



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.

## **One Time California EDD Employee Pleads Guilty for Fraudulently Obtaining More than \$1.6 Million in Jobless Benefits**

Gabriela Llerenas, a California Employment Development Department (EDD) employee, who resigned from EDD in 2002, pleaded guilty for her role in filing fraudulent unemployment insurance claims in the names of identities she had stolen.

Between April and October 2020, Llerenas filed and caused the filing of claims asserting claimants were self-employed independent contractors, often identifying them as cake decorators or event attendants who were negatively affected by the COVID-19 pandemic. Llerenas obtained some of the names, Social Security numbers, and other identifying information she used to submit the fraudulent claims through her prior work as a tax preparer. In total, 197 debit cards were fraudulently issued because of this scheme, resulting in losses to EDD of more than \$1.6 million.

This is a joint investigation with the EDD, Homeland Security Investigations (HSI), United States Postal Inspection Service (USPIS), FBI, United States Secret Service (USSS), and Social Security Administration–OIG. *United States v. Gabriela Llerenas* (Central District of California)

## **Two Georgia Men Sentenced to Federal Prison for Unemployment Fraud and Tax Fraud Scheme**

On August 31, 2021, Bamidele Muraina, a Nigerian hacker, was sentenced to 70 months in prison and was ordered to pay more than \$260,000 in restitution to the Employment Security Department of Washington (ESD-WA), and almost \$300,000 in restitution to the IRS. Also, on August 31, 2021, Muraina's co-conspirator Gabriel Kalembo was sentenced to 50 months in prison and was ordered to pay almost \$200,000 in restitution to the ESD-WA, and almost \$100,000 in restitution to the IRS. At the time of Kalembo's criminal conduct, he was on federal supervised release from a prior fraud conviction in 2017.

From January 2018 through April 2020, Muraina hacked into multiple tax preparation and accounting firms located in several states and

obtained access to the firms' accounts with a national tax preparation program to steal personally identifiable information (PII) from their clients. Muraina then filed more than 275 fraudulent individual income tax returns in their names, resulting in Muraina seeking over \$2.6 million in fraudulent IRS refunds.

In May 2020, Muraina used stolen PII from Washington state residents to submit false claims for unemployment insurance (UI) benefits in Washington. Based on Muraina's fraudulent UI claims submitted in the names of approximately fifty identity theft victims over a one-week span, ESD-WA issued more than \$280,000 in fraudulent UI benefits. Muraina then directed fraudulent funds from his UI benefit scheme and tax fraud scheme to be deposited into bank accounts set up by co-conspirators, including Kalembo, who was convicted in 2017 of conspiracy to commit wire and bank fraud in the Northern District of Georgia.

This is a joint investigation with the IRS–Criminal Investigation (CI) Division, USSS, USPIS, and HSI. *United States v. Muraina et al* (N.D. Georgia)

### **Arkansas Woman Sentenced For Role in Unemployment Benefit Fraud Scheme**

On August 19, 2021, Deborah Hollimon of Arkansas was sentenced to three years and two months in prison and ordered to pay almost \$570,000 in restitution for her role in an unemployment insurance fraud scheme.

From September 2012 through September 2015, Hollimon and others filed more than 100 fraudulent unemployment insurance claims with the EDD, seeking approximately \$883,000 in benefits using fictitious businesses. Hollimon created fictitious employers with EDD and then submitted information to EDD reporting fake employees for the businesses. Almost all the individuals reported as employees of the companies were actually victims of identity theft. Hollimon subsequently filed unemployment claims in her own name and in the names of the fake employees in order to collect the benefits. Approximately \$569,000 in fraudulent benefits was paid out by EDD.

This is a joint investigation with the USPIS, IRS, and the EDD. *United States v. Deborah Hollimon* (Eastern District of California)

### **Virginia Man Pleads Guilty to Conspiring to Defraud the Government of More than \$790,000 in Pandemic Unemployment Assistance Benefits**

On September 2, 2021, Johnny Hobbs pleaded guilty to participating in a conspiracy that defrauded the government of more than \$790,000 in pandemic unemployment assistance (PUA) benefits and conspiring to commit mail fraud.

Hobbs was involved in a fraud scheme that involved the filing of fraudulent PUA claims through the Virginia Employment Commission website. By making materially false statements, Hobbs and his coconspirators submitted fraudulent PUA claims for various individuals who were known to be ineligible to receive PUA benefits. Hobbs joined the scheme in May 2020 while incarcerated, initially seeking to receive PUA benefits for himself.

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. Johnny Hobbs* (W.D. Virginia)

## **Southwest Virginia Man Pleads Guilty to Defrauding the Virginia Employment Commission of Pandemic Unemployment Benefits**

On September 2, 2021, Darrell Davis entered a guilty plea to conspiracy to defraud the United States and conspiracy to commit mail fraud. He also entered a guilty plea for making a material false statement for his role in the filing of fraudulent claims for more than \$499,000 in PUA benefits.

The fraud scheme involved submitting claims for various individuals who were ineligible to receive PUA benefits, including submitting claims for numerous inmates incarcerated in southwest Virginia regional jails. Davis provided his PII to his coconspirators to file fraudulent claims. By providing the PII, Davis and his coconspirators knowingly caused government issued debit cards and monetary determination letters to be sent and delivered by the United States Postal Service (USPS). In addition, Davis made materially false representations to federal agents when he was questioned in relation to this investigation. Davis falsely represented that he did not know how a coconspirator obtained his Social Security Number and that he did not receive any money from the same coconspirator.

This investigation is part of a large-scale operation involving inmates and their non-incarcerated coconspirators fraudulently filing for and receiving Coronavirus Aid, Relief, and Economic Security 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. Darrell Davis* (W.D. Virginia)

## **Pharmacy Marketer Pleads Guilty to Paying and Receiving Kickbacks for His Role in a Scheme to Defraud the Office of Workers' Compensation Programs**

On August 30, 2021, Hector Delacruz pleaded guilty to one count of conspiracy to pay and receive kickbacks for his role in a scheme to defraud federal health care programs.

Pharr Family Pharmacy billed various federal health care programs, to include the Office of Workers' Compensation Programs, more than \$110 million, including claims that were false, fraudulent and the result of illegal kickbacks. Delacruz and his partner owned a marketing company in Pharr, TX, and marketed on behalf of Pharr Family Pharmacy. Delacruz and a co-conspirator made agreements with physicians to write prescriptions for medically unnecessary compound prescription medication in exchange for a kickback of the profits. Delacruz and his co-conspirator funneled approximately \$8.1 million dollars in kickbacks from Pharr Family Pharmacy through the marketing business.

This investigation is a joint investigation with USPS–OIG, FBI, Defense Criminal Investigative Service, and Veterans Affairs–OIG. *United States v. John Rodriguez et al* (S.D. Texas)

## **Former Texas Meat-Packing Plant Owner Fined \$8,000 and Sentenced to 36 Months' Probation for Providing a Falsified Document to OSHA**

On August 12, 2021, former Texas Packing Owner Dean Yorton was sentenced to 36 months' probation and ordered to pay an \$8,000 fine for his role in providing falsified documentation to an Occupational Safety and Health Administration (OSHA) official.

Yorton, the former owner of Texas Packing located in San Angelo, Texas pleaded guilty in April 2021 to one count of providing a false document to a federal agency and agent. The charge resulted from Yorton's actions during a 2018 OSHA inspection at the meat-packing plant. In 2018, the plant was operating its facility with 16,500 pounds of anhydrous ammonia, or approximately 6,000 pounds over the level at which a Process Safety Management (PSM) program was required. An individual reported the hazardous chemical issues to OSHA. The following day, an OSHA inspector traveled to the plant and met with the plant manager and others and provided notice of the complaint. In response to the OSHA visit and to avoid the potential costs of correcting the issue, Yorton directed others to provide a falsified document to the OSHA inspector, with the intent to make OSHA believe the plant was in compliance with regulations.

OSHA subsequently assessed a fine of more than \$600,000 against Texas Packing for the plant's non-compliance related to the anhydrous ammonia levels, its lack of a PSM program, and for other violations. The fine was one of the top ten largest assessed by OSHA in 2018.

This is a joint investigation with OSHA. *United States v. Dean Yorton* (N. D. Texas)

### **Maryland Business Pleads Guilty to H-2B Visa Fraud; Owner Pleads Guilty to Hiring Undocumented Workers**

On September 14, 2021, Philip J. "Jamie" Harrington III, both as an individual and also on behalf of his company, Captain Phip's Seafood, Inc. (Capt. Phip's), entered separate guilty pleas to the unlawful employment of undocumented workers and to visa fraud, respectively, related to a scheme to abuse the H-2B visa program, a violation that spanned several years.

From 2013 through 2018, Capt. Phip's willfully submitted false and inaccurate job descriptions to obtain lower prevailing wages for its foreign workers. Specifically, Capt. Phip's routinely sought prevailing wage determinations from the U.S. Department of Labor's Employment and Training Administration (DOLETA) for multiple job descriptions, and then filed petitions for H-2B visas for only the positions with the lowest prevailing wage, regardless of the actual work duties of the visa beneficiaries.

Capt. Phip's then filed petitions for H-2B visas for approximately 142 nonimmigrant workers. The officers involved in the H-2B process of Capt. Phip's were aware that the nonimmigrant workers were intended to be employed to engage in work beyond the job descriptions authorized by the workers' visas. Harrington also admitted that he engaged in a pattern and practice of hiring and employing workers without lawful immigration status at Capt. Phip's, as well as numerous other companies that he controlled. Some of the undocumented workers Harrington hired and employed entered the United States lawfully and overstayed their H-2B visas, and others never had lawful status to be present in the United States.

This is a joint investigation with HSI, the Bureau of Diplomatic Security, and DOL's Wage and Hour Division. *United States v. Capt. Phip's Seafood, Inc., and Philip J. Harrington III* (D. Maryland)

### **Virginia Man Pleads Guilty for Lead Role in Large-Scale H-1B Visa Fraud Scheme**

On September 16, 2021, Ashish Sawhney of Sterling, Virginia, pleaded guilty to conspiring to make false statements in connection with his lead role in a large-scale, multiyear conspiracy to defraud the U.S. Department of Labor's H-1B visa program. From approximately June 2015 through approximately

April 2016, Sawhney conspired with others to obtain and procure more than 100 nonimmigrant H-1B visas that permitted Indian nationals to enter and reside in the United States under false pretenses.

Sawhney used four corporations to orchestrate the submission of fraudulent applications for H-1B specialty-occupation work visas. Value Consulting, LLC; Value Software Products, Inc. (formerly known as Value Consulting, Inc.); Business Pointers, Inc.; and E-Train ERP, Inc. (collectively the Valcon Companies) were U.S.–based companies owned or controlled by Sawhney, or for which he acted as an officer or authorized agent. The Valcon Companies each purported to provide information technology staffing and software development services for commercial clients in the United States.

India-based employees, with Sawhney’s knowledge, recruited Indian nationals to temporarily work in the United States for one of the Valcon Companies. Many of the recruited Indian nationals were made to pay their own visa fees, in violation of federal regulations. Sawhney then submitted or caused to be submitted H-1B visa application materials stating that the Indian nationals named on the applications would fulfill a specific job for one of the Valcon Companies, when in fact no such job existed at the time of filing. Once the sponsored Indian nationals entered the United States, many of them arrived at or waited in locations other than the locations stated in their visa applications while Sawhney or his co-conspirators sought employment for them using the approved H-1B visas.

This is a joint investigation with HSI, the Bureau of Diplomatic Security, and the United States Citizenship and Immigration Services–Fraud Detection and National Security. *United States v. Ashish Sawhney* (E.D. Virginia)

### **New York Labor Union President Sentenced to 60 Months In Prison for Selling Union Membership**

On September 8, 2021, Salvatore Tagliaferro, the former president of Local 926 chapter of the United Brotherhood of Carpenters and Joiners of America, was sentenced to 60 months imprisonment and ordered to pay restitution of approximately \$145,000. Tagliaferro was found guilty after a one-week trial of honest services wire fraud, conversion of union assets, and conspiracy, in connection with his involvement in a scheme to solicit cash bribes from hundreds of prospective union members in exchange for membership.

From 2017 through approximately June 2019, Tagliaferro, as the President of the Local 926, abused his position as an officer and employee of the Union by soliciting and accepting cash bribes from prospective Union members in exchange for securing the bribe payors’ admission to the Local 926. Working with other co-conspirators, Tagliaferro identified prospective members and solicited cash payments in amounts ranging from \$600 to \$2,000. Once prospective members had paid bribes, Tagliaferro then used his authority to ensure they were admitted into the Local 926 and received Union membership cards. Over the course of the scheme, the Local 926 ballooned by over 800 new members, but for two years, more than half of the new members never worked a single Union job. Tagliaferro and a co-conspirator split the cash bribes obtained from the bribe payors during clandestine early morning meetings outside a construction site in lower Manhattan. In total, they each received at least \$70,000 as a result of the scheme.

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

## FCA US LLC Sentenced for Conspiring To Make Illegal Payments to UAW Officials

On August 17, 2021, Fiat Chrysler Automobiles US LLC (FCA) was sentenced for conspiring to violate the Taft-Hartley Act by making more than \$3.5 million in illegal payments to officers of the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) between 2009 and 2016. The illegal payments to UAW officials took multiple forms, including lavish meals, rounds of golf, extravagant parties for the UAW International Executive Board, an Italian-made shotgun, high-end clothing, designer shoes, and other personal items paid for with credit cards issued by the jointly controlled training center. FCA executives also paid off the \$262,000 home mortgage of former UAW Vice President. The UAW Vice President and his widow received hundreds of thousands of dollars funneled through a purported charitable organization and sham companies under their control, which had lucrative contracts with the UAW-Chrysler National Training Center (NTC). In many instances, FCA passed the illegal Taft-Hartley payments through the NTC, which was entirely funded by FCA and was supposed to provide training and health and safety protections for FCA workers.

FCA's sentence includes the payment of a \$30 million fine, three-year term of probation, and three years of oversight by an independent corporate compliance monitor to ensure compliance with federal labor and tax laws.

This is a joint investigation with OLMS, IRS, IRS–CI Division and the FBI. *United States of America v. FCA US LLC* (E.D. Michigan)