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

OIG Investigations Newsletter

April 1 – May 31, 2018
Volume XVI

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.

Former North Texas Attorney Sentenced to 120 Months in Prison for Stealing More Than $26 Million from OWCP

On April 19, 2018, Tshombe Anderson, of Grand Prairie, Texas, was sentenced to 120 months in prison and ordered to pay more than $26 million in restitution for his role in a scheme that he ran along with his family members to defraud the Department of Labor's (DOL) Office of Workers' Compensation Programs (OWCP).

Anderson pleaded guilty in August 2017, to one count of conspiracy to commit health care fraud. Anderson agreed to forfeit $375,000 seized from his residence, a 2015 Mercedes, and his share of the nearly $8.4 million that was seized from 25 bank accounts.

Money Seized from The Anderson Residence

In April 2013, Anderson agreed with his sister, Lydia Bankhead, to open Union Medical Supplies and Equipment (UMSE). Later that year, Anderson opened Skycare Medical Supplies and Equipment. Both companies were created in order to submit fraudulent claims to OWCP. Anderson and his wife, Brenda Anderson, stole patient medical information from their former employer Union Treatment

Centers, LLC. The Andersons used the stolen information to submit claims for duplicate, unwanted, and not medically necessary durable medical equipment. Anderson continued to submit these bills knowing that the companies were billing OWCP for items unassociated with claimants' injuries. Often times, claimants refused or rejected the durable medical equipment.

Anderson had access to the operating accounts of UMSE and routinely transferred large sums of cash from those accounts for his personal use or to launder through business accounts for a shell company called American Federal Union Claims Advocates, as well as accounts associated with his law office.This is a joint investigation with the U. S. Postal Service Office of Inspector General (USPS-OIG). *United States* v. *Tshombe Anderson et al* (N.D. Texas)

Illinois Pharmacist Sentenced to Prison for Health Care Fraud and Aggravated Identity Theft

On April 5, 2018, pharmacist Walter Beich was sentenced to 48 months in prison and ordered to pay more than $2.2 million in restitution to various health benefit programs, including private insurance carriers, Medicare, and Medicaid.

Beich owned Corwin Pharmacy, in Lockport, Illinois. Between 2010 and 2013, Beich used his patients' information to submit reimbursement claims for non-FDA approved, foreign made drugs instead of the ones they were actually prescribed. Beich had his employees unknowingly create fraudulent pharmacy records by falsely telling them he had received phone-in orders from physicians. By falsifying signature logs and prescriptions, Beich caused fraudulent claims for prescription medication to be submitted to health care benefit programs. Corwin Pharmacy received approximately $2.4 million from health care benefit programs based on these fraudulent prescription claims.

Corwin Pharmacy

This is a joint investigation with the FBI, the Department of Health and Human Services Office of Inspector General and the Illinois State Police. *United States v. Walter Beich* (N.D. Illinois)

South Carolina Woman Sentenced in Multimillion-Dollar Health Care Benefits Fraud Scheme

On May 14, 2018, Kathleen Cauthen, formerly a licensed attorney in South Carolina, was sentenced to 30 days in prison and ordered to pay more than $1.7 million in restitution for her part in a multimillion-dollar health insurance fraud scheme that harmed thousands of victims across the country.

From January 2008 through March 2010, Cauthen and four co-conspirators participated in a nationwide health care scheme that defrauded more than 17,000 victims. Cauthen and her co-conspirators set up numerous businesses to market and sell bogus health insurance plans. Cauthen helped conceal the fraud scheme by handling certain corporate filings, posing as counsel for a sham insurance company, and operating and managing the bank accounts used to receive premium payments for the unauthorized insurance plans. On January 12, 2017, Cauthen surrendered her certificate of admission to practice law in the State of South Carolina in lieu of discipline.

This is a joint investigation with Employment Benefits Security Administration (EBSA), FBI, U.S. Postal Inspection Service (USPIS), U.S. Secret Service, and IRS Criminal Investigation (CI). *United States* v. *Posey et al.* (M.D. Tennessee)

Texas Diagnostic Company Owner Sentenced for Kickbacks, Health Care Fraud, and Money Laundering

On April 12, 2018, Houston, Texas businessman Mark Edward Farias was sentenced to 68 months in prison and ordered to pay nearly $2.8 million in restitution. Farias was sentenced for his role in a health care fraud scheme involving kickbacks and false claims against the OWCP.

Farias was the owner of a durable medical equipment and three medical diagnostic businesses located in Texas and Louisiana. Farias paid the owner and CEO of Team Work Ready (TWR), Jeffrey Eugene Rose, 55, of Houston, at least $436,213 in kickbacks for access to at least 419 patients from TWR clinics in Texas and Louisiana. Farias admitted that he attempted to conceal the kickback payments by falsely indicating on the payments that they were for marketing. Farias did not receive any marketing services from TWR, only referrals of patients covered by the Federal Employee Compensation Act (FECA) program.

In addition to engaging in kickbacks, Farias also committed health care fraud by submitting up-coded claims for the kickback patients, including claims for diagnostic testing that was not medically necessary, and for diagnostic reports that were not produced. Farias also engaged in money laundering with the criminal proceeds he received from the FECA program.

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

Two Illinois Chiropractors Plead Guilty to Health Care Fraud

On May 20, 2018 and May 23, 2018, respectively, chiropractors Stephen Hoesley and Jeffrey Witek pled guilty to health care fraud charges in connection with a scheme to defraud a health care benefit program.

Witek was the President of JC Rejuvenation and Wellness, Ltd. (JCRW), located in Bartlett, Illinois. Hoesley was the President of Natural Health and Chiropractic (NHC), located in Chicago, Illinois. Witek and Hoesley submitted over $600,000 in fraudulent claims to Blue Cross Blue Shield of Illinois (BCBSIL), which falsely represented that health care services were provided to each other and each other’s spouses. The defendants created false medical records to substantiate these fraudulent claims, including fabricated patient travel cards, exam reports, and charge sheets. In addition, Witek submitted over $350,000 in fraudulent patient claims for Aquatic Therapy and Whirlpool Therapy, despite the fact that JCRW never had a whirlpool, underwater treadmill, or similar type of device which could be used to provide a patient with Aquatic Therapy or Whirlpool Therapy. Witek also submitted over $200,000 in fraudulent claims for appointments on days when the patients did not actually receive treatment at JCRW.

This is a joint investigation with the FBI. *United States* v. *Jeffrey Witek and Stephen Hoesley* (N.D. Illinois)

California Psychiatrist Ordered to Pay More Than $2 Million for Fraudulent Reporting

On April 23, 2018, Samuel Albert, a licensed psychiatrist in Fountain Valley, California, and former OWCP medical provider, was ordered to pay more than $2 million in criminal restitution related to a scheme he devised to defraud OWCP. Albert is also currently serving a 10-month sentence in connection with his criminal conduct in this case.

Albert conspired with his medical office staff to create false medical reports, that purported to reflect patients' psychiatric status, history, treatment, or progress based on psychotherapy sessions at his medical office. The reports were fraudulent in that they did not reflect information specifically related to the patient on whose behalf they were prepared. Instead, patient reports were generated, at Albert's direction, by office staff who did not participate in the relevant psychotherapy sessions and who were not provided with session-based information about the specific patients for whom they were preparing reports. The fraudulent reports were based on templates with "cut and paste" information that was reused for different reports on a rotating basis. To avoid detection by OWCP, Albert and his staff maintained an elaborate system to track submissions of fraudulent report templates to ensure that any particular OWCP claims examiner did not receive the same report template more than once. Because of the fraudulent billings, OWCP paid more than $2.3 million to Albert.

As part of his plea agreement, Albert agreed to the revocation of his medical license, the loss of all rights and privileges of a licensed physician in California, and exclusion from all federal health care programs.

This is a joint investigation with the USPS-OIG. *United States* v. *Samuel Albert.* (C.D. California)

Kentucky Man Sentenced to 41 Months in Prison for Theft from Pension Plans

On April 25, 2018, George Hofmeister, 65, formerly of Lexington, Kentucky was sentenced to 41 months in prison for pension plan theft and money laundering.

Hofmeister embezzled money from the Hillsdale Salaried and Hillsdale Hourly Pension Plans. Hofmeister was the plans' trustee at the time of the embezzlement. Hofmeister used the plans' assets to purchase a majority ownership interest in SIF Technology Company, LLC (SIF). Hofmeister arranged for the plans to loan $600,000 to SIF and then directed the transfer of $200,000 of the loan to AMI Morton Fabrications, which was owned by the Hofmeister irrevocable family trusts. Those plan assets were ultimately used for Hofmeister's personal benefit.

This is a joint investigation with the IRS and EBSA. *United States* v. *George S. Hofmeister* (E.D. Kentucky)

Multiple Co-conspirators Admit to Roles in Nationwide Identity Theft and Retirement Account Fraud Schemes

Multiple defendants entered guilty pleas and were sentenced for their respective roles in a nationwide scheme to steal from individual 401(k) accounts. On May 23, 2018, Abdulrasheed Yusuf was sentenced to 27 months in prison for conspiracy to commit wire fraud and aggravated identity theft. On May 21, 2018, Algi Crawford was sentenced to 20 months in prison for one count of conspiracy to commit bank fraud and one count of bank fraud. On April 5, 2018, Rickeylee P. Dixon pled guilty to conspiracy to commit wire fraud. On April 20, 2018, Alton L. Barnes pled guilty to conspiracy to commit wire fraud. On February 15, 2018, Temilade Adekunle pled guilty to aggravated identity theft and conspiracy to commit wire fraud.

Yusuf, Crawford, Dixon, Barnes, Adekunle, and their co-conspirators used fraudulent means, including aggravated identity theft and the creation of fraudulent shell companies, to steal and withdraw victims' 401(k) funds. Members of the conspiracy used online hackers to obtain victims' personal identifiable information. The conspirators then impersonated the victim account holders and obtained money from their 401(k) accounts. As part of the scheme, the conspirators contacted various plan administrators and liquidated a portion of the victims' retirement accounts. The plan administrators unwittingly issued a check withdrawing funds from the victims' retirement account. The conspirators intercepted the fraudulently obtained checks and deposited them into previously opened fraudulent bank accounts in the names of individuals and shell companies. They then used low-level gang members to withdraw the funds from banks and ATMs.

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

Pennsylvania Information Technology Company Owner Pleads Guilty to Charging Visa Applicants Approximately $450,000 in Illegal Filing Fees

On April 19, 2018, Ramesh Venkata Pothuru, former owner and operator of Virgo, Inc., and Isync Solutions, Inc., was sentenced to a year and a day in prison and fined, for his role in an employment-based visa fraud scheme.

Between 2010 and 2013, Pothuru collected approximately $450,000 in illegal filing fees from workers he sponsored under the H-1B nonimmigrant worker visa program. Federal regulations prohibit employers from soliciting payments from H-1B nonimmigrant workers to cover the costs associated with filing fees.

In addition, many of the H-1B nonimmigrant workers Pothuru sponsored were also beneficiaries of permanent foreign labor certification applications filed by Pothuru. Permanent foreign labor certification filings typically involve costs of approximately $2,000 in legal fees as well as $1,500 for advertising placement. These fees are in addition to filing fees. Pothuru collected the fees from the beneficiaries he sponsored for permanent foreign labor certification by requiring the beneficiaries to wire transfer the funds into several of his personal bank accounts. Pothuru subsequently submitted false applications in which he did not disclose the fees he collected from the beneficiaries.

This is a joint investigation with U.S. Department of State – Diplomatic Security Service and Homeland Security Investigations (HSI). *United States* v. *Ramesh Venkata Pothuru* (E.D. Pennsylvania)

Florida Based Husband and Wife Duo Sentenced for Their Roles in an Unemployment Insurance Identity Theft Fraud Scheme

In April 2018, Wickenbert Clacema and his wife, Tamara St. Hilaire, were sentenced to serve 40 and 24 months in prison, respectively, and ordered to pay restitution of more than $162,000 for their roles in an identity theft and UI fraud scheme.

Clacema and St. Hilaire conspired to steal the personally identifiable information of at least 109 unsuspecting individuals to fraudulently file claims for UI benefits with the State of Michigan Unemployment Insurance Agency (UIA). Many of the stolen identities belonged to victims in the states of Florida and Michigan. Once benefit claims were submitted and approved, the defendants used prepaid debit card accounts to fraudulently withdraw more than $162,000 in UI benefits.

This was a joint investigation with UIA and HSI. *United States* v. *Wickenbert Clacema et al.* (S.D. Florida)

Former Rhode Island Union Officer Pleads Guilty to Embezzlement and Aggravated ID Theft

On May 11, 2018, Richard D'Antuono, 42, of Cranston, Rhode Island was sentenced to 36 months in prison and ordered to pay more than $319,000 in restitution for his role in embezzling from a union and employee benefit plan.

Beginning in 2015, D'Antuono, a former business manager and financial secretary for the Operative Plasterers and Cement Masons International Association Local 40, made checks out to himself from the union's operating account that were substantially in excess of his salary and stipend to which he was entitled. In some instances, D'Antuono had the authorized signatories sign blank checks, which he later used to embezzle funds from the operations account. In other instances, he forged the signature of the authorized signatories on checks. D'Antuono admitted that he also embezzled funds from the Apprenticeship Fund by writing checks payable to the Local 40 operations account and then embezzling the funds in the same manner aforementioned.

This is a joint investigation with EBSA and the Office of Labor-Management Standards. *United States* v. *Richard D'Antuono* (D. Rhode Island)

California Business Ordered to Pay More Than $1 Million for Bribing State Employee

On May 7, 2018, Professional Collection Consultants (PCC), a now-defunct debt collection company located in Los Angeles, was sentenced for its role in a scheme involving bribes paid to a public official in Arizona in exchange for confidential employment wage data. PCC was ordered to pay a $350,000 fine and to forfeit more than $946,000, which represents the amount of money PCC was able to collect in eight months as a result of the information obtained through the bribes.

From roughly September 2010 through August 2013, PCC paid bribes to an employee of the Arizona Department of Economic Security (ADES), the state agency that provides unemployment insurance benefits. In an effort to determine the collectability of debts owed by individual debtors, an employee of PCC provided Social Security numbers, and paid bribes, to an employee of ADES, who, in exchange, provided wage and earnings information to PCC.

The PCC employee who was charged in this case, Michael S. Flowers, 56 of Los Angeles, previously pled guilty to one count of conspiracy to commit bribery in relation to a program receiving federal funds, and is scheduled to be sentenced for his role in the scheme.

This is a joint investigation with the FBI. *United States* v*. Professional Collection Consultants et al* (C.D. California)

The Estate of a Pennsylvania Physician Agrees to Pay $625,000 to Settle False Claims Act Violations.

On April 5, 2018, the Estate of the late Doctor Leroy Pelicci (Pelicci) agreed to pay the United States $625,000 to settle False Claims Act allegations. Pelicci was a physician and owner of the Pelicci Pain Relief Center in Scranton, Pennsylvania until his death in March 2014. The United States alleged that Pelicci submitted numerous improper claims for payment to OWCP under FECA and the Federal Employees Health Benefits Program for trigger point injections, which were up-coded to receive a higher reimbursement amount than permitted, between June 11, 2003 and March 4, 2014. The settlement reflects the amount of loss to the Government, as well as the cost of the investigation.

This was a joint investigation with USPS-OIG and the U.S. Office of Personnel Management-OIG. *United States* v. *Estate of Leroy Pelicci (*M.D. Pennsylvania*)*