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U.S. Attorney's Office

Middle District of Florida

FOR IMMEDIATE RELEASE

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New Port Richey Man To Pay Over \$50,000 For Failing To Disclose Employment While Collecting Federal Unemployment Benefits

Tampa, FL – United States Attorney A. Lee Bentley, III announces that Kenneth Joseph Skelly (64, New Port Richey) will pay \$52,608.86 to settle allegations that he failed to disclose his employment by, and participation in, a business while he was collecting federal workers' compensation benefits.

The Federal Employees' Compensation Act (FECA) is the workers' compensation program for federal employees. Like many workers' compensation programs, FECA pays disability, survivors, and medical benefits, without fault, to employees who are injured or become ill in the course of their federal employment and to the survivors of employees killed on the job. Federal workers who receive such benefits are required to file reports every 15 months disclosing, among other things, whether they have been employed, have had any involvement in the operations of a business, or done any volunteer work. This information allows the Government to determine whether it is appropriate to adjust the amount of compensation being paid.

Skelly was employed by the National Aeronautics and Space Administration (NASA) as a safety engineer when he suffered an injury during his employment. Since December 1989, and continuing today, Skelly has received compensation for total disability. During the last decade, he engaged in various activities that he did not disclose on his regular reports, including: starting and helping to run a business that sold safety information to first responders; playing in a band that was paid for its performances; and recording and offering the band's music for sale. Many of these endeavors netted little income, but all were required to be disclosed on his regular reports.

The most egregious omission was work that Skelly and his company performed between early 2005 and early 2006, after hurricanes hit the Gulf Coast area. For example, Skelly worked nearly four months in New Orleans following Hurricane Katrina. He contended that all of his work was on a volunteer basis for which he received no reimbursement, however, he regularly filled out time cards and submitted expenses. Further, the monies that his company was paid for his work went into a bank account linked to a debit card that he used for personal and other expenses, thus effectively drawing a paycheck.

Had Skelly disclosed his work on the hurricane recovery efforts, he would not have been entitled to the

\$35,072.57 in worker's compensation benefits that he was paid between 2005 and 2006.

"Federal employees receiving worker' compensation must truthfully report income earned from other sources" said U.S. Attorney Bentley. "Here, Mr. Skelly failed to do so and was paid over \$35,000 to which he was not entitled. Such dishonesty, which threatens the viability of an important program, warrants a payment by Mr. Skelly in excess of the amount fraudulently obtained."

"I commend Special Agent Ryan Sims and the USAO for the Middle District of Florida for their outstanding efforts in safeguarding the integrity of FECA," said Michael W. Sonntag, Special Agent in Charge of the Office of Investigations, NASA Office of Inspector General.

The settlement resolves a lawsuit filed by the United States against Skelly, which was scheduled for trial in September. That suit was filed as a result of proactive investigative efforts by the NASA Office of the Inspector General.

This case was investigated jointly by Assistant U.S. Attorney Charles Harden of the United States Attorney's Office for the Middle District of Florida and the NASA Office of Inspector General.

The lawsuit was filed in the Middle District of Florida, and is captioned *United States v. Skelly*, Case No. 8:14-cv-2470-T-35-MAP (M.D. Fla.).

The claims resolved by the settlement are allegations only; there has been no determination of liability.

Topic:
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