



Office of Inspector General
Legal Services Corporation

3333 K Street, NW, 3rd Floor
Washington, DC 20007-3558
202.295.1660 (p) 202.337.6616 (f)
www.oig.lsc.gov

TO: Executive Directors

FROM: Jeffrey E. Schanz
Inspector General

DATE: August 2014

SUBJECT: Office of Inspector General “Fraud Guide”

As part of our Fraud Prevention Program, the Legal Services Corporation (LSC), Office of Inspector General (OIG) recently published a Fraud Guide (“guide”) for distribution to LSC grantees. The guide was written to assist you and your management and fiscal staff to proactively detect and prevent fraud and regulatory violations. The information in the guide was compiled by examining the fraud schemes and regulatory violations from 36 investigations that have financially impacted LSC grantees.

This guide was specifically designed to help you avoid unnecessary financial losses to your program. OIG investigations at 34 grantees and 2 sub-grantees have led to financial losses of over \$3.6 million from fraud, the mishandling of funds, time and attendance issues and violations of regulatory issues. The results of these cases range from disciplinary actions, termination of employment, questioned cost proceedings, pre-trial diversion, restitution, and misdemeanor and felony convictions.

The guide’s purpose is to provide suggestions for improvements to the management and fiscal oversight of your program to help avoid program losses due to the misuse of funds in violation of LSC regulations. Each chapter in the guide identifies potential issues faced by grantees and methods to detect and prevent them from affecting your program. If anything, the guide should proactively make you aware of the areas that have been investigated during my six year term as the Inspector General.

For a more detailed account of the frauds that have impacted LSC grantees and the broad scope of the work performed by the OIG, I encourage you to visit the OIG website at www.oig.lsc.gov to read the press releases of those convicted for the theft of grantee funds and our Semi-Annual Report to Congress. I hope you find the Fraud Guide useful. Of course, if you have any questions, please do not hesitate to call Michael Shiohama at (202) 295-1655 or me directly.

Attachment