



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.

## **Fiat Chrysler's Former Vice President Sentenced to Prison for Conspiracy to Bribe Senior United Automobile Workers Union Officials**

On August 27, 2018, Alphons Iacobelli, former labor relations chief at Fiat Chrysler Automobiles, LLC (FCA), and lead contract negotiator for the collective bargaining agreements between FCA and the United Automobile Workers (UAW), was sentenced to serve 66 months in prison and ordered to pay more than \$825,000 in restitution for his role in a conspiracy to violate the Labor Management Relations Act and for filing a false tax return.

Iacobelli and other FCA executives paid \$1.5 million to senior UAW officials in an effort to obtain benefits, concessions, and advantages for FCA in the negotiation and implementation of the collective bargaining agreements between FCA and the UAW. The illegal expenditures included paying off the home mortgage of a senior UAW official; first-class air travel; and the purchase of designer clothing, furniture, jewelry, and custom-made watches.

In August 2014, Iacobelli authorized the expenditure of more than \$30,000 for a party for a senior UAW official held at the FCA-UAW World Class Manufacturing Academy in Warren, Michigan. The expenditure included charges for "ultra-premium" liquor, more than \$7,000 worth of cigars, and more than \$3,000 worth of wine with custom labels in honor of the UAW official.

This was a joint investigation with the FBI, IRS, and the Office of Labor-Management Standards (OLMS). *United States v. Alphons Iacobelli* (E.D. Michigan)

## **Kansas Woman Sentenced to 50 Months in Prison for Employee Benefit Plan and Bank Fraud**

On August 6, 2018, Brenda Wood was sentenced to 50 months in prison, followed by five years of probation, and ordered to pay more than \$4.3 million in restitution for embezzling from employee benefit plans and committing bank fraud.

Wood owned Commercial Development and Management, LLC — a property management firm, Professional Cleaning and Innovative Building Services, Inc. — a commercial cleaning business, and Action Real Estate. Wood was also a member, manager, or president of, at least 14 other business related entities and shell companies.

Wood embezzled more than \$60,000 from her employees' Employee Retirement Income Security Act of 1974 (ERISA) covered 401(k) plans through her companies. In addition, Wood used her companies and business relationships to commit bank fraud. Wood falsely told her bank that she had a cleaning contract with an Internal Revenue Service building in Kansas City, Missouri, when in fact she did not. This resulted in the bank extending her a \$350,000 line of credit, from which she withdrew funds. Additionally, Wood created a check-kiting scheme by exchanging and cross-depositing more than 470 insufficient-fund checks between her multiple bank accounts.

This was a joint investigation with the Employee Benefits Security Administration (EBSA), the FBI, and the Department of Transportation—OIG. *United States v. Brenda Wood* (D. Kansas)

### **Former Owner of NW Systems, Inc., Sentenced to 12 Months in Prison for Embezzlement from an Employee Benefit Plan**

On August 24, 2018, Nathan G. Williams, the former owner and CEO of NW Systems, a privately held federal government contractor that provided information technology and administrative support, was sentenced to 12 months and 1 day in prison and ordered to pay more than \$350,000 in restitution.

NW Systems established a 401(k) profit-sharing plan to provide benefits to its employees in the event of retirement, death, or disability, and upon termination of employment. Under ERISA, NW Systems was required to forward employee contributions to the plan. From 2011 to 2012, while Williams was the plan trustee, Williams used earmarked plan contributions to pay the balances on company credit cards issued in his name and to pay for personal expenditures including personal apparel, a Carnival cruise, and fees for a marina and country club.

This was a joint investigation with EBSA. *United States v. Nathan G. Williams* (D. Maryland)

### **Husband and Wife Sentenced for Conspiracy to Defraud the New York State Department of Labor and the Internal Revenue Service**

On July 25, 2018, Abdel Soliman was sentenced to 41 months in prison and ordered to pay more than \$2.89 million in restitution to the IRS and the New York State Department of Labor (NYSDOL) for his role in an unemployment insurance (UI) fraud scheme.

On June 18, 2018, Aurora Spaven was sentenced to 36 months' probation and ordered to pay more than \$230,000 in restitution to the IRS.

Abdel Soliman and Aurora Spaven pleaded guilty on September 6, 2017, to conspiracy to defraud the United States and conspiracy to commit wire fraud. Between 2012 and 2015, Soliman and Spaven, together with others, operated Soliman Tax Services and Ascension Tax Services. They used the companies to submit U.S. individual income tax returns on behalf of Soliman and Ascension clients that included fraudulent W-2s. Soliman and Spaven requested tax refunds from the IRS on behalf of the victimized clients. Between March 2016 and January 2017, Soliman and Spaven executed a scheme to defraud the NYSDOL through the filing of false UI claims. Soliman and Spaven created fictitious

companies and reported erroneous employment wages on behalf of individuals that reside and work outside the United States. Soliman and Spaven then filed over 25 fraudulent UI claims in the names of the victim employees of the fictitious companies.

This was a joint investigation with the IRS – Criminal Investigation Division. *United States v. Soliman et al* (ED New York)

### **Southfield Man Sentenced to 60 Months in Prison for Filing More Than \$500,000 in UI Claims with Stolen Identities**

On August 28, 2018, Devin Griffin was sentenced to serve 60 months in prison and ordered to pay more than \$500,000 in restitution to the State of Michigan for his role in a UI fraud scheme.

Griffin obtained the personally identifiable information (PII) of several hundred individuals, and used this information to access and modify approximately 447 unemployment insurance claims in the names of other people. Griffin also used this PII to open credit card accounts in the names of others, and deposited the money derived from the unemployment insurance fraud into the credit card accounts. Griffin used this money to make cash withdrawals, and purchase cars, airline tickets, hotel rooms, shoes, and other personal items for himself.

This was a joint investigation with the State of Michigan Unemployment Insurance Agency. *United States v. Devin Griffin* (E.D. Michigan)

### **California Conspirators Sentenced for Their Roles in an UI Fraud Scheme**

On September 20, 2018, Sergio Doriente Sanchez Reyna was sentenced to four years and three months in prison and ordered to pay more than \$436,000 in restitution for his role in a scheme to defraud the California Employment Development Department (EDD) by filing false UI claims. Reyna's co-conspirator, Brittany Maunakea, was sentenced to 30 months in prison on August 16, 2018, and ordered to pay more than \$139,000 in restitution for her role in the fraud scheme.

Reyna and Maunakea, along with other conspirators, entered into a scheme to defraud EDD by filing false UI claims. In total, the conspirators filed at least 269 false claims seeking more than \$2.5 million in fraudulent benefits. EDD's actual loss was approximately \$887,199. Reyna and Maunakea participated in the scheme by receiving EDD documents at addresses they were associated with or controlled. Reyna and Maunakea then used UI debit cards issued in the names of identity-theft victims to withdraw UI benefits they were not entitled to receive.

This is a joint investigation with the FBI and EDD. *United States v. Emanuel et al* (E.D. California).

### **Man Sentenced in OSHA Training Fraud Scheme in Atlanta**

On August 9, 2018, Erick Powell was sentenced to 24 months in prison followed by three years of probation after being found guilty of wire fraud for his role in an Occupational Safety and Health Administration (OSHA) job-training fraud scheme in which fraudulent job advertisements were used to charge unsuspecting job seekers for unnecessary OSHA training.

Powell perpetuated the scheme by operating a series of fraudulent job-staffing businesses throughout the United States. Under the guise of the staffing companies, Powell posted job advertisements on

websites for housekeeping and maintenance jobs, offering above-market wages. Powell then misrepresented to job applicants that in order to obtain the premium positions, they were required to take OSHA General Industry training. Powell further misled job applicants by telling them the OSHA training was federally mandated when, in fact, it was not. After the job applicants paid for, and in some cases completed, the OSHA training, Powell would cease contact and fail to provide the promised job placement and OSHA training credential.

This was a joint investigation with the East Point Police Department. *United States v. Erick Powell* (N.D. Georgia)



Location where Powell and others operated their business

### **ExTeamsters Union Officials Sentenced to Prison for Embezzlement and Fraud**

On August 24, 2018, Scott and Nancy Alexander were both sentenced to a year in prison and jointly and severally ordered to pay more than \$44,000 in restitution as a result of their convictions for embezzlement and theft from a labor union and wire fraud.

From January 1, 2012, through June 30, 2016, Scott Alexander was the president and business agent of the International Brotherhood of Teamsters Local 50 Union (IBT Local 50). His wife, Nancy Alexander, was the IBT Local 50 office administrator. While employees of IBT Local 50, the Alexanders embezzled and converted union funds by using the union's credit card to make personal purchases. They also manipulated their payroll withholdings in order to increase their net pay at the union's expense, received more vacation pay than earned, received salary while on vacation, and received additional auto allowance payments.

This was a joint investigation with OLMS. *United States v. Scott D. Alexander and Nancy L. Alexander* (S.D. Illinois)

## South Louisiana Business Owner Sentenced for Obstructing a Department of Labor Investigation and Failing to Properly Pay His Employees

On September 18, 2018, Michael Langston, owner of Langston Construction and Composite Architectural Design Systems of Gonzales, Louisiana, was sentenced to a 6 month Location Monitoring Program of curfew and one year probation for obstruction of a federal proceeding and willful failure to pay overtime. The investigation determined that Langston had obstructed and impeded a Department of Labor Wage and Hour Division (WHD) civil investigation by making false statements and providing altered documents to WHD. Langston employed workers at construction sites around the country. Beginning around August 2013, and continuing to about August 2016, he employed approximately 150 employees and knowingly failed to pay correct overtime pay, totaling more than \$240,000.



Langston Construction Office Location

This was a joint investigation with WHD. *United States v. Michael L. Langston, Jr.* (M.D. Louisiana)