



U.S. Department of Justice

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## PRESS RELEASE

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### **Former United Medical Center Employee Pleads Guilty To Embezzling Over \$335,000 in Overtime Pay -Defendant Manipulated Electronic Time-Keeping System-**

WASHINGTON – Marlene L. Merchant, 54, of Washington, D.C., pled guilty today to a federal theft charge stemming from her embezzlement of more than \$335,000 from her former employer, United Medical Center, announced U.S. Attorney Ronald C. Machen Jr. and Charles J. Willoughby, Inspector General for the District of Columbia.

Merchant pled guilty in the U.S. District Court for the District of Columbia to one count of theft concerning programs receiving federal funds. The Honorable Reggie B. Walton scheduled sentencing for Nov. 8, 2013. As part of the plea agreement, Merchant agreed to criminal forfeiture and restitution in the amount of \$335,663. Under the voluntary federal sentencing guidelines, she faces between 18 and 24 months of incarceration.

According to the government's evidence, from Oct. 28, 2002, through April 8, 2013, Merchant was employed as an administrative assistant by United Medical Center (UMC) and its predecessor, Greater Southeast Community Hospital. UMC is a non-profit community hospital located in Southeast Washington. As a non-union employee, Merchant was exempted from the overtime pay provisions of the Fair Labor Standards Act. As an "exempt" employee, she was not entitled or eligible to receive overtime pay from UMC, regardless of the number of hours she actually worked.

From January 2005 through March 2013, Merchant and the payroll manager at UMC manipulated UMC's electronic timekeeping system to cause the hospital to pay the defendant \$335,663 in overtime pay to which Merchant knew she was not entitled. In the beginning of the scheme, the payroll manager repeatedly changed Merchant's status from "exempt" to "non-exempt" in the electronic timekeeping system, resulting in overtime pay. Starting in 2008, Merchant learned the log-in and password of her supervisor, which she then used, without

permission, to change her status from “exempt” to “non-exempt” in the electronic timekeeping system. Merchant also changed her start and finish times from what her identification badge logs reflected to increase her work hours.

In announcing the guilty plea, U.S. Attorney Machen and Inspector General Willoughby commended the investigative work of Special Agent Anthony McGail of the District of Columbia Office of Inspector General. They also praised the efforts of Paralegal Specialist Corinne Laxman, Assistant U.S. Attorney Catherine K. Connelly, who worked on forfeiture issues, and Assistant U.S. Attorney David Johnson, who is prosecuting the case.

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