

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 5723
OFFERED BY MR. TAKANO OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Fraud Reduction And
3 Uncovering Deception in VA Disability Exams Act” or the
4 “FRAUD in VA Disability Exams Act”.

5 **SEC. 2. IDENTIFICATION AND REPORTING OF FRAUD WITH**
6 **RESPECT TO DEPARTMENT OF VETERANS AF-**
7 **FAIRS DISABILITY BENEFIT QUESTIONNAIRE**
8 **FORMS.**

9 Chapter 53 of title 38, United States Code, is amend-
10 ed by adding at the end the following new section (and
11 conforming the table of sections at the beginning of such
12 chapter accordingly):

13 **“§ 5322. Identification and reporting of fraud in dis-**
14 **ability benefit questionnaire forms and**
15 **claims**

16 “(a) IN GENERAL.—The Secretary shall take actions
17 to identify fraudulent activity in disability benefit ques-
18 tionnaire forms of the Department submitted to the Sec-

1 retary, without regard to the source of such disability ben-
2 efit questionnaire forms. Such actions shall include—

3 “(1) implementing a process through which an
4 individual responsible for processing claims for bene-
5 fits under laws administered by the Secretary—

6 “(A) may identify fraudulent activity with
7 respect to such a disability benefit questionnaire
8 form; and

9 “(B) shall report, to the Office of Inspec-
10 tor General of the Department, suspected
11 fraudulent activity identified pursuant to such
12 process;

13 “(2) directing the appropriate entity within the
14 Veterans Benefits Administration to routinely audit
15 such disability benefit questionnaire forms; and

16 “(3) informing the claimant if information con-
17 tained in such disability benefit questionnaire form
18 or claim is insufficient to assign a rating for such
19 disability or make a determination regarding such
20 claim.

21 “(b) ANNUAL REPORT.—On an annual basis, the
22 Secretary shall submit to the Committees on Veterans’ Af-
23 fairs of the Senate and House of Representatives a report
24 on the administration this section.”.

1 **SEC. 3. AUTHORIZATION OF CERTAIN ACTIONS IN AN UN-**
2 **DERCOVER INVESTIGATION BY THE INSPEC-**
3 **TOR GENERAL OF THE DEPARTMENT OF VET-**
4 **ERANS AFFAIRS.**

5 (a) AUTHORIZATION.—Section 312 of title 38, United
6 States Code, is amended by adding at the end the fol-
7 lowing new subsection:

8 “(e)(1) With respect to an undercover investigation
9 by the Office of Inspector General that the Inspector Gen-
10 eral determines is necessary for the detection and prosecu-
11 tion of crimes against the United States, the Inspector
12 General may, notwithstanding any other provision of law
13 (including section 648 of title 18 or section 3302 of title
14 31), deposit sums appropriated for the Office of Inspector
15 General or the proceeds from the undercover investiga-
16 tion—

17 “(A) in accounts established by the Inspector
18 General of the Department for such undercover in-
19 vestigation; or

20 “(B) in a financial institution.

21 “(2) With regards to an undercover investigation de-
22 scribed in paragraph (1), the Secretary—

23 “(A) may, notwithstanding any other provision
24 of law (including section 648 of title 18 or section
25 3302 of title 31) deposit, into accounts established
26 by the Inspector General of the Department for un-

1 dercover investigations, funds available to the Sec-
2 retary; and

3 “(B) shall, as soon as the Inspector General de-
4 termines such proceeds are no longer necessary for
5 the conduct of the undercover investigation, deposit
6 the balance of such proceeds into the Treasury of
7 the United States as miscellaneous receipts.

8 “(3) At the end of each calendar quarter, the Assist-
9 ant Inspector General for Investigations shall conduct de-
10 tailed financial audits of undercover investigations closed
11 during such quarter and submit the results of such audits
12 to Inspector General.

13 “(4) Not later than November 30 of each calendar
14 year, the Inspector General shall submit to the appro-
15 priate congressional committees a report regarding under-
16 cover investigative investigations in the course of which
17 the Inspector General exercised authority established by
18 this subsection. Each such report shall include the fol-
19 lowing elements:

20 “(A) The number of undercover investigations
21 commenced in the fiscal year that ended most re-
22 cently before the date of such report.

23 “(B) The number of undercover investigations
24 closed during such fiscal year.

1 “(C) The results of such undercover investiga-
2 tions during such fiscal year, including the outcome
3 of criminal proceedings.

4 “(D) The number of undercover investigations
5 pending as of September 30 of such calendar year.

6 “(E) With regards to an undercover investiga-
7 tion in which gross receipts exceeded \$50,000, the
8 results of the related audit under paragraph (3).

9 “(5)(A) The Inspector General may not establish a
10 new account under paragraph (1) after the day that is
11 three years after the date of the enactment of the FRAUD
12 in VA Disability Exams Act except in the course of an
13 undercover investigation started before such day.

14 “(B) The Inspector General may continue, after such
15 day, to use such an account established before such day
16 in the course of an undercover investigation started before
17 such day.

18 “(C) if the Inspector General establishes an account
19 pursuant to subparagraph (A) after such day, the Inspec-
20 tor General shall notify the appropriate congressional com-
21 mittees. Such notification shall include the scope, purpose,
22 and anticipated conclusion of the relevant undercover in-
23 vestigation.

24 “(6) In this subsection, the term ‘appropriate con-
25 gressional committee’ means the following:

1 “(A) The Committees on Veterans’ Affairs of
2 the House of Representatives.

3 “(B) The Committees on Veterans’ Affairs of
4 the Senate.

5 “(C) The Committee on Appropriations of the
6 House of Representatives.

7 “(D) The Committee on Appropriations of the
8 Senate.

9 “(E) The Committee on Oversight and Reform
10 of the House of Representatives.

11 “(F) The Committee on Homeland Security
12 and Governmental Affairs of the Senate.”.

13 (b) IMPLEMENTATION.—The amendment made by
14 this section shall take effect on the day that is 90 days
15 after the date of the enactment of this Act.

