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DEPUTY MAJORITY WHIP



SENATOR  
CHARLES J. FUSCHILLO, JR.  
8TH SENATE DISTRICT

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JUDICIARY

November 3, 2011

Senator Tom Harkin, Chairman  
Senate Committee on Health, Education, Labor, & Pensions  
428 Senate Dirksen Office Building  
Washington, DC 20510

Congressman John Mica, Chairman  
House Committee on Transportation & Infrastructure  
2165 Rayburn House Office Building  
Washington, DC 20515

Dear Senator Harkin and Congressman Mica:

We are writing to you with regard to disability pensions awarded through the federal Railroad Retirement Board (RRB) to Long Island Rail Road (LIRR) workers.

Last week, federal prosecutors arrested 11 individuals on charges of conspiracy to commit fraud as part of a disability pension scheme. Federal officials stated that this massive alleged fraud, in which hundreds of suspected phony LIRR disability claims were approved by the RRB, could end up costing as much as \$1 billion.

While we applaud law enforcement's efforts, this investigation and other media reports raise serious concerns that the Railroad Retirement Board is failing to properly oversee these pension funds and is merely acting as a rubber-stamp in approving these disability claims.

Consider that:

\* 98 percent of all LIRR disability claims were approved by the Federal Railroad Retirement Board in 2008 (source: *Newsday*, 10/27/11);

\* The RRB has approved approximately 93 percent of disability applications from all the nation's railroads, including the LIRR, through the first 11 months of the Board's 2011 fiscal year (source: *Newsday*, 10/27/11);



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\* Three doctors (two who were charged and one of whom is now deceased) accounted for nearly 86 percent of all LIRR disability claims (source: *New York Times*, 10/27/11).

\* Virtually all of the 1,423 workers who put in for an LIRR disability pension between 2004 and 2008 were approved. In contrast, only 122 workers were approved for Metro-North, which like the LIRR is operated by the Metropolitan Transportation Authority (MTA) (source: *New York Post*, 10/28/11).

\* More than half of LIRR workers who retired in 2010 applied for federal disability benefits (source: *New York Times*, 10/28/11).

For your convenience, we have enclosed recent media reports which contain additional information about this alleged widespread fraud.

It is clear that significant reforms are needed to safeguard federal railroad pension dollars. This is especially critical in an economy which is forcing all levels of government to deal with serious fiscal challenges.

Since your committees have oversight over this matter, we respectfully request that you examine what measures can be taken to ensure greater accountability by the Railroad Retirement Board.

Thank you in advance for your prompt attention to this matter.

Sincerely,



SENATOR CHARLES J. FUSCHILLO, JR.



SENATOR DEAN SKELOS



SENATOR OWEN JOHNSON



SENATOR KENNETH LaVALLE



SENATOR KEMP HANNON



SENATOR CARL MARCELLINO



SENATOR JOHN FLANAGAN



SENATOR JACK MARTINS



SENATOR LEE ZELDIN