



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

# OIG Investigations Newsletter

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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.

## **Federal Inmate Sentenced for Role in Stealing More Than \$2.2 Million in Pandemic Assistance Benefits**

On October 20, 2022, Cortney Shields, a Bureau of Prisons (BOP) inmate, was sentenced to 41 months in prison, to be served consecutive to his current sentence on an unrelated fraud conviction, in connection with a scheme to defraud multiple state workforce agencies (SWA) and the U.S. Small Business Administration (SBA) of more than \$2.2 million in COVID-19 pandemic assistance.

From approximately May 2020 through July 2021, Shields conspired with multiple individuals to submit more than 240 fraudulent unemployment insurance (UI) benefit claims to over 20 SWA. He fraudulently obtained more than \$2.2 million in UI benefits, primarily from the states of Michigan and California. Shields also successfully obtained a fraudulent Paycheck Protection Program (PPP) loan from the SBA of more than \$20,000. Shields participated in the scheme within the confines of the Federal Correctional Complex in Allenwood, Pennsylvania, where he was serving a sentence on an unrelated fraud case. Members of the conspiracy transferred portions of the fraud proceeds to Shields via wire transfer into his BOP commissary account.

This is a joint investigation with the FBI, U.S. Postal Service–Office of Inspector General (USPS-OIG), and U.S. Postal Inspection Service (USPIS). *United States v. D-1 Cortney Shaquan Shields* (E.D. Michigan)

## **Virginia Inmate Sentenced to 84 Months in Prison for Role in Obtaining Pandemic Unemployment Insurance Benefits for Other Inmates**

On November 10, 2022, Bubble A. Jones, a former Virginia Department of Corrections inmate, was sentenced to 84 months in federal prison. He and his family member co-defendants were ordered to pay, jointly and severally, nearly \$300,000 in restitution to the Virginia Employment Commission (VEC) for their roles in a pandemic-related UI fraud scheme.

Between June and November 2020, Jones was an inmate at the Nottoway Correctional Center in Burkeville, Virginia when he

conspired with his daughter, Kanaejah Parker, and her mother, Tamara Parker, to execute a scheme to defraud the VEC by filing at least 27 fraudulent UI applications using inmates' personally identifiable information (PII). Jones provided the PII of other inmates to the Parkers and they then filed fraudulent UI applications using the information. When the applications were processed and benefits paid out, Jones and the Parkers provided some of the fraudulent benefits to inmates and maintained a portion for themselves. The fraudulent applications included false physical addresses, telephone numbers, email addresses, and last reported employers. Kanaejah and Tamara Parker previously pled guilty for their respective roles in the scheme.

This is a joint investigation with the U.S. Department of Homeland Security–OIG and the U.S. Secret Service. *United States v. Jones* (E.D. Virginia)

### **California Man Pled Guilty to Stealing Nearly \$5.5 Million in Pandemic Unemployment Insurance Benefits and Drug Trafficking**

On November 14, 2022, Edward Kim pled guilty to mail fraud, conspiracy to defraud the government, and possession of 15 or more unauthorized access devices for his role in an UI fraud conspiracy that defrauded the government of nearly \$5.5 million in pandemic-related UI benefits. Kim also pled guilty to federal drug charges of conspiracy to distribute methamphetamine and fentanyl and distribution of methamphetamine.

From May 2020 to March 2021, Kim and his co-conspirators submitted more than 450 fraudulent UI claims to the California Employment Development Department (EDD) using the names, social security numbers, dates of birth, and other PII of state of California prison inmates and other victims they knew were ineligible for benefits. In furtherance of the scheme, Kim and his co-conspirators: submitted applications to the EDD for UI benefits that falsely represented the inmates and other individuals were unemployed due to the pandemic; entered false occupations for the claims; and created various email addresses to monitor the status of the fraudulent UI benefit claims. Kim knowingly listed false mailing addresses on the applications, including his current and former addresses, in order to receive EDD UI debit cards containing UI funds. Kim then utilized the EDD UI debit cards to withdraw the fraudulently obtained funds at various ATMs and bank branches. In total, Kim and his co-conspirators received approximately \$5,458,050 in fraudulently obtained UI funds.

This is a joint investigation with the Internal Revenue Service (IRS), Homeland Security Investigations (HSI), California EDD, and local law enforcement. *United States v. Kim*, (C.D. California)

### **Minnesota Woman Pled Guilty to Wire Fraud for Her Role in Stealing More Than \$1 Million in Pandemic Assistance Funds**

On October 13, 2022, Takara Hughes pled guilty to one count of wire fraud for fraudulently applying for more than \$2.4 million in pandemic-related UI benefits and small business loans for herself and others.

Between June 2020 and July 2021, Hughes participated in a scheme to defraud pandemic-related assistance programs through the filing of false UI applications and fraudulent SBA loan applications in her own name. Additionally, as part of the fraud scheme, she also submitted numerous fraudulent pandemic-related benefit claims on behalf of other people and charged a fee for submitting those

claims. Hughes fraudulently submitted more than 40 false UI applications on behalf of others with various SWA, including the California EDD and Minnesota's Department of Employment and Economic Development. Hughes also submitted at least 30 fraudulent small business loan applications on behalf of others for SBA Economic Injury Disaster Loans and PPP loans which were based upon fake revenue figures and other falsifications.

In total, Hughes fraudulently applied for more than \$2.4 million in pandemic-related funds, causing more than \$1.2 million to be paid to herself and others in the form of fraudulent UI benefits and small business loan proceeds.

This is a joint investigation with the FBI and the USPIS. *United States v. Takara Hughes* (D. Minnesota).

### **Louisiana Woman Pled Guilty to Mail Fraud in a Pandemic-Related Fraud Scheme**

On November 3, 2022, Tynea Lynnshay Gray pled guilty to mail fraud for her role in defrauding the California EDD of more than \$550,000 in UI benefits and the SBA of more than \$20,000 in PPP benefits.

Beginning June 2020 through October 2021, Gray defrauded the California EDD by falsely submitting UI benefit claims in her name and the names of other individuals. Gray falsely claimed that she previously worked in California and lost her employment due to the pandemic. Gray also submitted numerous fraudulent UI benefit claims using others' PII with and without their knowledge and consent. After submitting the fraudulent UI claims and receiving the funds, Gray either gave a portion of the funds to others or kept all the funds for herself. Gray also falsely reported that UI benefit debit cards were stolen or lost so that she could receive new cards with additional funds.

Additionally, Gray defrauded the SBA by filing or having others file fraudulent applications for PPP funds, which contained false statements, forged bank records, and false tax documents. The fraudulent PPP funds were then deposited into her bank account.

This is a joint investigation with the FBI. *United States v. Tynea Lynnshay Gray* (M.D. Louisiana)

### **Former Illinois Union Official Sentenced to More Than a Year and a Half in Prison for Receiving Unlawful Cash Payments**

On October 26, 2022, John T. Coli, Sr. was sentenced to 19 months in prison and ordered to pay more than \$200,000 in restitution and approximately \$50,000 in fines for accepting unlawful cash payments as a union officer and failing to report the payments on his tax returns.

Coli served from 2000 to 2017 as the Secretary-Treasurer of Teamsters Local Union 727. Coli admitted that from 2014 to 2017, he received quarterly payments of \$25,000 from a Chicago business that employed workers represented by Local 727. In addition, Coli received other income and benefits from business representatives that dealt with Local 727 that were not properly disclosed to the DOL. The benefits included meals in Las Vegas and other cities, box seat tickets to National Football League and Major League Baseball games, use of a yacht in the United States and Italy, and periodic cash payments.

This is a joint investigation with the FBI. *United States v. John T. Coli Sr.* (N.D. Illinois).

## Former Union Leadership Sentenced for Union Book Selling Scheme

On October 11, 2022, John DeFalco was sentenced for his role in a union book selling scheme. DeFalco is the former Vice President of Local 157 of the United Brotherhood of Carpenters and Joiners of America (UBCJA). DeFalco was sentenced to time served, as well as 36 months supervised release, and ordered to pay more than \$148,000 in restitution.

From 2017 through June 2019, DeFalco and his co-conspirator, former UBCJA Local 926 President Sal Tagliaferro, abused their positions as union officers of the UBCJA by soliciting and accepting cash bribes from prospective union members in exchange for securing the bribe payers' admission to the union. Once prospective members made the payments, Tagliaferro used his authority as president of Local 926 to ensure they were accepted into Local 926 and received union membership cards, even though many such bribe payers did not have union jobs and were not eligible for admission into the union. Hundreds of new members were admitted to Local 926 as a result of this scheme. DeFalco and Tagliaferro shared the bribe payments and made at least \$70,000 from the scheme. Tagliaferro was previously sentenced for his role in this scheme.

This is a joint investigation with the Office of Labor-Management and Standards (OLMS) and the New York City Department of Investigation. *United States v. Tagliaferro* (S.D. New York)

## Georgia Woman Sentenced for Washington, DC Union Embezzlement Scheme

On October 5, 2022, Melba Norris was sentenced to 6 months in prison and ordered to pay approximately \$37,000 in restitution for her role in a conspiracy to defraud the Service Employees International Union (SEIU) in Washington, DC. Norris and her co-conspirator Attia Little, the former Operations Manager of the SEIU Property Services Division, defrauded the union of more than \$500,000.

Between November 2015 and October 2017, Little used her position as the SEIU Operations Manager, including her access to an SEIU credit card and travel booking platform, to embezzle approximately \$503,000 from the union. Little used the SEIU credit card to pay nearly \$60,000 in fake invoices to fictitious companies created and controlled by Norris. Norris then kicked back approximately \$29,000 of the embezzled proceeds to Little. Additionally, Little used the SEIU credit card to purchase personal items. To justify and conceal these unauthorized payments, Little submitted fabricated receipts to SEIU claiming that the purchases were for official purposes. Norris facilitated a portion of this fraud by distributing \$11,700 worth of unauthorized gift cards into the accounts of the fictitious companies under Norris's control. In July 2022, Little pled guilty to conspiracy and theft from a labor organization for her participation in the scheme.

This is a joint investigation with the OLMS. *United States v. Norris* (District of Columbia)

## California Woman Sentenced to 6 Years in Prison for Defrauding Health Insurers by Submitting Claims for Botox Injections

On October 14, 2022, Roshanak Khadem, owner of R&R Med Spa and Nu-Me Aesthetic and Anti-Aging Center, was sentenced to 72 months for conspiring to defraud health insurance plans, including the International Longshore and Warehouse Union - Pacific Maritime Association Benefit Plan (ILWU-PMA), by causing millions of dollars in fraudulent claims to be submitted to provide patients with “free” cosmetic procedures, including Botox injections.

From January 2012 to April 2016, Khadem and her co-conspirators induced patients to visit her clinics to receive free cosmetic procedures, including facials, laser hair removal, and Botox injections, which were not covered by insurance plans. Khadem and her co-conspirators obtained insurance information from the patients and fraudulently billed insurance companies for unnecessary medical services or for services that were never provided. Using the fraudulent proceeds from the insurance plans, the defendants calculated a “credit” that patients could use to receive “free” or discounted cosmetic procedures. In total, the health insurance plans paid at least \$1,300,000 related to the fraudulent claims submitted by Khadem and her co-conspirators. As part of her sentence, Khadem is required to pay more than \$1.2 million in restitution and \$30,000 in fines.

This is a joint investigation with the Employee Benefits Security Administration and the U.S. Office of Personnel Management-OIG. *United States v. Roshanak Khadem* (C.D. California)

## Houston Woman Sentenced in Multi-Million Dollar Kickback Scheme

On October 11, 2022, Khyati Undavia, a pharmacist who controlled and operated Memorial Pharmacy (Memorial), was sentenced to 27 months in prison and ordered to pay approximately \$12 million in restitution, which she paid at the time of sentencing. The sentencing is a result of Undavia’s conviction for her role in a conspiracy to pay and receive kickbacks that defrauded federal health care programs, including those administered by the Office of Workers’ Compensation Programs (OWCP).

From December 2012 through December 2018, Undavia hired employees to market Memorial to physicians as a place to submit compounded drug prescriptions. She paid kickbacks through the marketers to physicians in order to induce them to write prescriptions and submit them to Memorial on behalf of their patients. This practice was in lieu of providing the prescription directly to the patient, which would have allowed the patient to select a pharmacy of their choice.

In some instances, patients were never seen by an actual physician. Instead, physicians would authorize the prescriptions for beneficiaries that a marketer provided. The marketer sometimes paid the physician an illegal kickback for the prescriptions. Other times, Undavia would directly pay the physician an illegal kickback. In total, Undavia received approximately \$22 million from Tricare, OWCP, and the Civilian Health and Medical Program of the U.S. Department of Veterans Affairs.

This is a joint investigation with the USPS–OIG, Defense Criminal Investigative Service, Drug Enforcement Administration, FBI, and IRS. *United States v. Khyati Undavia* (S.D. Texas).

## Philadelphia Contractor Sentenced to Prison for Bribing OSHA Inspector

On November 1, 2022, Tony Ren, owner of Hua Da Construction, was sentenced to 3 months in prison and was ordered to pay approximately \$50,000 in fines following a conviction at trial of bribing a public official from the Occupational Safety and Health Administration (OSHA).

In October 2017, an OSHA official conducted an inspection of a Hua Da Construction worksite in Philadelphia, Pennsylvania, in response to an imminent hazard report. During the inspection, an official observed numerous violations of OSHA standards including: debris in passageways; electrical issues; holes in the floor; and gas tanks with broken pressure gauges. On two separate dates in November 2017, Ren offered cash bribes to an OSHA official in exchange for the official falsifying the inspection results, deleting previous violations from OSHA's computer system, and agreeing not to report the violations so that Ren could avoid the substantial financial penalties that would follow.

This is a joint investigation with OSHA. *United States v. Ren* (E.D. Pennsylvania)

## Federal Safety and Health Officer Admits Conspiring with His Brother to Extort Contractors

On October 12, 2022, Alvaro Idrovo pled guilty to an information charging him with one count of conspiring to defraud the United States and to commit an offense against the United States, specifically, an act of extortion through his employment with OSHA.

Idrovo was a Compliance Safety and Health Officer for OSHA when he misrepresented to contractors at construction sites in New Jersey that they were facing significant OSHA fines, penalties, and possibly jail if they did not get allegedly necessary OSHA safety training. Idrovo provided contractors with the phone number for a required trainer. Idrovo's brother, Paul, posed as the required OSHA trainer using false names. He provided contractors with fraudulent computer-generated safety and health certificates, when in fact no training had been provided. The two men charged contractors between \$4,000 and \$6,000 each in cash for the alleged safety training. Paul Idrovo was previously sentenced for his role in the fraud scheme.

This is a joint investigation with the FBI. *United States v. Idrovo* (D. New Jersey)

## Florida Individuals Sentenced for Their Roles in a Racketeering Conspiracy Involving the Forced Labor of Agricultural H-2A Workers

In October 2022, three individuals were sentenced and a fourth pled guilty as part of a federal racketeering conspiracy, which victimized Mexican agricultural workers admitted to the United States under the H-2A temporary visa program. On October 17, 2022, Bladimir Moreno pled guilty to RICO conspiracy and conspiracy to commit forced labor. On October 27, 2022, Christina Gamez, Efrain Cabrera Rodas, and Guadalupe Mendes Mendoza were sentenced. Gamez was sentenced to 37 months in prison and ordered to pay over \$9,000 in restitution. Rodas was sentenced to 41 months in prison and ordered to pay almost \$25,000 in restitution. Mendoza was sentenced to eight months home confinement and ordered to pay a \$5,500 fine.

All four individuals worked for Los Villatoros Harvesting (LVH), a labor contracting company that brought large numbers of temporary seasonal Mexican workers into the United States on H-2A agricultural visas. Moreno was the owner and operator of LVH. Gamez worked as a bookkeeper, manager, and supervisor. Rodas worked as a recruiter, manager, and part-time supervisor. Mendes worked as a manager and supervisor. The investigation revealed that Moreno, Gamez, and Rodas conspired with others to commit racketeering offenses, including subjecting H-2A workers to forced labor, harboring and concealing workers, visa fraud, and fraud in foreign labor contracting.

Moreno, Gamez, Rodas, and their co-conspirators used coercive means to obtain thousands of hours of physically demanding agricultural labor from the victimized H-2A workers, all for lesser pay. The coercive means used included confiscating the workers' passports; subjecting the workers to crowded, unsanitary, and degrading living conditions; isolating the workers and limiting their ability to interact with anyone other than LVH employees; and subjecting workers to debt manipulation. In order to conceal aspects of the criminal enterprise, Moreno provided false statements and information to federal investigators and directed his employees to do the same. Gamez knowingly prepared and sent falsified records to federal investigators and Mendes made false statements to federal investigators.

This is a joint investigation with the Palm Beach County Human Trafficking Task Force (including the FBI, HSI, and the Palm Beach County Sheriff's Office) and Diplomatic Security Service. *United States v. Bladmir Moreno* (M.D. Florida)

### **Two New York Men Sentenced for Forced Labor of Employees**

On October 19, 2022, Roberto Villanueva was sentenced to 72 months in prison for his role in a forced labor conspiracy that took place at the Thatched Cottage in Centerport, New York. Additionally, on October 21, 2022, Ralph Colamussi was sentenced to time served and 1 year of supervised release and ordered to pay more than \$305,000 in restitution in relation to his guilty plea to forced labor of employees.

Colamussi formerly owned and operated Thatched Cottage, which was a catering hall, and Villanueva worked there as a recruiter and manager. Workers were brought from the Philippines to the United States on H-2B visas that expired shortly after their arrival. Once the H-2B visas expired, Villanueva and Colamussi coached workers on how to apply for student visas by fraudulently representing that they intended to attend school full time and had sufficient resources to support themselves while attending school. At times, they deposited funds into workers' bank accounts to give the appearance of ample resources—only to withdraw the funds once the visas were approved. When workers objected to work conditions, Colamussi and Villanueva threatened to report them to immigration authorities. This is a joint investigation with HSI. *United States v. Villanueva, et al.* (E.D. New York)

### **Illinois Resident Pled Guilty to Forced Labor of Two Minor Children**

On November 10, 2022, Santos Ac-Salazar pled guilty to two counts of forced labor for his involvement in the labor trafficking of two minor children. Ac-Salazar, along with a co-conspirator, devised a scheme to unlawfully enter the United States with minor children. Ac-Salazar and a co-conspirator, both of whom are Guatemalan citizens, coordinated with smugglers and third parties to locate two minors in Guatemala and used those children to facilitate their entry into the United States.

Additionally, Ac-Salazar and the co-conspirator obtained fraudulent identity documents for one of the minors, falsely representing the minor to be an adult. The minor was made to work at businesses and as a domestic servant from 2019 through 2020. The other minor worked as a domestic servant as well from 2019 to 2020. Ac-Salazar and the co-conspirator did not pay the minors for their domestic work, nor did they permit them to attend school or leave the residence. Instead, they made the children work extended hours under the threat of physical harm if they did not comply.

This is a joint investigation with the FBI and HSI. *United States v. Ac-Salazar* (N.D. Illinois)