

NEWS

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FOR IMMEDIATE RELEASE
March 16, 2009

Defense Department Employee Admits Disability Fraud;
Agrees to Pay Restitution of Nearly \$181,000

(More)

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NEWARK – A Department of Defense civilian employee pleaded guilty today to obtaining tax-free federal workers disability compensation by making false statements and concealing his landscaping and handyman business that he operated on the side, Acting U.S. Attorney Ralph J. Marra, Jr. announced.

Walter V. Childs, Sr., 48, of Jackson Township, pleaded guilty before U.S. District Judge Dickinson R. Debevoise to a two-count Information that charges him with making false statements to and concealing material facts from the U.S. Department of Labor (DOL) in connection with his receipt of tax-free federal workers compensation benefits. Childs was previously arrested on a criminal Complaint on Jan. 8, 2009, and released on a \$50,000 bond. Sentencing is scheduled for June 6.

At his hearing, Childs told Judge Debevoise that he worked as a federal civilian employee with the Department of Defense, where he was assigned to the Lakehurst Naval Base and worked as a mechanic. Childs stated that in about late 1994, he reported that he sustained an injury in the performance of his federal duties. Thereafter, from about late 1995 through about January 2009, Childs admitted that he was out of work on disability and collecting tax-free federal workers compensation benefits.

As a condition of collecting those benefits, Childs admitted that he was required to truthfully complete certain forms and submit them to the DOL. On one form, known as a Form 1032, Childs acknowledged that he was required to truthfully report to the DOL whether or not he had any self-employment, involvement in any business enterprise, or had earned income from any source during the prior fifteen months.

Child admitted that from in or about 2003 to in or about January 2009, while collecting federal workers' compensation benefits, he owned, managed, and earned income from an unincorporated landscaping/handyman business that he operated in Monmouth and Ocean counties. Childs stated that his business sometimes operated under the name "W & W" and provided tree stump removal, power washing, landscaping, and other services to customers for a fee. Childs further admitted that he received checks and cash from these customers and deposited this money into his personal bank account. Child also stated that he advertised his business in the Yellow Book and issued business cards to prospective customers.

Childs admitted that on two occasions, March 11, 2005, and then again on October 31, 2006, he submitted Forms 1032 to the DOL that were false. Childs admitted that on each form he stated that he was neither employed nor self-employed. He also admitted that he failed to report income from his landscaping /handyman business.

As part of his plea agreement, Childs has agreed to pay the United States restitution, including approximately \$180,801 that represents a global settlement with the DOL and the United States Attorney's Office. In addition, as part of his plea agreement, Child will be required to file true and accurate, and if necessary, amended corporate and individual tax returns for calendar years 2003 through 2007.

The counts to which Childs pleaded guilty each carry a maximum penalty of five years in prison and a \$250,000 fine.

Mara credited Special Agents of the Department of Labor Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, under the direction of Special Agent in Charge Marjorie Franzman, and the Defense Criminal Investigative Service, under the direction of Resident Agent in Charge Christopher Fair 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 Counsel: Lawrence Y. Bitterman, Esq.