



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 relating to violations of federal laws, rules, or regulations, including those performed by DOL contractors and grantees, as well as investigations of allegations of misconduct on the part of DOL employees. In addition, the OIG has an external program function to conduct criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions. We conduct labor racketeering investigations in three areas: employee benefit plans, labor-management relations, and internal union affairs.

Illinois Chiropractor and Family Members Sentenced in a \$29 Million Health Care Scheme

On April 24, 2017, Chicago-area chiropractor Vladimir Gordin Jr., his father, Vladimir Gordin Sr., and his brother, Aleksander Gordin, were sentenced for their roles in a scheme to submit nearly \$29 million in false health insurance bills, causing an actual loss of more than \$10.8 million to health insurers. This loss includes medical claims administered on behalf of several union health and welfare funds in the Chicago area. Gordin Jr. was sentenced to 7 years in prison and ordered to pay more than \$10.8 million in restitution. Gordin Sr. and Aleksander Gordin were sentenced to prison terms of 30 and 24 months, respectively.



Office building in which Gordin Medical leased one of their medical suites

The Gordins operated Gordin Medical Center S.C., a chiropractic clinic in the greater Chicago area. The trio used the company to falsely bill five medical insurance carriers for medical services that were either not provided or not medically necessary and attempted to cover-up the scam by fabricating patient medical records. In some cases, patients were aware of the overbilling scheme and were incentivized by the Gordins to participate by having their deductibles met at no cost to them or by sharing in a portion of the overbilling proceeds via checks provided to them by Gordin Jr. and Gordin Sr.

This was a joint investigation with the FBI and the U.S. Postal Inspection Service (USPIS). *United States v. Vladimir Gordin Jr. et al.* (N.D. Illinois)

Former Cleveland Job Corps Center Director Sentenced to Prison for Embezzlement and Tax Violations

On May 23, 2017, former Cleveland Job Corps Center Director, Clark V. Hayes, was sentenced to 37 months in prison and ordered to pay \$1.5 million in restitution for embezzling retirement funds and failing to pay taxes. Hayes was the owner of Applied Technology Systems, Inc. (ATSI), which held a contract with DOL to operate the Cleveland and Jacksonville Job Corps Centers.

Between July 1, 2010 and August 16, 2011, DOL paid ATSI more than \$15.5 million to staff and manage the Cleveland and Jacksonville Job Corps Centers. This amount included reimbursement for wages ATSI paid to the Centers' employees, including amounts that should have been withheld and paid to the IRS. Hayes failed to pay more than \$1.4 million in payroll taxes between 2010 and 2011. He also closed an employee retirement account and caused more than \$210,000 from that employee's retirement account to be transferred to an account he controlled. Hayes then spent more than \$110,000 of the embezzled money on personal items, including a Mercedes Benz and several business investments.

This was a joint investigation with the Employee Benefits Security Administration and the Internal Revenue Service-Criminal Investigation (IRS-CI). *United States v. Clark V. Hayes* (N.D. Ohio)

California Clothing Factory Manager Sentenced to Prison for Bribing Wage and Hour Investigator

On May 17, 2017, former Seven-Bros. Enterprises (Seven-Bros.) clothing factory manager Howard Quoc Trinh was sentenced to 18 months in prison for offering to pay bribes to a DOL Wage and Hour Division (WHD) investigator in exchange for the closing of an investigation into wage violations at Seven-Bros.

The WHD investigation, initiated in March 2015, found that Seven-Bros. had underpaid its employees approximately \$100,000 during the period May 2012 through March 2015. Trinh offered to pay a \$10,000 bribe to a WHD investigator and actually paid \$3,000 to the investigator, who was assisting DOL-OIG at the time. As part of the bribery scheme, Trinh promised to pay the \$7,000 balance once the WHD investigation was closed with no finding of any wrongdoing.

This was a joint investigation with WHD. *United States v. Howard Quoc Trinh* (C.D. California)

Owner of Houston Surgical Center Pleads Guilty in \$2.8 Million Scheme to Defraud OWCP

On April 17, 2017, Mark Farias, owner of Winlock Medical Surgical LLC, AMR Medical Supply, ARC Diagnostics LLC, and Tessler Diagnostics LLC, pled guilty to charges that he paid kickbacks, committed health care fraud, and laundered money in furtherance of a scheme to defraud the Office of Workers' Compensation Programs (OWCP). Farias' guilty plea is part of a broader investigation involving Team Work Ready, Inc. (TWR), a chain of physical therapy clinics focused on treating injured federal workers covered by the Federal Employees' Compensation Act (FECA). TWR had numerous locations across five states, including Texas and Louisiana.

From 2011 to 2013, Farias paid more than \$430,000 in illegal kickbacks to TWR owner Jeffrey Rose, who was convicted in October 2016, in exchange for Rose's referral of more than 400 TWR patients for

whom Farias could bill health care items and services under the FECA benefit program. Based on these patient referrals, Farias billed OWCP for more than \$2.8 million in false and fraudulent claims and received more than \$2 million in payment for those claims. Farias knew the money he received from OWCP was payment for services that were not medically necessary, not performed, and the result of illegal kickbacks he had paid to Rose.

This is a joint investigation with the U.S. Postal Service–OIG, U.S. Department of Veterans Affairs–OIG, U.S. Department of Homeland Security–OIG, and IRS-CI. *United States v. Mark Edward Farias* (S.D. Texas)

Indian National Sentenced for H-1B Visa Related Fraud

On April 26, 2017, George Mariadas Kurusu, an Indian national, was sentenced to time served (approximately eleven months) and was directed to pay restitution of \$53,000. In January 2017, Kurusu pled guilty to wire fraud, fraud in foreign labor contracting, false statements in an immigration matter, and witness tampering for perpetrating a scheme to defraud the H-1B visa program. As part of his plea agreement, Kurusu agreed to pay restitution to four victims of his scheme prior to sentencing.



Fort Stockton Public High School where George Kurusu taught and recruited teachers to work.

Kurusu entered the United States as an H-1B visa employee of the Fort Stockton, Texas, Independent School District (FSISD). Kurusu quickly violated the terms of his H-1B visa by establishing a labor recruiting business called Samaritan Educational Services. Kurusu successfully recruited numerous Indian nationals and secured H-1B visas for them to enter the United States to work for the FSISD. When they arrived, Kurusu required them to set up bank accounts and automatic recurring fund transfers, whereby fifteen percent of their gross monthly pay was wired to Kurusu's business account. When Kurusu's victims questioned these illegal fees, Kurusu warned them that nonpayment would result in losses of their jobs and H-1B visas. Kurusu also warned victims not to complain to the FSISD, as doing so would jeopardize all FSISD H-1B workers. When he became aware of the DOL-OIG joint criminal investigation, Kurusu threatened his victims with deportation should they decide to speak with law enforcement.

This is a joint investigation with the U.S. Diplomatic Security Service (DSS) and U.S. Customs and Border Protection. *United States v. Kurusu* (W.D. Texas)

Former Rhode Island State Employee Sentenced to Prison for Theft of UI Funds

On April 3, 2017, Ambulai R. Sheku was sentenced to 21 months in prison and ordered to pay more than \$485,000 in restitution for his role in a scheme to defraud the Rhode Island Unemployment Insurance (UI) program. The financial loss resulting from Sheku's scheme includes more than \$350,000 in federal funds.

From 2009 until his dismissal in 2015, Sheku operated a scheme to defraud the Rhode Island Department of Labor and Training (DLT), where he was employed as a UI claims processor. Without authorization and exceeding his authorized access of DLT's computer systems, Sheku was able to manipulate claims data to obtain fraudulent UI benefits for more than 20 individuals, many of them his friends and associates. Sheku changed the addresses of legitimate UI beneficiaries, causing new UI debit cards to be created and mailed to other members of the conspiracy, who would then share the stolen UI funds with him. Sheku also extended the expiration dates of benefit claims within the DLT database in order to prolong his and others' receipt of fraudulent benefit payments.

This was a joint investigation with USPIA and Rhode Island State Police. *United States v. Ambulai R. Sheku* (D. Rhode Island)

Illinois Man Sentenced to Prison for UI Fraud

On May 18, 2017, Jonathan Minor was sentenced to eight months in prison and ordered to pay almost \$850,000 in restitution for his role in a fictitious employer scheme to defraud the UI program administered by the Illinois Department of Employment Security (IDES).

From July 2009 to September 2012, Minor participated in a UI benefit fraud scheme in which fraudulent UI benefit claims were submitted to IDES using fictitious employers and employee names. As a result of the fraudulent claims, IDES caused its financial institutions to mail debit cards loaded with UI benefit money to addresses associated with the fraudulent claims. Minor recruited at least three other individuals to participate in the scheme by receiving fraudulently obtained UI debit cards at their mailing addresses. Once they received the UI debit cards, Minor and others used them to withdraw the illegally obtained benefit money from ATM machines.

This was a joint investigation with the FBI. *United States v. Jonathan Minor* (N.D. Illinois)

San Francisco Restaurant Owner Sentenced for Obstructing Wage and Hour Investigation

On April 4, 2017, Ming Lian Zhou was sentenced to six months in a halfway house to be followed by another six months' home detention, along with more than \$7,000 in fines and restitution, for concealing underpayment of wages from WHD.

A 2012 WHD investigation found that Zhou had failed to pay more than \$92,000 in overtime wages to 46 employees of two San Francisco restaurants he owned—Hong Kong Lounge and Hong Kong Lounge II. In response to these WHD findings, Zhou deliberately signed and submitted falsified forms to WHD, in which he reported he paid 46 employees their overtime back wages. In fact, Zhou had not paid his employees as required. He nevertheless signed the forms and even asked his employees to sign the forms, confirming they had received their back wage payments. This was a joint investigation with WHD. *United States v. Ming Lian Zhou* (N.D. California)

Chicago Dermatologist Convicted of Health Care Fraud

On May 10, 2017, following a seven-day trial, a federal jury convicted Dr. Omeed Memar on eight counts of health care fraud and eight counts of making false statements in a health care matter, for his role in a scheme to defraud numerous health insurance programs, including a number of union-funded health care plans.

According to evidence presented at trial, Dr. Memar routinely submitted fraudulent bills to various health care entities from 2007 to 2013, seeking reimbursement for services that were not performed and/or not medically necessary. In one example, Memar billed a patient's insurance provider for more than 15 intense-pulsed light procedures for supposed treatment of a pre-cancerous condition called actinic keratosis. In truth, and as demonstrated by trial evidence, Memar not only knew the patient did not have actinic keratosis but also did not even see the patient during the period when the supposed treatments occurred.

This is a joint investigation with the FBI and U.S. Department of Health and Human Services–OIG. *United States v. Omeed Memar* (N.D. Illinois)

Jury Convicts Three Detroit-Area Residents for UI Fraud and Identity Theft

On May 18, 2017, following a five-day jury trial, Kenneth Dixon, Nakita Washington, and Jamela Washington were each convicted on charges relating to their involvement in a conspiracy to steal \$400,000 in UI benefits from the Michigan Unemployment Insurance Agency.

Evidence presented at trial established that the defendants systematically engaged in a conspiracy to obtain the personally identifiable information of more than 100 unsuspecting victims. They then used that information to submit fraudulent online claims for UI benefits. The defendants then collected the resulting UI benefit payments, which were issued on debit cards, and used the funds for personal purchases, including honeymoon expenses for one of the defendants.

This is a joint investigation with the State of Michigan UI Agency. *United States v. Kenneth Dixon, et al.* (E.D. Michigan)

Former Garland Texas Independent School District Human Resources Executive Pleads Guilty to Conspiracy to Falsify Immigration Documents

On May 23, 2017, Victor Leos, former Executive Director of Human Resources for the Garland Independent School District (GISD), pled guilty to a one count information charging him with conspiracy to commit visa fraud. Leos was responsible for recruiting teachers to fill vacancies at GISD. Leos recruited teachers from Mexico, Central and South America, and the Philippines to fill open teaching positions at GISD.

From around 2007 to around 2012, Leos engaged in a criminal conspiracy with outside recruiters to recruit and hire foreign teachers that GISD did not necessarily need. Leos benefited by receiving kickbacks in the form of inflated fees to teach orientation classes, travel, and other forms of remuneration. After the foreign teachers were employed at GISD on H-1B temporary visas, Leos knew they were unlikely to qualify for Form 9089s (Applications for Permanent Employment Certification). To

further the conspiracy, Leos knowingly signed and filed falsified Form 9089s with DOL to sponsor the teachers for employment-based permanent resident applications.

This was a joint investigation with the FBI, Immigration and Customs Enforcement, and the Department of Education–OIG. *United States v. Victor Leos* (N.D. Texas)

Technology Company President Pleads Guilty in H-1B Scheme

On May 1, 2017, Rohit Saksena, former president and chief executive officer of Saks IT Group, LLC, pled guilty to false statements charges relating to his role in a scheme to defraud DOL's H-1B program.

Saksena used Saks IT Group, LLC, an information technology (IT) staffing and consulting services provider in Manchester, New Hampshire, to submit fraudulent immigration documents to DOL and U.S. Citizenship and Immigration Services. He falsely stated that foreign workers at Saks IT Group, LLC, would provide professional services to Keytone Technologies, Inc., an IT company in Cupertino, California, when Saksena knew Saks IT Group had no contractual relationship with Keytone. Further, he never intended to place foreign workers at Keytone as he had asserted to the government. In addition, the investigation found that Saksena and a co-conspirator attempted to conceal their scheme by directing others to provide false information to immigration officials.

This is a joint investigation with Homeland Security Investigations (HSI) and DSS. *United States v. Rohit Saksena* (D. New Hampshire)

Minnesota Woman Pleads Guilty in Labor Trafficking Case

On May 31, 2017, Lili Huang, pled guilty to withholding her victim's (identified as F.L.) documents in furtherance of forced labor.

On February 25, 2016, Huang brought F.L. from Shanghai, China, to her home in Woodbury, Minnesota, to work as a nanny and housekeeper. Although F.L. had previously worked for the defendant in China, where she cooked, cleaned, and cared for the defendant's children. The scope of work and the defendant's treatment of F.L. was significantly different once she arrived in Minnesota. Huang forced F.L. to work up to 18 hours a day cooking, cleaning, and providing childcare. Huang became emotionally and physically abusive toward F.L.

On April 23, 2016, due to the repeated physical abuse, F.L. asked Huang to buy her an airplane ticket so she could return home to China. Instead of buying her a ticket, Huang took F.L.'s passport and refused to let F.L. leave. Huang has also been charged in Washington County with five felony counts.

This is a joint investigation with HSI, DSS, the Woodbury Police Department and the Washington County Attorney's Office. *United States v. Lili Huang* (D. Minnesota)