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Department of Justice

U.S. Attorney's Office

Western District of Washington

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Snoqualmie Washington Man Sentenced to Three Years in Prison for Defrauding Government Programs of More than \$646,000

Invented Injuries from Rocket Attack to Falsely Claim Medals, Disability Payments and Other Benefits

A former Captain of the Idaho and Washington National Guard was sentenced today in U.S. District Court in Tacoma to three years in prison, three years of supervised release, and \$646,300 in restitution for his lengthy scheme to defraud multiple government programs, announced U.S. Attorney Annette L. Hayes. DARRYL LEE WRIGHT, 48, who served as Chairman of the City of Snoqualmie Planning Commission, pleaded guilty to two counts of wire fraud in February 2016, admitting he defrauded the Veterans Administration, Social Security Disability, Washington State Employment Security, the Department of Commerce and others with his claims of being injured while serving in Iraq with the Army National Guard. In fact, WRIGHT lied about being injured in a rocket attack and submitted pictures of destruction which had no connection to his service in Iraq. At today's sentencing hearing U.S. District Judge Benjamin H. Settle said Wright dragged "many people into a web of deceit . . . this was a complex and nefarious scam implemented over a long period of time . . . it was a continuous fraud. . . a very lucrative scheme."

"This defendant brazenly lied about his combat history to get more than \$600,000 in benefits he did not deserve," said U. S. Attorney Annette L. Hayes. "His willingness to steal from a system meant to take care of those who have bravely served our country, or are otherwise in need, is an outrage. There is no question that the defendant earned the significant sentence he will now serve for his crimes."

As early as 2006, WRIGHT began his scheme to defraud by submitting phony statements to the Army and to the Veterans Administration to create the false narrative that he had been injured in a rocket attack. As the scheme progressed over the years, WRIGHT made false and conflicting claims to various agencies in an effort to fraudulently obtain benefits. Government investigators estimate that WRIGHT's frauds cost government programs some \$737,539. The Army has stripped WRIGHT of his Purple Heart Medal and Combat Action Badge.

In an evidentiary hearing lasting six days, the government presented evidence that WRIGHT defrauded Veteran's Benefit Administration of \$261,719 in claiming he was disabled by a rocket attack that did not occur as he described. WRIGHT then defrauded a Veteran's Caregiver program of \$83,967 claiming he was so disabled he needed a full time caregiver even as he was traveling, playing basketball, caring for his child and serving on the Snoqualmie Planning Commission. He defrauded Social Security Disability of \$181,438 claiming he was too injured to work even though at the time he was employed full time by the U.S. Department of Commerce. Later in the scheme, WRIGHT defrauded the Office of Personnel Management of some \$48,226 by claiming disability from his job at the Department of Commerce. WRIGHT defrauded Washington State Employment Security by collecting \$29,860 in unemployment benefits claiming he was able and willing to work while simultaneously claiming to the Social Security Administration that he was fully disabled and unable to be employed. WRIGHT further used his disability status to avoid repayment of more than \$41,068 in student loans to the Department of Education. Finally, WRIGHT defrauded his employer, the Department of Commerce, by submitting fake orders claiming he was on military leave.

In all, pleadings indicate that Wright victimized 16 different federal, state, local, and private entities, including agencies, programs, organizations, individuals and benevolent institutions such as Disabled American Veterans.

"This conviction demonstrates the VA Office of Inspector General's unwavering commitment to protect the programs intended to assist veterans that have served this nation and rightfully earned their benefits," said Special Agent in Charge James Wahleithner, VA Office of Inspector General, Criminal Investigations Division.

"The primary mission of the Office of the Inspector General for the Social Security Administration is to investigate allegations of fraud, waste, and abuse in Social Security programs. In this charge, we are incredibly grateful for our law enforcement partnerships and for the collaborative approach to crime fighting demonstrated by the Wright investigative and prosecutorial team. The results of this powerful force-multiplier are quite evident given today's sentencing, and will undoubtedly send a message to those who would otherwise attempt to defraud Social Security," said Steuart G. Markley, Jr., Special Agent in Charge, SSA OIG, Seattle Field Division.

"Mr. Wright not only betrayed the trust of the American people and his fellow veterans by fraudulently accepting these military honors, he bilked Washingtonians who actually deserve this help out of nearly \$30,000 in unemployment insurance benefit funds," said Dale Peinecke, Commissioner of the state's Employment Security Department, which administers the unemployment insurance system and serves veterans through the WorkSource system. "We are proud to help veterans with disabilities find employment and we're pleased to be part of the team that brought this case to justice."

"The Department of Commerce Office of Inspector General is dedicated to stopping fraudulent activities like this in programs designed to support America's deserving veterans," said Inspector General Peg Gustafson. "I want to thank the U.S. Attorney's Office and our law enforcement partners for their leadership and dedication to serving Justice."

"We will continue to work with our law enforcement partners to hold accountable brazen fraudsters such as Mr. Wright," said U.S. General Services Administration Inspector General Carol Fortine Ochoa.

"PTSD is a serious medical condition and it is unconscionable that Mr. Wright would fake such an

injury for financial gain,” said Scott Rezendes, Special Agent in Charge of Office of the Inspector General, U.S. Office of Personnel Management. “I would like to thank the OPM OIG agents who worked on this case and our law enforcement partners for their diligent efforts to safeguard OPM’s retirement programs from fraud and abuse. Our office remains committed to ensuring that OPM’s disability payments are made only to those Federal annuitants who have a right to them.”

The case was investigated by multiple agencies led by the Social Security Office of Inspector General (SSA-OIG). The Office of Inspector General of these agencies were involved in the investigation: Veterans Affairs (VA-OIG), Department of Commerce (DOC-OIG), Office of Personnel Management (OPM-OIG), and General Services Administration (GSA-OIG). Also contributing to the investigation was the FBI, U.S. Army Criminal Investigation Division, the Washington National Guard, the Washington Employment Security Department and the Washington State Department of Social and Health Services.

The case is being prosecuted by Assistant United States Attorneys David Reese Jennings and Gregory A. Gruber.

Topic(s):

Financial Fraud

Component(s):

USAO - Washington, Western

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