



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.

Two Texas Residents Sentenced for Roles in H-2B Visa Scam

On September 4, 2019, Marco Pesquera, owner of Pangea Enterprises Inc., was sentenced to 38 months in prison and ordered to forfeit \$5 million and his Houston, Texas, residence for his involvement in a visa fraud scheme. In January 2019, Pesquera pleaded guilty to conspiracy to commit visa fraud. On September 10, 2019, Pesquera's co-conspirator, Saul Atkinson, was sentenced to 5 years of probation and fined \$4,800 for his involvement in the visa fraud scheme.

From 2011 to 2018, Pesquera and his co-conspirators used legitimate and fictitious companies to petition for H-2B visas. Pesquera recruited and paid individuals to petition for visa workers they did not need and then used the foreign workers to fulfill lucrative labor contracts. He contracted with large companies to provide labor and profited by paying foreign workers, who often worked in positions and locations outside of their visa application, an hourly wage well below the contract rate. Pesquera and his co-conspirators obtained H-2B visas for more than 1,000 foreign workers to work in the U.S.

This is a joint investigation with the Homeland Security Investigations (HSI), and the U.S. Department of State (DOS)– Diplomatic Security Service (DSS). *United States v. Marco Pesquera and Saul Atkinson* (S.D. Texas)

Kentucky Employer Sentenced in H-2A Visa Fraud Scheme and Defrauding DOL's Wage and Hour Division

On August 19, 2019, Michael Wheeler and his company, Tri-State Lawncare, were sentenced for their roles in an H-2A visa fraud scheme. Tri-State Lawncare, was sentenced to five years of probation and agreed to pay approximately \$175,000 in restitution, a \$75,000 monetary judgment, and a \$25,000 civil penalty to DOL's Wage and Hour Division (WHD). Wheeler, who previously pleaded guilty to failure to pay overtime to employees pursuant to the Fair Labor Standards Act (FLSA), was ordered to pay more than \$150,000 in overtime back wages and a \$25,000 civil penalty to WHD. Both Wheeler and Tri-State Lawncare consented to debarment from the H-2A program for a period of 10 years.

Between 2009 and 2017, Tri-State Lawncare falsely represented in H-2A visa documents submitted to DOL and the U.S. Department of Homeland Security (DHS) that its H-2A workers would engage in agricultural work when Tri-State Lawncare knew the workers would be engaged in lawn care and construction work. Furthermore, Tri-State Lawncare falsely represented it would pay prevailing wages to the workers and would not charge any fees related to their visas or work in the United States. In fact, Tri-State Lawncare did not pay prevailing wages to the workers and charged them fees for airfare, housing, and worksite transportation, which are prohibited under the H-2A program guidelines.

This was a joint investigation with WHD, DOS–DSS, and Immigration and Customs Enforcement (ICE)–HSI. *United States v. Tri-State Lawncare, United States v. Michael Wheeler* (E.D. Kentucky)

Cardinal Lawn and Landscape, Inc., and Its President Both Plead Guilty to Conspiracy to Commit Visa Fraud

On August 15, 2019, William Richardet and his company, Cardinal Lawn and Landscape, Inc. (Cardinal), were charged with and pleaded guilty to one count each of conspiracy to commit visa fraud. As part of the plea agreement, Cardinal and all related or successor companies Richardet or Lindsay Winkler formed are not allowed to participate in the H-2B program for a period of 5 years from the date of sentencing.

From January 2012 until December 2017, Richardet knowingly caused Cardinal to submit false claims and statements on forms to the U.S. Citizenship and Immigration Services and DOL in connection with Cardinal's application to receive H-2B non-immigrant workers. On these forms, Cardinal and Richardet fraudulently represented that they would seasonally employ foreign workers to provide landscaping and grounds-keeping labor exclusively for Cardinal. In fact, Cardinal and Richardet allowed seventy four H-2A non-immigrant workers to work at seven different companies for a profit.

This was a joint investigation with DHS. *United States v. William Richardet, United States v. Cardinal Lawn & Landscape, Inc.* (E.D. Missouri)

San Jose Man Sentenced for Unemployment Insurance Fraud

On September 19, 2019, Russell White III was sentenced to 51 months in prison for his role in a scheme to defraud the State of California by filing false unemployment insurance claims.

Between July 2015, and July 2016, White conspired with others, including Pamela Emanuel, to defraud the State of California. Emanuel worked as a tax compliance representative for the California Employment Development Department (EDD). She allegedly used her position to access the personal identifiable information of workers throughout California. Emanuel and her co-conspirators used that information to file fraudulent unemployment claims in the names of the unknowing victims. White participated in the scheme by receiving EDD documents at addresses associated with or controlled by him and using at least 12 EDD debit cards issued in the names of identity-theft victims to withdraw the fraudulently obtained benefits. In total, the conspirators filed at least 269 false claims receiving approximately \$900,000 in fraudulent benefits.

This is a joint investigation with the FBI, the U.S. Postal Inspection Service, and the EDD. *United States v. Emanuel et al.* (E.D. California)

Boston Undocumented Immigrant Sentenced to 36 Months In Prison for Stealing U.S. Citizen's Identity and Federal Funds

On September 18, 2019, John Doe was sentenced to 36 months in prison and ordered to pay more than \$16,000 in restitution for aggravated identity theft, misuse of a Social Security number, theft of federal funds, and misuse of a U.S. passport.

From 1975 to 1994, Doe assumed a false identity using a stolen birth certificate of a U.S. citizen and a counterfeit Social Security card. In 1994, Doe unlawfully obtained a Social Security card from the U.S. Social Security Administration (SSA) in the name of the stolen identity. Doe used the stolen identity to work in New York City and Boston, obtain and travel on a U.S. passport, apply for Social Security benefits, obtain unemployment benefits, and obtain Section 8 public housing benefits for himself and his family.

This was a joint investigation with the SSA–OIG, ICE–HSI, U.S. Department of Housing and Urban Development–OIG, and DOS–DSS. *United States v. John Doe* (D. Massachusetts)

Company Sentenced to Conspiracy to Obstruct Justice in Occupational Safety and Health Administration Workplace Death Investigation

On August 1, 2019, Extrudex Aluminum, Inc. (Extrudex), was ordered to pay a fine of \$250,000 and sentenced to 3 years of probation following a guilty plea to misprision of a felony in connection with a conspiracy to obstruct justice related to an Occupational Safety and Health Administration (OSHA) workplace death investigation. During the probation period, Extrudex must enter into an auditorship, whereby Extrudex will retain an independent auditor to assess and audit its effectiveness in OSHA compliance protocols and safety.

The sentencing was for a workplace death involving a defective rack transporting hot aluminum that fell onto two employees, pinning them inside an industrial oven. One employee died and the other employee suffered severe burns. From April 1, 2016, through January 1, 2018, Extrudex, through its employees, concealed felony obstruction offenses from its parent company in Canada and further failed to inform law enforcement of the commission of those offenses.

United States v. Extrudex Aluminum, Inc. (N.D. Ohio)

Florida Man Pleads Guilty to Violating the Occupational Safety and Health Act That Resulted in Death of an Employee

On September 26, 2019, Stalin Barahona, president and sole owner of SB Framing Services, Inc., pleaded guilty to willfully violating an Occupational Safety and Health Act regulation, which resulted in the death of an employee.

In August 2015, SB Framing Services, Inc., was hired to install sheathing and framing at a new residential development in Naples, Florida. While installing a beam at the work site, the victim fell approximately 20 feet, striking his head, and died from his injuries. Had the victim been equipped with proper fall protection equipment, he likely would not have died. Prior to the victim's fall, Barahona had personally observed the victim and his co-worker working on the roof with no fall protection equipment, but failed to intervene to

ensure his workers' safety. Additionally, in the weeks leading up to the victim's death, Barahona had been warned more than once by other construction contractors that his employees were not wearing fall protection equipment, as required by the Occupational Safety and Health Act.

This is a joint investigation with the OSHA. *United States v. Stalin Rene Barahona* (M.D. Florida)

Two Organized Crime Associates Sentenced for Conspiring to Commit Racketeering

On July 19, 2019, Vincent Esposito was sentenced to 24 months in prison, ordered to pay more than \$3.8 million in forfeiture, and ordered to pay restitution to his victims. Esposito, over the course of more than a decade, made millions with members of the Genovese Crime Family by extorting payments, demanding kickbacks, committing fraud, and instilling fear. Esposito directed the long-running extortion of a union official for annual tribute payments of more than \$10,000.

In relation to another extortion scheme, Esposito's co-conspirator, Frank Cagnetta, was sentenced to 24 months in prison for conspiring to commit racketeering offenses with members and associates of the Genovese Crime Family. Cagnetta, a former official of Local 1-D of the United Food and Commercial Workers Union, engaged in various schemes to defraud his union by, among other things, soliciting and accepting bribes and steering union benefit plans into investments in exchange for kickbacks, which resulted in more than \$1 million in unlawful payments.

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

Former UAW Vice President Sentenced to Prison for Conspiring with Fiat Chrysler to Accept Illegal Payments

On August 5, 2019, Norwood Jewell, the former vice president of the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) and the highest-ranking official in the UAW's Chrysler Department, was sentenced to 15 months in prison for accepting bribes from high-level executives of Fiat Chrysler Automobiles (FCA) and individuals acting in FCA's interest.

Jewell was the leader of the UAW-Chrysler Department and was responsible for the negotiation and implementation of the national collective bargaining agreements between FCA and the UAW. Jewell used, and directed others to use, funds funneled through the UAW-Chrysler National Training Center for lavish meals, golf, retail purchases, and entertainment expenses.

During the course of the conspiracy, Jewell accepted more than \$90,000 in illegal payments from FCA for his own personal benefit, for the benefit of his friends, and for the lavish entertainment of UAW's senior leadership. Jewell spent tens of thousands of dollars in FCA money to pay for high-end meals, liquor, and cigars for his own personal enjoyment and that of other senior UAW officials.

This was a joint investigation with the FBI, the IRS, and OLMS. *United States v. Norwood Jewell* (E.D. Michigan)

Pennsylvania Businessman Sentenced for Embezzling from Union Pension Plans and Polluting Environment

On August 14, 2019, Andrew Manganas was sentenced to nearly four years in prison and fined \$20,000. Manganas's industrial painting company, Panthera Painting, Inc., was sentenced to five years of probation and fined \$200,000. Both Manganas and his company were also debarred from bidding, working, or consulting on federally funded projects.

Manganas was paid nearly \$10 million under a contract to safely remove lead-based paint from the steel surfaces of a bridge, and re-paint the steel with an environmentally friendly product meant to prolong the life of the aging structure.

During the early stages of work, members of the International Union of Painters and Allied Trades (IUPAT) launched complaints that Manganas was cheating them on payroll. An investigation was determined that Manganas had skimmed and pocketed more than \$600,000 in IUPAT members' pay and benefits. Manganas perpetrated this fraud through an intricate system of manipulation and falsification of certified payroll reports submitted to DOL.

During their further inspection of the project, investigators found that Manganas and Panthera Painting had knowingly discharged pollutants into the Susquehanna River without a permit.

This was a joint investigation with the FBI, the U.S. Department of Transportation–OIG, Environmental Protection Agency–Criminal Investigation Division, and the IRS. *United States v. Andrew Manganas and United States v. Panthera Painting, Inc.* (M.D. Pennsylvania)

Houston Pharmacist and Her Company Debarred from Participating in Federal Programs

On August 14, 2019, Nermin Awad El-Hadik and her company, Hope Pharmacy, Inc. (Hope Pharmacy), were officially issued debarments from DOL's Office of the Assistant Secretary for Administration and Management. Both El-Hadik and Hope Pharmacy have been debarred from government procurement and non-procurement programs for a period of 3 years. These debarments come after El-Hadik was sentenced to 60 months in prison and ordered to pay DOL more than \$5.3 million in restitution for her role in a health care fraud scheme.

From March to December 2015, El-Hadik paid kickbacks to Garry Wayne Craighead. Craighead, a chiropractor, organized and controlled multiple health care–related entities, including eight clinics in Texas that derived substantial revenue from DOL health care benefit programs. El-Hadik paid Craighead to refer his federally insured patients in need of prescription services to her pharmacy and to encourage physicians to prescribe compounded medications for their patients, which Hope Pharmacy would then furnish.

This is a joint investigation with the U.S. Army Criminal Investigation Command, USPS-OIG, the FBI, and IRS–Criminal Investigation. *United States v. Nermin Awad El-Hadik* (W.D. Texas)