

Department of Justice
U.S. Attorney's Office
Western District of New York

FOR IMMEDIATE RELEASE

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Holland Couple Sentenced in Connection With Fraudulent Receipt of Over \$1,000,000 in Veterans Benefits and Postal Workers Compensation

BUFFALO, N.Y. – U.S. Attorney James P. Kennedy, Jr. announced today that Richard Klaffka, 59, and his wife, Cathleen Klaffka, 62, both of Holland, NY, who were convicted in connection with Richard Klaffka's receipt of over \$1,000,000 in benefits from the Department of Veterans Affairs (VA) and the Department of Labor under false pretenses, were sentenced by U.S. District Judge Richard J. Arcara. Richard Klaffka was convicted of wire fraud and sentenced to 32 months in prison. Cathleen Klaffka was convicted of misprision of a felony and sentenced to three years probation. The couple was also ordered to pay restitution totaling \$1,237,427; \$922,137 to the VA and \$315,290 to the Department of Labor.

Assistant U.S. Attorney Paul E. Bonanno, who handled the case, stated that in 2006, Richard Klaffka told the VA that, due to an injury connected with his military service in 1978, he was disabled, confined to a wheelchair and unable to engage in daily activities like walking, driving, and dressing himself. To promote the fraud, Cathleen Klaffka pushed Richard Klaffka in a wheelchair when at the VA hospital in order to support Richard's false claim regarding his mobility limitations. In fact, both knew that Richard Klaffka was able to walk without assistance and regularly engaged in extensive physical activities including hiking, riding a bike, and pitching iron horseshoes.

Similarly, in order to get workers compensation benefits from his employment with the United States Postal Service, the defendant falsely claimed that his mobility was limited due to a work injury and that he was only able to walk with the assistance of a cane. All told, the Klaffka's received \$1,237,427 in government benefits to which they were not entitled. The investigation was triggered by an anonymous call to a fraud hotline.

"Services and programs offered by federal agencies such as the VA and the Department of Labor are designed to assist those who are most in need," said U.S. Attorney Kennedy. "When defendants like

the Klaffka's try to game the system, they victimize those who are truly deserving and in need. With today's prison sentence, Mr. Klaffka will finally be able to experience firsthand what it means to suffer a true limitation to one's mobility."

"The Department of Veterans Affairs pays disability compensation to eligible veterans who suffer from an injury or disease stemming from their military service," said VA OIG Special Agent-in-Charge Donna Neves. "The defendants in this \$1.2 million scheme defrauded, not only their fellow veterans, but the American taxpayer."

"Klaffka lied regarding the extent of his injury and physical limitations in order to fraudulently receive government benefits that he was not entitled to. The U.S. Department of Labor, Office of Inspector General will continue to work with our law enforcement partners to ensure the integrity of the Federal Workers Compensation Program and pursue criminal charges against those who seek to fraudulently benefit from the Federal Employee Compensation Act," said Michael C. Mikulka, Special Agent-in-Charge, U.S. Department of Labor, Office of Inspector General, New York Region.

U.S. Postal Service Office of Inspector General Acting Special Agent-in-Charge Kenneth M. Cleevely stated: "The U.S. Postal Service spends nearly \$3 billion per year in workers compensation costs, most of which goes to deserving postal employees with legitimate injuries suffered on the job. However, a few of them choose to take advantage of the system and defraud the government of hundreds of thousands of dollars. Special agents with the U.S. Postal Service Office of Inspector General will diligently investigate and bring to justice with our law enforcement partners individuals who cheat the system, and take money they don't deserve. This sentence should also serve as a deterrent to other postal employees who may be thinking of committing workers compensation fraud; you may end up behind bars and out of a job. To report crimes committed by postal employees, including workers compensation fraud, contact USPS OIG special agents at www.uspsoig.gov or 888-USPS-OIG."

The sentencings are the result of an investigation on the part of Special Agents of the United States Department of Veterans Affairs, Office of Inspector General, Criminal Investigations Division, under the direction of Donna L. Neves; the Department of Veterans Affairs Police Department, under the direction of Chief Jeremy Novak; U.S. Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, under the direction of Michael C. Mikulka, Special Agent-in-Charge of the New York Region; and the United States Postal Service, Office of Inspector General, under the direction of Kenneth M. Cleevely, Acting Special Agent-in-Charge, Eastern Area Field Office.

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