

NEWS

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FOR IMMEDIATE RELEASE
Nov 18, 2009

Postal Employee Charged for Fraudulently Receiving Federal Workers' Disability Compensation

(More)

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CAMDEN – A rural route carrier with the U.S. Postal Service was arrested on a one-count federal criminal Complaint today for obtaining tax-free federal workers’ disability compensation through false statements and concealing the fact that she operated a cleaning business, U.S. Attorney Paul J. Fishman announced.

Martha L. Gaines, 54, of Galloway, made an initial appearance in federal court before U.S. Magistrate Joel Schneider, who released the defendant on a \$5,000 unsecured bond pending trial.

According to the Complaint, which was issued under seal on Nov. 17, Gaines reported that she injured her back while carrying out her duties with the U.S. Postal Service (“USPS”) in April 1997. Gaines has not report to work with the USPS since that time and has received approximately \$400,000 in federal workers’ compensation benefits to date, according to the Complaint.

The Complaint alleges that on about Jan. 10, 2007, Gaines submitted a Form 1032, which is used to determine whether or not a claimant qualifies for continued benefits and whether an adjustment for continued benefits is warranted, to the Office of Workers’ Compensation Programs. The Complaint alleges that on that form, Gaines claimed she was not self-employed, not involved in any business enterprise, and had not received any income during the prior 15 months.

The Complaint alleges that in contradiction to her certification, Gaines in fact owned, operated, and received income from a business called “Galloway Girls Cleaning Service,” a private, for-profit company that provides cleaning services for offices and residential homes. Furthermore, bank account records revealed that during the relevant periods in question, Gaines deposited numerous checks, the vast majority made payable to her, that contained notes such as “cleaning,” “services,” and “clean house,” in the memo portion of the checks.

In addition, the Complaint refers to a customer who hired Gaines to clean his rental properties. According to the Complaint, this customer reported that Gaines has cleaned his rental properties for approximately the last five years, and that she provided these services between June and October, the peak rental season. The customer also stated that Gaines provided typical cleaning services, including vacuuming and scrubbing, and she also moved furniture and carried buckets of water and a large hose to perform her cleaning services. The Complaint alleges that the customer stated that he paid Gaines for her cleaning services, and he always paid her with a check.

The Complaint alleges that Gaines falsified and concealed this information about her business from the Office of Workers’ Compensation Programs.

Despite being charged in a criminal Complaint, Gaines is presumed innocent unless and until proven guilty beyond a reasonable doubt.

The charge, making materially false, fictitious, and fraudulent statements and representations for the purpose of obtaining tax-free workers' compensation benefits under the Federal Employees' Compensation Act, carries maximum penalties are 5 years in prison and a \$250,000 fine.

In determining an actual sentence, the judge to whom the case is assigned would, upon a conviction, consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Fishman credited Special Agents with the Office of Inspector General at the Department of Labor, Office of Labor Racketeering and Fraud Investigations, under the direction of Special Agent in Charge Marjorie Franzman, and the United States Postal Service Office of Inspector General's Eastern Area Field Office, under the direction of Special Agent in Charge Elizabeth Farcht, with the investigation leading to today's arrest.

The case is being prosecuted by Assistant U.S. Attorney Anthony Moscato, of the U.S. Attorney's Office Strike Force Division in Newark

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Defense Attorney: Lisa Lewis, Esq. Assistant Federal Public Defender