



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.

Virginia Beach Man Sentenced for \$1.2 Million Small Business Loan Scam, Unemployment Insurance Scheme

On April 9, 2021, Ronald A. Smith was sentenced to 120 months in prison for his role in an internet-based loan scam that defrauded nearly 1,700 owners and prospective owners of small businesses out of \$1,076,000, and for fraudulently collecting unemployment benefits during the COVID-19 pandemic. Smith's wife, Terri Beth Miller, was sentenced on April 16, 2021, to 60 months in prison, for her role in the small business loan scheme.

Smith and Miller set up an internet-based company, Business Development Group, which offered, in exchange for an advance fee, assistance to individuals in preparing applications to obtain loans guaranteed by the Small Business Administration. From August 2012 through February 2018, Smith and Miller solicited potential customers on the basis of false, fraudulent, and misleading statements and representations, including that the company was headquartered at the Trump Building in New York City with additional offices in Las Vegas, that it was affiliated with the Small Business Administration (SBA), that it had favorable relationships with banks across the nation, and that it had assisted well-known large companies in obtaining SBA loans. They offered a money-back guarantee, but employed various fraudulent methods to deny refunds.

Smith also committed fraud in connection with emergency benefits by submitting a fraudulent application to the Virginia Employment Commission for unemployment compensation, including \$600 per week in federal pandemic unemployment compensation authorized under the Coronavirus Aid Relief and Economic Security (CARES) Act. As a result, Smith obtained \$9,600 in federal pandemic unemployment compensation that he was not entitled to.

This was a joint investigation with the FBI, United States Postal Inspection Service (USPIS), and SBA–OIG. *United States v. Ronald A. Smith and Terri Beth Miller* (E.D. Virginia)

Man Sentenced to 81 Months in Prison for Unemployment Insurance Benefit Fraud

On April 29, 2021, Brandon Pitts was sentenced to 81 months in prison, followed by 24 months of supervised release, for his involvement in an unemployment insurance (UI) benefits fraud scheme that ran from November 2013 through December 2015.

Additionally, he was ordered to pay restitution of approximately \$788,000. Pitts and others were involved in a scheme to defraud the Illinois Department of Employment Security (IDES). One of Pitts' co-conspirators obtained personally identifiable (PII) related to patients where she worked. Pitts and others then used the PII to file, or cause to be filed, fraudulent UI claims with IDES.

This is a joint investigation with the FBI and USPIS. *United States v. Brandon Pitts et al. - Brandon Pitts* (N.D. Illinois)

Iowa Man Sentenced to 5 Years in Federal Prison for COVID-19 Unemployment Benefits Fraud

On May 20, 2021, Alvin Rex of Schaller, Iowa, was sentenced to 60 months in federal prison and ordered to pay more than \$63,000 in restitution. Rex opened multiple bank accounts in the Storm Lake, Iowa area and received more than \$35,000 in CARES Act UI funds in the names of other individuals from Arizona, Ohio, and Massachusetts. He then withdrew the benefits in cash and mailed the cash through the U.S. Mail.

This is a joint investigation with the FBI, USPIS, and the Storm Lake, Iowa Police Department. *United States v. Alvin Lavon Rex* (N.D. Iowa)

California Woman Sentenced to More than 3 Years for Stealing COVID-19 Relief Funds

Cara Marie Kirk-Connell was sentenced to 37 months in federal prison for fraudulently obtaining more than \$500,000 in COVID-19-related unemployment benefits by using the stolen personal information of dozens of individuals obtained from the darknet.

From May to October 2020, Kirk-Connell used personal information, such as dates of birth and Social Security numbers that she knew had been stolen and accessed via the darknet to apply for UI benefits from the California Employment Development Department.

This is a joint investigation with the IRS Criminal Investigation (CI) Division, and the USPIS. *United States v. Cara Marie Kirk-Connell* (Central District California)

Nine Plead Guilty to Defrauding the Virginia Employment Commission of Pandemic Unemployment Benefits

Between April 8, 2021, and May 13, 2021, Travis Kilgore, Brittany McReynolds, Larry Whited, Gregory Tackett, Melissa Hayes, Jeremy Short, Eric Mullins, Jared Mitchell, and Ryan Grizzle all entered guilty pleas admitting to being involved in fraudulently filing for and receiving Pandemic Unemployment Assistance (PUA) in Virginia. The scheme involved submitting claims for various individuals who were

not eligible to receive PUA benefits, including submitting claims for numerous inmates incarcerated in southwest Virginia regional jails. The co-conspirators made false statements on their weekly certifications to make filers appear eligible for benefits. Since pandemic unemployment benefits are paid weekly, each of those filings re-certified the false statements on numerous occasions throughout the scheme. This investigation is part of a large-scale operation involving inmates and their non-incarcerated co-conspirators fraudulently filing for and receiving CARES Act unemployment compensation benefits in Virginia.

This is a joint investigation with the IRS–CI Division, the Norton, Virginia Police Department, and the Russell County, Virginia Sheriff's Office. *United States v. Travis Kilgore, Brittany McReynolds, Larry Whited, Gregory Tackett, Melissa Hayes, Jeremy Short, Eric Mullins, Jared Mitchell, and Ryan Grizzle* (W.D. Virginia)

California Woman Pleads Guilty to Texas UI Fraud Scheme

In April 2021, Leila Gomez, wife of Carlos Lopez Gomez, pleaded guilty to a one-count information charging her with using an unauthorized access device.

From November 2020 through January 2021, Ricardo Parno and Carlos Lopez Gomez traveled from California to Texas searching for addresses that could be used to receive mail and benefits associated with fraudulent UI claims. Parno and Lopez used a fake Utah driver's license, along with a fraudulent insurance card, to open at least 33 mailboxes at 24 different retail locations throughout the Dallas-Fort Worth Metroplex. Parno and Gomez applied for, paid for, and opened these mailboxes in alias names. Stolen identities were used to file fraudulent UI claims with the Texas Workforce Commission. Leila Gomez obtained the debit cards that were issued as a result of the fraudulent claims from her husband and purchased items from high-end retail stores.

This is a joint investigation with the USPS and the Texas Workforce Commission. *United States v. Ricardo Parno, United States v. Carlos Lopez Gomez, United States v. Leila Gomez* (N.D. Texas)



Mailbox keys in plain view, following a probable-cause traffic stop of a vehicle operated by Parno and Gomez

Report allegations of fraud, waste, and abuse concerning DOL programs and operations to the OIG hotline via 800-347-3756 or www.oig.dol.gov.

New Jersey Man Pleads Guilty to Conspiracy to Commit Health Care Fraud

On April 21, 2021, Rocco Cammalleri pleaded guilty to a two-count information charging him with conspiracy to commit health care fraud and conspiracy to obstruct justice. This information relates to Cammalleri's defrauding New Jersey county health benefits programs by submitting claims for medically unnecessary prescriptions. Cammalleri and his co-conspirators recruited local government employees and others to obtain medically unnecessary compounded medications.

Cammalleri, who had no medical or sales background or training, recruited several individuals to receive medically unnecessary compounded medications. Cammalleri and a co-conspirator directed the recruits to an unnamed doctor to obtain his authorization for the compounded prescription medications. The recruits agreed to receive the very expensive compounded medications not out of need but in return for financial compensation.

Cammalleri received more than \$175,000 in payments for the prescriptions he arranged and agreed to receive, and caused \$2.98 million in fraudulent claims for compounded medications. Cammalleri also admitted that he conspired with a co-conspirator to obstruct the federal investigation by providing and seeking to provide false information to federal agents and the grand jury.

This is a joint investigation with the FBI and the IRS–CI Division. *United States v. Rocco Cammalleri* (District of New Jersey)

Kentucky Man Sentenced for Job Grant Fraud

On April 21, 2021, Jerry Caldwell was sentenced to 5 years' probation, a \$100 special assessment, and \$35,533.27 restitution to DOL.

On January 12, 2021, Jerry Caldwell pleaded guilty to one count of theft of government funds. Caldwell lost his job as a coal miner with Alpha Natural Resources following a company layoff in January 2013. Caldwell received state UI benefits until they were exhausted in August 2014. At that point, Caldwell began receiving monthly needs-based payments through a grant program funded by the United States government. Eligibility for these payments was based on his unemployed status, his exhaustion of unemployment benefits, and his participation in a Heating, Ventilation, and Air Conditioning ("HVAC") training program. He applied for these payments through a DOL contractor in Harlan County in the Eastern District of Kentucky. From August 2014 to October 2016, Caldwell completed monthly interviews with staff of a DOL labor contractor during which he certified that he was attending an HVAC training program and stated that he was unemployed. However, Caldwell began working for Kopper Glo Mining Company in August 2014, shortly after applying for the needs-based payments. Caldwell received a total of \$35,533.27 in monthly needs-based payments for which he was not eligible.

United States v. Jerry Caldwell, (E.D. Kentucky)

Flushing, New York, Man Sentenced to 30 Months in Prison for Stealing \$4.1 Million in Pension Funds and Approximately \$305K in Health Care Funds

On April 20, 2021, Chaim Stern was sentenced to 30 months in prison, followed by 3 years of supervised release, for embezzlement and tax offenses related to his operation of nursing homes in Bridgeport and Waterbury, Connecticut.

Stern was the principal operator of the Bridgeport Health Care Center (BHCC), Bridgeport Manor, and the Rosegarden Health and Rehabilitation Center LLC (Rosegarden) in Waterbury, which are privately owned nursing and rehabilitation facilities. Between approximately 2011 and 2018, Stern stole approximately \$4.1 million from the BHCC Pension Plan, over which he was the trustee, principally by diverting the money to a purported charity (called Em Kol Chai), which he controlled, as well as to himself and other entities. Also, in approximately February 2015, Stern misapplied approximately \$305,000 from the BHCC Health Plan by diverting the money from a stop-loss insurance plan that was intended to pay for an employee health claim, and instead used it for other purposes, including Em Kol Chai, operating the BHCC, and for his personal use.

Stern also failed to pay millions of dollars in other health insurance claims that he was obligated to pay on behalf of his employees, resulting in many cases of debt collection action against employees by health care providers.

In addition, from at least January 2017 through March 2018, Stern failed to pay and caused BHCC and Rosegarden to fail to pay employment taxes he collected from BHCC and Rosegarden employees. Also, from January 2017 through June 2018, Stern failed to pay and caused BHCC and Rosegarden to fail to pay BHCC and Rosegarden's share of employment taxes. The total tax loss resulting from Stern's conduct is more than \$4.3 million.

Finally, Stern has agreed to pay approximately \$2.4 million in restitution to the IRS, representing the tax withholdings Stern took from employees, but did not pay to the IRS.

This is a joint investigation with the DOL–Employee Benefits Security Administration, Boston Regional Office, and IRS–CI Division. *United States v. Chaim Stern* (D. Connecticut)

Illinois Chiropractor Sentenced to 20 Months In Prison for Fraudulent Billing Scheme

On April 26, 2021, chiropractor John Kosloski was sentenced to 20 months in prison and ordered to pay restitution of more than \$500,000. Kosloski was the owner of Diagnostic & Therapeutic Center in Dolton, Illinois. As part to the scheme, Kosloski billed both private and union-sponsored insurance carriers for services that were not rendered. Furthermore, Kosloski paid cash to individuals in exchange for using their personal information, as well as the information of their family members, to submit false bills.

This is a joint investigation with the FBI, Amtrak–OIG, and the USPS–OIG. *United States v. John Kosloski* (N.D. Illinois)

California Woman Sentenced for Her Role in Defrauding Union Health Plan

Lucine Ilangezyan, the former insurance biller for R&R Medspa, was sentenced to 18 months in prison and ordered to pay almost \$8 million in restitution. Ilangezyan engaged in a scheme with the owners of the clinic to submit fraudulent claims to health insurance companies, including the International Longshore and Warehouse Union, Pacific Maritime Association Benefit Plan. The proceeds from the scheme were used to provide patients with “free” cosmetic procedures.

Ilangezyan and her co-conspirators induced patients to visit the clinics to receive free cosmetic procedures, including facials, laser hair removal, and Botox injections, which were not covered by insurance plans. The 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 companies, the defendants calculated a “credit” that patients could use to receive “free” or discounted cosmetic procedures.

During the course of the conspiracy, Ilangezyan and her co-conspirators submitted more than \$20 million in claims to the insurance companies, which paid almost \$8 million on those claims.

United States v. Roxy Khadem et al - Lucine Ilangezyan (Central District of California)

Illinois Medical Doctor Sentenced to 12 Months in Prison for Health Care Fraud

On April 22, 2021, Pranav Patel, M.D., was sentenced to 12 months and 1 day in prison and ordered to pay restitution of more than \$900,000 for his role in submitting fraudulent insurance claims and reports to union-sponsored health plans for radiological tests that were not performed. Patel, an internal medicine specialist, owned and operated Palos Medical Care in Palos Heights, Illinois.

This is a joint investigation with the FBI. *United States v. Pranav Patel* (N.D. Illinois)

Former Ironworkers Local 395 Business Agent Sentenced to 54 Months in Prison for Hobbs Act Extortion Conspiracy

On May 3, 2021, Thomas Williamson Sr., former Ironworkers Local 395 Business Agent, was sentenced for his role in a violent Hobbs Act Extortion conspiracy. Williamson was sentenced to 54 months’ in prison and ordered to pay more than \$30,000 in restitution to the victims of the attack. As part of his plea agreement, Williamson agreed to a 13-year debarment from serving in certain capacities with labor organizations or employee benefits plans.

Williamson and his co-conspirator attempted to secure a replacement contract from a non-union iron shop and a replacement contract from the site’s general contractor through threatened and actual violence. One non-union ironworker sustained serious head injuries during the attack and another was prescribed opioids as a result of the attack, developed an opioid addiction, and later died from a heroin overdose.

This is a joint investigation with the main Department of Justice Organized Crime and Gang Section, the FBI, and state and local law enforcement partners. *United States v. Williamson Sr. et al. Thomas Williamson Sr.* (N.D. Indiana)

Former UAW International President Sentenced to Prison for His Role in an Embezzlement Conspiracy

On May 11, 2021, Dennis Williams, the former International President of the United Automobile, Aerospace, and Agricultural Implement Workers (UAW) union, was sentenced to 21 months in prison for conspiring with senior UAW officials to embezzle UAW funds between 2010 and 2019. Williams was also ordered to pay approximately \$130,000 in restitution to UAW, approximately \$15,000 in restitution to the IRS, as well as a \$10,000 fine. Williams received a 13-year debarment under 29 U.S.C. § 504 and 1111.

Between June 2014 and June 2018, Williams served as the International President of UAW, which represents more than 400,000 active members and more than 580,000 retired members in more than 600 local unions across the United States. Prior to serving as UAW President, Williams was the International Secretary-Treasurer of UAW from June 2010 through June 2014. Williams was convicted of conspiring with at least six senior UAW officials in a multi-year conspiracy to embezzle money from UAW. As part of his conviction, Williams admitted that he and other senior UAW officials used UAW money to pay for personal expenses, including multi-month long stays at private villas in Palm Springs, California, cigars, golfing apparel, green fees at golf courses, and high-end liquor and meals. Williams is the 16th defendant convicted in connection with the ongoing criminal investigation into corruption within UAW or relating to illegal payoffs to UAW officials by Fiat Chrysler Automobiles executives.

This is a joint investigation with the DOL–Office of Labor-Management Standards, IRS–CI Division and the FBI. *United States v. Dennis Williams* (E.D. Michigan)