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PRESS RELEASE

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Retired Naval Officer Sentenced to 41 Months in Prison For Stealing From the September 11th Victim Compensation Fund

WASHINGTON - Charles E. Coughlin, 52, a retired naval officer, was sentenced today to 41 months in prison for filing a false claim with the September 11th Victim Compensation Fund and stealing approximately \$151,000 from the government, announced U.S. Attorney Ronald C. Machen Jr. and U.S. Department of Justice Acting Inspector General Cynthia A. Schnedar.

Coughlin, of Severna Park, Md., was convicted in August 2011 in the U.S. District Court for the District of Columbia of filing a false claim and theft of government property. Chief Judge Royce C. Lamberth, who presided at trial, sentenced him today. In addition to the prison term, Coughlin was ordered to pay \$151,000 in restitution. Upon completion of his prison term, Coughlin will be placed on three years of supervised release.

According to the government's evidence, Coughlin filed a claim with the Victim Compensation Fund in December 2003, seeking damages resulting from an injury he sustained following the September 11, 2001 attack on the Pentagon. Based upon paper submissions, the fund offered Coughlin \$60,000 as a presumed award for non-economic damages.

Coughlin, however, rejected the \$60,000 offer. On May 13, 2004, he and his wife testified before a hearing officer. He also submitted documentary evidence, claiming he had incurred past economic damages in the form of lost time from work to attend to his medical condition and paying others to perform household chores that he was no longer capable of performing. Coughlin also estimated how much time he would miss from work in the future, including a two-month period of recuperation following spinal surgery that he claimed would inevitably occur as a result of the injury he sustained on 9/11. In addition, Coughlin sought future replacement services for the remainder of his life.

Based upon Coughlin's representations to the hearing officer, the compensation fund awarded Coughlin \$180,000 in non-economic damages and \$151,034 in economic damages.

The government's evidence at trial established that Coughlin had not taken leave from work to attend medical appointments as represented to the compensation fund. In fact, the evidence showed that Coughlin had not sought medical treatment for his neck condition for more than two years prior to the hearing. With respect to his claim that a neurosurgeon from the Navy told him surgery would definitely occur, the government called that neurosurgeon as a witness. The neurosurgeon denied making such a statement or being able to predict whether surgery would be required. Coughlin was diagnosed with a degenerative disc disease several years prior to 2001.

The events of September 11th may have aggravated this pre-existing condition, but the medical evidence established that Coughlin's physical symptoms decreased after he opted for conservative treatment. Yet, Coughlin falsely represented to the compensation fund that he was in constant pain and could not perform simple household chores, such as hanging items on the wall, mulching, cleaning gutters, washing windows, and putting up Christmas lights. In fact, the government presented evidence that Coughlin ran the New York City Marathon in November 2001 in three hours and 43 minutes, and that he continued to play lacrosse and basketball.

The government's evidence showed that 74% of the check carbons Coughlin presented to the compensation fund were not for payment of replacement services. Most were altered or fabricated to make it appear that others had performed these household chores.

"After 9/11, we as Americans set up a fund to compensate the heroic victims and families who lost loved ones on that terrible day," said U.S. Attorney Machen. "Charles Coughlin treated America's response to 9/11 as a get-rich-quick opportunity. This sentence is just punishment for his scheme to defraud the American taxpayer."

"The Department of Justice Office of the Inspector General works to ensure that people do not fraudulently exploit the September 11th Victims Compensation Fund and that the funds are preserved to compensate real victims of the terrorist tragedies," said Acting Inspector General Schnedar.

In announcing the sentence, U.S. Attorney Machen and Acting Inspector General Schnedar commended Department of Justice Office of Inspector General Special Agents Joseph Barlow (retired) and Stella Ortega. They also noted the assistance of Special Agent Diane Eickman of the U.S. State Department, who testified as the government's summary witness. In addition, they commended paralegal specialist Tasha Harris from the U.S. Attorney's Office, legal assistant Jared Forney, information technology specialist Thomas Royal, and U.S. Attorney Susan Menzer, who prosecuted the case.