

**Department of Justice**  
U.S. Attorney's Office  
Eastern District of Pennsylvania

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## **Our Lady of Lourdes Agrees to Pay Over \$1.1M to Resolve Claims It Failed to Perform Background Checks, Fraudulently Billed U.S. for Community Service Grants**

PHILADELPHIA and CAMDEN – United States Attorneys William M. McSwain for the Eastern District of Pennsylvania and Craig Carpenito for the District of New Jersey jointly announced that Our Lady of Lourdes Health Foundation and two related Our Lady of Lourdes companies have agreed to pay \$1,143,881.19 to resolve claims arising from Lourdes' administration of community service grants funded through the Corporation for National and Community Service (CNCS).

From 2012 until 2017, Lourdes administered multiple grants in CNCS's Senior Corps program, including in the Foster Grandparent Program (FGP), which places seniors in school and community settings to serve alongside youth with exceptional needs, and the Senior Companion Program (SCP), which places seniors in community and residential settings to assist other seniors who have difficulty with tasks of daily living. These programs provide small hourly stipends to the volunteers performing these services, who undergo training and must clear criminal history checks to ensure their suitability for service.

From 2014 until 2017, Lourdes either failed to perform these criminal history checks or failed to keep records of doing so. As a result, 46 individuals were permitted to serve in an FGP or SCP project without any documentation that they received one or more of the required criminal history checks. When a monitoring visit was scheduled in 2017, Lourdes employees cut-and-pasted other background checks in an attempt to conceal this failure from CNCS officials.

In addition, Lourdes employees – including two program supervisors – falsely completed time sheets showing program participants serving hours that were impossible, because the locations at which they were purportedly serving were closed.

When the United States commenced its formal investigation in 2017 and brought these issues to the attention of senior Lourdes management, Lourdes voluntarily relinquished the grants immediately and terminated all of the employees who had participated in the grant administration. Lourdes has actively cooperated with the United States since its senior management was advised of the issues in the grant programs. As part of this cooperation, it performed appropriate criminal history checks on all program participants and determined that all 46 individuals would have been permitted to participate in the programs had those checks been performed in a timely manner originally.

“Criminal history checks are a critical protection for the vulnerable populations with whom Senior Companions and Foster Grandparents work,” said U.S. Attorney McSwain. “Strict compliance with the requirements for these essential safeguards is necessary to ensure that predators do not gain access to potential victims. And every federal grantee, including community service organizations, is required to honestly and openly report the service that its volunteers perform. Every dollar spent on an hour that was not actually served is one that is not available to support other community service efforts.”

“Just as important as the work these volunteers do is the system that has been set up to ensure that they have been thoroughly vetted,” U.S. Attorney Carpenito said. “Whether they failed to keep accurate records of the results of these criminal background checks – or just failed to do them – the results were

the same. Our Lady of Lourdes potentially put their clients' safety at risk. And billing for no-show employees cannot be tolerated, especially when taxpayer dollars are being spent."

"This fraud deprived school children and senior citizens of promised services and jeopardized their safety with bogus criminal history checks for the volunteers who served them," said CNCS's Inspector General Deborah J. Jeffrey. "We hope that the substantial penalties included in this settlement will deter other grantees from similar misconduct. We commend our partners at the Department of Justice for their outstanding efforts in pursuing fraud against national service programs."

United States Attorneys McSwain and Carpenito praised Lourdes' work in addressing the issues in these programs: "We appreciate the seriousness with which Lourdes senior management has taken this issue and the prompt, aggressive remedial actions that they took to prevent further harm to CNCS programs and potential harm to vulnerable communities. We hope this settlement will serve as a message to other managers to be vigilant in overseeing government-funded programs and to ensure that employees do not attempt to conceal any non-compliance."

This investigation was conducted jointly by the United States Attorney's Offices for the Eastern District of Pennsylvania and District of New Jersey with the Corporation for National and Community Service Office of Inspector General. Assistant United States Attorneys Paul W. Kaufman and Veronica Finkelstein of the Eastern District of Pennsylvania and Jessica O'Neill of the District of New Jersey handled the investigation and settlement. This case was initiated as part of the U.S. Attorney's Office for the Eastern District of Pennsylvania's Affirmative Civil Enforcement (ACE) Strike Force focus on grant fraud.

The claims resolved by the settlement are allegations only; there has been no determination of liability.