.H.S Radiology Technician

L-16-O-0102-4

This is the Closing Investigative Memorandum.

The Office of Investigations received a call from the South West Region Office of Human Resources at Indian Health Services. An I.H.S employee (Radiology Technician) was involved in the theft of a debit card, from a (b)(6), (b)(7)(c) patient. The government employee also accessed the Patient's Electronic Health Record several times after treatment had been finished.

Susan Trujillo was indicted October 19, 2016 and Plead Guilty on July 13, 2017, to One Count of Fraud in Connection with and Access Device.

Susan Trujillo was sentenced to 48 months of probation. She was ordered to pay \$2,085.83 and a special assessment of \$100.00 dollars.

This case was investigated for violations of 18 USC 1029- (Fraud in Connection with Access Devices)

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



September 27, 2018

MSL001, MSL002 (Minor)
La Plata County, Colorado
IHS - Assault on a Federal Officer/Employee with a Dangerous Weapon
L-17-0-0078-4

This is the Closing Investigative Memorandum.

On June 21, 2017, MSL001 (minor) from La Plata County, Colorado assaulted (b)(6), (b)(7)(c) family members and stole a vehicle, a handgun, and fled (b)(6), (b)(7)(c) residence. A Navajo Nation Public Safety Officer patrolling the Kayenta, Arizona area observed the white Ford van, with the Colorado registration. After a short pursuit, the vehicle was stuck on a dirt berm. The minor exited the vehicle and ran toward the Kayenta Health Center, an IHS medical facility.

(b)(6), (b)(7)(c) a security guard for the Kayenta Health Center reported to the IHS facility to assist with the lock down. While (b)(6), (b)(7)(c) was patrolling outside of the clinic, (b)(6), (b)(7)(c) confronted the Minor and began giving (b)(6), (b)(7)(c) verbal commands. The minor reached towards (b)(6), (b)(7)(c) waistband, drew a firearm, and pointed the firearm at (b)(6), (b)(7)(c). Other security guards on scene observed this assault on (b)(6), (b)(7)(c).

During this reporting period, the subject plead guilty and was sentenced to the Department of Juvenile Corrections.

This case was investigated for 18 USC 5031-5037 and 111 Assault on a Federal Officer/Employee with a Dangerous Weapon.

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



9/3/2018

(b)(6), (b)(7)(c)

Fort Defiance, Arizona
Indian Health Services - Tribal Patient
L-17-0-0115-4

This is the Closing Investigative Memorandum

The Office of Investigations received information that a patient at Fort defiance Indian Hospital threatened to kill an Indian Health Service Psychologist. The patient called into the hospital and made a telephonic threat to kill (b)(6), (b)(7)(c) doctor and others at the hospital. During this reporting period, (b)(6), (b)(7)(c) was arrested with the assistance on Navajo Nation criminal Investigators, interviews were conducted, and on August 15, 2018, (b)(6), (b)(7)(c) agreed to enter into an Informal Diversion Agreement for the period of one year, for committing a violation of 18 USC 111A(1) Assault.

This case wsas under investigation for violation of 18 USC 111A (1) Assault.

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



12/10/2019

MATA, MICHAEL MATA PADILLA

Winslow, Arizona

PHS - Indian Health Services

Threats/Harassment/Assault on a Federal Employee

L-17-00128-4

This is the closing Investigative Memorandum (“IM”).

The Office of Investigations received information from the Winslow Police Department (WPD) and the Winslow Indian Health Care Center (WIHCC) that Michael Mata Padilla (Mata) presented a weapon and threatened IHS employees at the WIHCC.

While detained by WPD, Mata spit in the face of a WPD Officer. He was subsequently arrested and charged with Assault on a Police Officer (Navajo County Court Case Number CR 2017-0039). HHS OIG filed a Federal Criminal Complaint against Mata for assault on a Federal Employee of WIHCC. Mata was ordered out of the custody of the Arizona Department of Corrections to face federal charges for which he was indicted on by a federal grand jury.

In 10/2018, Mata plead not guilty at his initial appearance, which was held at the U.S. District Court in Phoenix, Arizona (Court).

In 11/2018, Mata’s Assistant Federal Public Defender (AFPD) filed a Motion to Determine Competency with the Court. Mata was transported to a Federal Medical Facility in Butner, North Carolina to undergo a competency evaluation to determine if he was competent to stand trial.

On 07/11/2019, the Phoenix United States Attorney’s Office received a Certificate of Competency.

On or about 11/16/2019 and 11/18/2019, the Assistant United States Attorney sent the AFPD a misdemeanor plea offer with a stipulated sentence of six (6) months imprisonment..

On 11/25/2019, Mata entered a Change of Plea of guilty to Title 18, U.S.C. §§ 7 and 113(a)(5), Simple Assault, a Class B Misdemeanor, as charged in the lesser offense of Count 2 of the Indictment; Counts 1, 3, and 4, as charged in the indictment, were dismissed on motion of the United States.

On the same date, the Court remanded Mata to the custody of the Bureau of Prisons for a term of six (6) months, with credit for time served, to run concurrently with Navajo County Court Case

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



Number CR 2017-0039. It was further ordered that all remaining counts were dismissed on motion of the United States. All special assessment fees and fines were waived by the Court, as it found that the defendant did not have the ability to pay a fine.

This case was not jointly worked with another law enforcement agency.

This case was investigated for a violation of 18 U.S.C. §111, Assault on a Federal Officer.



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



10/19/2018

Allison, Dawny
IHS Employee
Phoenix, Arizona
Terry, Karl
IHS Beneficiary
Phoenix, Arizona
Indian Health Services – Employee

(b)(6), (b)(7)(c)

This is the Closing Investigative Memorandum

The Office of Investigations received information from the Phoenix Indian Medical Center (PIMC) Hospital CEO Deanna Dicks. Dicks stated that PIMC received information for a concerned citizen. The concerned citizen stated that (b)(6), (b)(7)(c) friend was a PIMC patient and that a PIMC Medical Support Assistant was exploiting the friend for opioids prescribed by PIMC. The information was forwarded to the OI Phoenix Field Office.

During this reporting period, both Dawny Allison and Karl Terry were arrested and plead guilty. It was discovered that Allison would access Karl Terry's medical record to tell Karl Terry when his next drug test would be. Karl Terry would use the information to pass his drug test so that he could sell the pills he obtained from Phoenix IHS to Dawny Allison. On August 6, 2018, Dawny Allison was sentenced to two years of probation. On October 15, 2018, Karl Terry was sentenced to five year's of probation.

This case was under investigation for violation of 21 USC 841 Distribution of a Controlled Substance.

IM (September/2014)

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OIG-000102



Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



5/2/2019
Fulton, Deserae
Phoenix, Arizona
Phoenix Indian Health Services – Pharmacy Technician
L-18-0-0026-4
X-Reference: H-18-0-1736-4

This is the Closing Investigative Memorandum.

The Office of Investigations received information from the Phoenix Indian Medical Center (PIMC), that Deserae Fulton or another unknown employee may have been involved in the theft of narcotics from PIMC. According to the PIMC hospital CEO, PIMC had several thefts of tramadol since January 2017.

This case is being closed and was reopened under the following case number H-18-0-1736-4. Any future investigation will be conducted by the Special Investigations Branch.

This case was under Investigation for violations of 21 USC 843 Drug Diversion.

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



1/7/2020

Fulton, Deserae

Phoenix, Arizona

Phoenix Indian Health Services – Pharmacy Technician

L-18-0-0026-4

This is the Closing Investigative Memorandum.

The Office of Investigations received information from the Phoenix Indian Medical Center (PIMC), that Deserae Fulton or another unknown employee may have been involved in the theft of narcotics from PIMC. According to the PIMC hospital CEO, PIMC had several thefts of tramadol since January 2017.

During this reporting period, Fulton pleaded guilty to Title 18 USC 669, Theft in Connection with Health Care, and was sentenced to 2 years' probation on December 17, 2019.

This case was under Investigation for violations of 21 USC 843 Drug Diversion and 18 USC 669 Theft in Connection to Health Care.

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



9/17/2018
Tully, Jeremy
Winslow, Arizona
Indian Health Services - Tribal Patient
L-18-0-0027-4

This is the Closing Investigative Memorandum.

The Office of Investigations received information from the Winslow Police Department that Jeremy Tully was intoxicated and went inside of Winslow Indian Health Service (IHS) and physically threatened the employees and patients of Winslow IHS.

During this reporting period, investigators obtained reports and conducted interviews. Tully plead guilty on May 15, 2018, Disorderly Conduct on a Federal Enclave.

This case was investigation for violation of 18 U.S.C. 7 & 13 and A.R.S. 13-2904(A)(1), Disorderly Conduct in a Federal Enclave.

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



10/17/2018
Delgai, Shawn
Fort Defiance, Arizona
Indian Health Services - Tribal Patient
L-18-0-0040-4

This is the Closing Investigative Memorandum

The Office of Investigations received information from the Kayenta Indian Health Services Security Department that Shawn Delgai assaulted several Indian Health Service (IHS) Federal employees while receiving services at Kayenta Emergency Room. Delgai bit an IHS security guard and spit in the face of a federal employee and also spit in the mouth of a Navajo Nation Police Officer.

During the reporting period, Shawn Delgai plead Guilty and was sentenced to a formal diversion to One Count of Assault on a Federal Law Enforcement Officer.

This case was under investigation for violation of 18 USC 111A (1) Assault.

IM (September/2014)

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Department of Health and Human Services
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS



11/21/2019
Zamago, Felicia
Parker, Arizona
Indian Health Services
L-19-0-0077-4

This is the Closing Investigative Memorandum

The Office of Investigations received information from the Phoenix Area Office, Indian Health Services, that employee Felicia Zamago may have submitted a fraudulent handwritten receipt in her PCS Voucher. The receipt that was submitted was for the amount of \$2395.00 dollars for reimbursement.

During this reporting period, Felicia Zamago confessed to filing a fraudulent travel voucher. She entered a guilty plea and was sentenced on two counts. Count 1, Attempted Fraud, 185 days confinement with 185 days suspended confinement and a \$500 dollar fine, and Count 2, Forgery, 180 days confinement with 180 days suspended, a \$500 dollar fine and 12 months' probation. On November 15, 2019, Felicia Zamago resigned her employment during the termination process.

This case was investigated for violations of the Colorado River Indian Tribe Law and Order Code, Chapter D, section 324 (Theft).

IM (September/2014)

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