



Office of Inspector General for the U.S. Department of Labor

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Los Angeles Man Sentenced to More Than 24 Years in Prison for \$5.5 Million COVID Unemployment Insurance Benefits Scam, Tax Fraud, and Drug Trafficking

On March 6, 2023, Edward Kim was sentenced to 292 months in federal prison for obtaining approximately \$5.5 million in pandemic-related unemployment insurance (UI) benefits by: using the identities of State of California prison inmates and other third parties to submit fraudulent UI claims; trafficking fentanyl and methamphetamine; and seeking to fraudulently obtain more than \$356,000 in Economic Impact Payments. He was also ordered to pay approximately \$5.4 million in restitution to the California Employment Development Department (EDD) and more than \$16,000 in restitution to the Internal Revenue Service (IRS).

From May 2020 to March 2021, Kim and his co-conspirators submitted more than 450 fraudulent UI claims to the California EDD using the names, Social Security numbers, dates of birth, and other personal identifiable information (PII) of inmates and other victims who they knew were ineligible for benefits. In furtherance of the scheme, Kim and his co-conspirators submitted applications to the California EDD for UI benefits that falsely represented that the inmates and others were unemployed due to the pandemic. He also entered false occupations on the claims and created various email addresses to monitor the status of the applications. He knowingly listed false mailing addresses on the applications, including his current and former addresses, in order to receive California EDD UI debit cards containing UI funds. Kim then utilized the California EDD UI debit cards to withdraw the fraudulent funds at various ATMs and bank branches. In total, he and his co-conspirators received approximately \$5.5 million in fraudulently obtained UI funds.

This is a joint investigation with the IRS, the Homeland Security Investigations (HSI), California EDD, the California Department of Corrections and Rehabilitation – Special Service Unit, the La Habra Police Department, and the Hawaii Police Department. *United States v. Edward Kim* (C.D. California)

The Office of Inspector General (OIG) for the U.S. Department of Labor (DOL) is pleased to present the *OIG Investigations Newsletter*, containing a bimonthly summary of selected investigative accomplishments.

The OIG conducts criminal, civil, and administrative investigations into alleged violations of federal laws relating to DOL programs, operations, and personnel. In addition, the OIG conducts criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions in three areas: employee benefit plans, labor-management relations, and internal union affairs.

Detroit Man Sentenced to Prison for \$2 Million Unemployment Insurance Fraud Scheme

On February 9, 2023, Chaz Shields was sentenced to 96 months in prison for his role in a multi-state UI fraud scheme. He was ordered to pay restitution of more than \$2 million to the states of California, Michigan, Louisiana, Nevada, the Small Business Administration (SBA), and the United States Postal Service (USPS).

Shields and his co-conspirators were responsible for the submission of more than 240 fraudulent UI claims to over 20 states. The claims were filed using the defendants' own name and PII, as well as the names and PII of more than ten other individuals who were unaware that their identities were being used to file UI claims. He and his co-conspirators then withdrew the fraudulently obtained funds from various ATMs throughout metropolitan Detroit and California.

In addition, Shields and co-conspirators defrauded the USPS by submitting more than 1,000 domestic indemnity insurance claims in the names of over 40 individuals. When a fraudulent insurance claim was approved, he and his co-conspirators would then cash the indemnity insurance check, knowing they were not entitled to the postal insurance payments. In total, Shields and his co-conspirators fraudulently collected more than \$200,000 in insurance payments.

This is a joint investigation with the Federal Bureau of Investigation (FBI), the USPS-OIG, and the State of Michigan Unemployment Insurance Agency. *United States v. Chaz Duane Shields* (E.D. Michigan)

Texas Woman Sentenced to Prison for Role in Unemployment Insurance Fraud Scheme

On March 3, 2023, Temitope Majekodunmi was sentenced to 10 months in prison after pleading guilty to conspiracy to commit wire fraud for her role in a complex, multi-state scheme to steal UI benefits. She was also ordered to pay approximately \$600,000 in restitution jointly and severally with her co-defendants to numerous state workforce agencies (SWA) and the SBA.

In 2018, a co-conspirator of Majekodunmi began receiving cyber fraud assignments from individuals whom the co-conspirator met during a trip to Nigeria. These assignments included using the PII of American citizens to commit fraud in the United States, to include submitting fraudulent UI claims to numerous SWAs. The SWAs paid out approximately \$600,000 based on these fraudulent claims.

Majekodunmi was recruited into the conspiracy to help facilitate the movement of fraudulently obtained money out of the United States. She received numerous packages containing fraudulently obtained funds. Majekodunmi kept a percentage of the funds and then converted the rest from U.S. dollars into Nigerian currency, which was deposited into Nigerian bank accounts.

This is a joint investigation with the FBI. *United States v. Adebayo* (S.D. Alabama)

Maryland Man Pled Guilty in Fraudulent Scheme to Obtain Approximately \$1.3 Million in Pandemic-Related Unemployment Insurance Benefits

On February 3, 2023, Gladstone Njokem pled guilty to conspiracy to commit wire fraud and aggravated identity theft for his role in a scheme to fraudulently obtain more than \$1.3 million in pandemic-related UI benefits.

From February 2020 through February 2021, Njokem and his co-conspirators collected the PII of victims in order to submit fraudulent claims for UI benefits. In total, the conspirators used the names and PII of more than 183 victims. He and his co-conspirators used the victims' PII to submit fraudulent UI applications in Maryland, the District of Columbia, Arizona, Georgia, Illinois, Michigan, Tennessee, and Virginia.

This is a joint investigation with the United States Postal Inspection Service (USPIS), the HSI, and the U.S. Department of Treasury–OIG. *United States v. Gladstone Njokem* (D. Maryland)

Maryland Man Pled Guilty to Conspiracy to Obtain More Than \$1 Million in COVID-19 Unemployment Insurance Benefits and Other Pandemic Relief Loans

On February 17, 2023, Jerry Phillips pled guilty to federal wire fraud conspiracy, aggravated identity theft, and illegal possession of a machine gun, related to a scheme to fraudulently obtain more than \$1 million in COVID-19 Coronavirus Aid, Relief, and Economic Security (CARES) Act benefits through the submission of fraudulent UI claims and applications related to the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL).

From March 2020 to February 2022, Phillips and his co-conspirators fraudulently obtained COVID-19 related benefits through fraudulent PPP loan applications, EIDL loan applications, and UI claims. He and his co-conspirators created fictitious aliases, used PII of identity theft victims and defunct corporate entities or new business entities with no actual business operations to fraudulently apply for UI benefits and various PPP/EIDL loans. As part of the scheme, the fraudulently obtained benefits were withdrawn by Phillips and his co-conspirators through ATM withdrawals and purchases made on associated debit and credit cards or transferred between various financial accounts established in the aliases' names. Among other purchases, Phillips used more than \$65,000 of the fraudulently obtained funds to purchase a 2020 Chevrolet Camaro.

A search of Phillips' residence recovered more than 25 fake driver's licenses from multiple states and multiple identification documents from different jurisdictions with the same alias. Law enforcement also recovered four "ghost guns", which Jerry Phillips purchased online, using an alias. He admitted that he illegally modified one of the ghost guns into a machine gun capable of firing multiple rounds with one pull of the trigger.

This is a joint investigation with the IRS–Criminal Investigation (IRS-CI), Federal Deposit Insurance Corporation–OIG, and the SBA-OIG. *United States v. Jerry Phillips* (D. Maryland)

Detroit Man Pled Guilty to Threatening to Kill Job Corps Center Students

On February 16, 2023, Elroy Knott pled guilty to making threats in interstate commerce for placing several phone calls threatening to injure and kill students at the Detroit Job Corps Center (DJCC).

In April 2022, Knott made multiple telephone calls to the DJCC during which he threatened to “shoot up” the DJCC and kill students. Because of the threats, the DJCC campus, which houses approximately 300 students, was locked down for 48 hours and its activities were substantially disrupted.

This is a joint investigation with the Bureau of Alcohol, Tobacco, Firearms and Explosives and the Detroit Police Department. *United States v. Elroy Jerome Knott* (E.D. Michigan)

Former CEO of Non-Profit Pled Guilty to Converting and Misapplying Funds and Tax Offense

On March 8, 2023, Howard Dixon Slingerland pled guilty to the conversion and intentional misapplication of funds from an organization receiving federal money and for subscribing to false tax returns.

From 1996 until 2019, Slingerland was the president and chief executive officer of Youth Policy Institute, Inc. (YPI), a non-profit agency that was the recipient of a \$1.5 million grant under the Workforce Innovation and Opportunity Act administered by the U.S. Department of Labor (DOL). YPI worked to eradicate poverty in some of the highest-needs neighborhoods in Los Angeles with a comprehensive approach addressing education, youth development, safety, job training, and health and wellness.

From January 2015 to February 2019, Slingerland caused approximately \$71,000 of YPI funds to be spent on unauthorized expenditures, including his personal property tax bill, more than \$6,000 for a family dinner at a New York City restaurant, and approximately \$11,000 for a relative’s tutoring. In addition, in July 2019, he caused approximately \$401,000 in funds, which YPI had received from a federal grant, to be used for the unauthorized payment of YPI payroll. That same month, Slingerland also caused approximately \$201,000 in federal grant money to be unlawfully used to pay off YPI’s credit-card bill, including for expenses he incurred in his personal capacity.

This is a joint investigation with the IRS, the U.S. Department of Justice (DOJ-OIG), the U.S. Department of Education-OIG, and the FBI. *United States v. Howard Dixon Slingerland* (C.D. California)

Maryland Defense Contractor Convicted for Contract Fraud

On March 6, 2023, following a 9-day trial, a federal jury convicted Cory Collin Fitzgerald Sanders on charges of wire fraud, false claims, and making and using a false document in connection with the performance of his Maryland-based companies, Sandtech, LLC and CyCorp Technologies, LLC, on numerous federal contracts, including multiple contracts awarded by the DOL.

In June 2014, Sanders formed Sandtech, LLC, a Maryland limited liability company whose business was the sale of video teleconference equipment to DOL, the U.S. Department of Defense (DOD), and other federal agencies. Sandtech failed to perform on contracts with DOL and the Department of the Army,

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OIG hotline via 800-347-3756 or www.oig.dol.gov.

who subsequently terminated the Sandtech contracts for cause. In 2016, he then formed Cycorp Technologies to provide the same type of telecommunication services as Sandtech.

From February 2015 through June 2020, Sanders engaged in a scheme to defraud the government by entering into contracts with federal agencies that required Cycorp Technologies to provide new telecommunications equipment still under manufacturers' warranty. In his communications with federal agency contracting officers, he provided false information about the delivery, source, warranty, and/or condition of the electronic equipment provided by his companies, including misrepresentations that the equipment was new and covered by the manufacturer's warranty. Further, Sanders provided government contracting officials with false information and documents about the credentials, certifications, and qualifications of Cycorp Technologies.

This is a joint investigation with the Naval Criminal Investigative Service with assistance provided from the Department of the Army–Criminal Investigation Division (Army-CID) and multiple OIGs including the U.S. Department of Homeland Security-OIG, the U.S. Department of the Interior-OIG, the U.S. Department of State-OIG, the U.S. Department of Health and Human Services (HHS-OIG), the DOJ-OIG, the U.S. Department of Commerce-OIG, the DOD-OIG and the U.S. Environmental Protection Agency-OIG. *United States v. Cory Collin Fitzgerald Sanders* (D. Maryland)

Former Philadelphia Councilman Sentenced to 3.5 years in Prison on Corruption Charges

On March 1, 2023, former City of Philadelphia Councilman Robert Henon was sentenced to 42 months in prison and was ordered to forfeit approximately \$208,000 and pay a \$50,000 fine. The sentencing was the result of Henon's conviction at trial in November 2021, along with John Dougherty, former business manager of the International Brotherhood of Electrical Workers Local Union 98, of conspiracy to commit honest services fraud and honest services wire fraud. Henon was also convicted of bribery.

Henon accepted a salary and other items of value, such as tickets for sporting events from Dougherty. In exchange, Henon used his position as a member of the City of Philadelphia's City Council to serve Dougherty's interests. Henon used his influence to delay legislation concerning local plumbing codes to benefit Dougherty in his bid to become business manager of the Philadelphia Building and Construction Trades Council. Henon also held up approval of the City of Philadelphia's franchise agreement with Comcast, so Dougherty could privately demand concessions from Comcast. Henon also had a member of his staff draft a resolution to punish a towing company that towed Dougherty's double-parked car, among other measures. Lastly, Henon solicited and accepted a bribe from the Communications Workers of America, Local 13000, in exchange for holding a City Council hearing.

This is a joint investigation with the FBI, the IRS-CI, the DOL-Employee Benefits Security Administration (DOL-EBSA), the DOL-Office of Labor Management Standards (DOL-OLMS), and the Pennsylvania State Police, with assistance from the Pennsylvania Attorney General's Office. *United States v. John Dougherty et al.* (E.D. Pennsylvania)

Former Washington, D.C. Union Officer Sentenced to Prison in \$500,000 Embezzlement Scheme

On March 10, 2023, Attia Little, the former operations manager of the Property Services Division of the Service Employee International Union (SEIU) in Washington, D.C., was sentenced to 24 months in prison following her conviction on charges of conspiracy and theft from a labor organization for her role in multiple schemes to defraud the SEIU of more than \$500,000. She was also ordered to pay more than \$399,000 in restitution.

While employed as the operations manager for the union, Little managed administrative support, booked reservations for SEIU employees, and paid vendor invoices for union-related purchases. She had a work-issued credit card and access to third-party discount travel booking platforms that were only to be used for union business. Between November 2015 and October 2017, using her position with the SEIU and her access to an SEIU credit card and travel booking platform, Little embezzled approximately \$503,000 from the union. She also used the SEIU credit card to pay approximately \$60,000 in fake invoices to fictitious companies created and controlled by Melba Norris, a convicted co-defendant in the case. Norris then kicked back approximately \$29,000 of the embezzled proceeds to Little.

In addition, Little used the SEIU credit card to purchase personal items, such as baby items, items for parties hosted at her residence, travel, furniture, watches, clothing, video games, and gift cards. To justify and conceal these unauthorized payments, she submitted fabricated receipts to SEIU, falsely claiming that the purchases were for official union purposes. In total, Little embezzled approximately \$460,900, and Norris embezzled approximately \$42,700 in SEIU funds. In October 2022, Norris was sentenced to six months in prison following her conviction on charges of conspiracy and theft from a labor organization for her participation in the scheme.

This is a joint investigation with the DOL-OLMS. *United States v. Attia Little* (District of Columbia)

Owner of Connecticut Insurance Firm Pled Guilty in \$40 Million Scheme to Steal Client Health Care Funds and Defraud Lenders

On February 21, 2023, Anthony Riccardi pled guilty to conspiracy to commit wire fraud and bank fraud for a widespread scheme to misappropriate and steal client health care funds and defraud multiple lenders. In connection with the guilty plea, he agreed to pay more than \$14.8 million in restitution and to forfeit \$2 million.

From at least 2015 and continuing through 2019, Riccardi was a co-owner and Executive Vice President of Employee Benefit Solutions (EBS), which, among other things, provided third-party health care claims administration (TPA) services to clients that elected to self-fund their employee health care plans.

Between at least 2015 and continuing through 2019, EBS served as TPA for the company's self-funded employee health care program and generated bi-monthly invoices purportedly for health care expenses. During this time, the company transferred approximately \$26 million to EBS for the payment of health care claims. However, much of this money was never sent to pay the claims. Instead, approximately \$17.87 million was misappropriated, most of which was used to pay expenses incurred by EBS or its

managers, including home mortgage expenses and personal credit card charges relating to boating, luxury cars, and golf.

In addition, in mid-2017, Riccardi and his co-conspirators began fraudulently applying for and receiving millions of dollars in loans under the auspices of financing the purchase of billing software for EBS.

This is a joint investigation with the EBSA, the USFIS, and the U.S. Secret Service. *United States v. Anthony Riccardi et al.* (S.D. New York)

Pennsylvania Doctor and Practice Manager Sentenced for Health Care Kickback Conspiracy

On February 7, 2023, a Pennsylvania doctor, Steven Valentino, was sentenced to one day in federal custody and 36 months of probation of which Valentino is required to serve 6 months in home confinement. He was also ordered to perform 300 hours of community service, forfeit over \$94,000 to the United States and pay a fine of \$40,000. On February 1, 2023, Practice Manager Michelle Miller was sentenced to 36 months of probation of which she is required to serve six months in home confinement, ordered to perform 300 hours of community service, and forfeit \$11,300 to the United States. Additionally, they were ordered to pay more than \$1 million in restitution, with the majority going to the DOL-Office of Workers' Compensation Programs (DOL-OWCP). The sentencing was the result of their September 2022 trial convictions for receiving and conspiring to pay and receive health care kickbacks.

Valentino and Miller participated in an incentivized prescribing scheme involving injured federal workers and Medicare beneficiaries. They received kickbacks for referring, ordering, and arranging for medications, including expensive compound medications, to be filled by a Houston pharmacy. Between May 2013 and July 2017, the pharmacy billed DOL-OWCP and Medicare approximately \$2.5 million and was paid approximately \$1.1 million for prescriptions referred, ordered, and arranged by Valentino and Miller in exchange for illegal health care kickbacks.

This is a joint investigation with the USPS-OIG and the HHS-OIG. This case was prosecuted by the DOJ-Criminal Division. *United States v. Steven J. Valentino et al.* (E.D. Pennsylvania)

Louisiana Physician Sentenced to 48 Months in Prison and Ordered to Pay More Than \$800,000 to Victims in Workers' Compensation Fraud Conspiracy

On February 15, 2023, Louisiana physician, Robert Clay Smith, was sentenced to 48 months in prison and was ordered to pay approximately \$827,000 in restitution to workers' compensation insurers for his role in a conspiracy to commit wire fraud, health care fraud, and violations of federal anti-kickback laws.

From 2013 until 2017, Smith conspired with an Arkansas-based company to dispense pain creams and patches to his workers' compensation patients, for which he received a split of the profits. The company acted as the billing agent for Smith, sending the claims to the DOL-OWCP, and private insurers. He admitted that, upon successfully billing insurers at markups of 15 to 20 times the medication costs, the company paid him 50 to 55 percent of the collected profits. Additionally, Smith did not have a license to dispense medication from his clinic, which is required under Louisiana state law.

This is a joint investigation with the U.S. Department of Veterans Affairs-OIG, the DOD-Defense Criminal Investigative Service, and the USPS-OIG. *United States v. Robert Clay Smith* (W.D. Arizona)

Virginia Man Pled Guilty in Labor Trafficking Conspiracy

On February 14, 2023, Salvador Jeronimo-Sis pled guilty to conspiring to defraud and commit offenses against the United States and knowingly transferring false identification documents for his role in a conspiracy that included human trafficking of individuals from Central America, benefiting from forced labor, money laundering, and harboring undocumented workers.

George William Evans, who previously pled guilty in January 2023 for his role in the conspiracy, was part owner of a commercial laundry business, doing business as Magnolia Cleaning Services, LLC. Evans and his co-conspirators, exploited undocumented workers to work long hours in poor working conditions. In some cases, workers were threatened with deportation, physical harm, and harm to their families if they refused to work as directed. In addition, Evans and other co-conspirators purchased fraudulent identification documents from Jeronimo-Sis so that undocumented workers would appear to have a valid Social Security number on record for employment with Magnolia Cleaning Services.

This is a joint investigation with the HSI and the USPIS. *United States v. Salvador Jeronimo-Sis* (E.D. Virginia)

DOL Special Agent Pled Guilty to UI Fraud Scheme

A DOL Special Agent, Thomas Hartley, pled guilty to the charge of mail fraud in connection with multiple schemes to commit fraud.

Between April 2020 and September 2021, Hartley applied for and collected Pennsylvania unemployment compensation benefits by claiming he was unemployed, when, in fact, he was employed on full-time active duty with the New Jersey National Guard. When he applied for unemployment benefits, Hartley failed to disclose that he was on military leave from his full-time federal civilian employment with the DOL. He thereby utilized the mail to collect approximately \$60,284 in unemployment compensation funds to which he was not entitled. Hartley's plea encompassed a total of \$197,366 in fraud including the collection of \$23,582 in Basic Allowance for Housing funds from the Army, \$50,000 in "lost wage" benefits paid by the United Services Automobile Association (USAA) insurance, and \$63,500 from his Thrift Savings Plan account.

This investigation was conducted by the DOL-OIG, Office of Special Investigations, the Army CID, and the USAA Insurance Special Investigations Unit. *United States v. Thomas Hartley* (M.D. Pennsylvania)