



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.

Texas Pharmacy Owner Pleads Guilty to \$800,000 Kickback Scheme

On December 14, 2016, Brian Haney, pharmacist and owner of Vidor Pharmacy, LLC, pled guilty to kickback and tax fraud charges for his role in a large-scale scheme to defraud the Office of Workers' Compensation Programs (OWCP). From 2011 to 2014, Haney made more than \$813,000 in illegal kickback payments to the former owner of Union Treatment Center, Dr. Garry Craighead, in exchange for referrals of OWCP patients to Vidor Pharmacy. Additionally, Haney admitted that he knowingly filed a false 2013 federal tax return by substantially understating his taxable income.

The investigation established that Haney entered into an agreement with Dr. Craighead whereby Craighead, and other physicians employed by Craighead, would refer OWCP patients to Vidor Pharmacy in exchange for routine cash kickbacks. Craighead and physicians under his purview were encouraged to prescribe compounded medications due to their high OWCP reimbursement rate.

This is a joint investigation with the U.S. Postal Service Office of Inspector General, the FBI, the IRS Criminal Investigation Division, and the U.S. Army Criminal Investigation Command. *United States v. Brian David Haney* (W.D. Texas)

Labor Recruiters and Farm Owner Sentenced in a Minnesota Visa Fraud Scheme

On January 25, 2017, labor recruiter Sandra Lee Bart was sentenced to 60 months in prison and ordered to pay more than \$260,000 in restitution for her role in an H-2A visa fraud scheme. Her sentencing was preceded by that of co-conspirator John Svihel, who was sentenced on January 23, 2017, and ordered to pay more than \$200,000 in restitution. A third co-conspirator, Wilian Cabrera, was sentenced on December 1, 2016, to 26 months in prison and ordered to pay more than \$260,000 in restitution.

From 2010 to May 2015, Bart and Cabrera operated an unregistered business called Labor Listo. Through Labor Listo, Bart and Cabrera recruited employers like Svihel, who operated Svihel Vegetable Farm in Foley, Minnesota, to hire seasonal workers from the Dominican Republic on H-2A visas. The H-2A visa program requires employers to pay for workers' housing and travel expenses to and from their home country, and prohibits employers from collecting recruitment fees or wage kickbacks. Nevertheless, Bart, Cabrera, and Svihel devised and executed a scheme to collect cash kickbacks from Svihel's H-2A workers, including a wage kickback for every hour worked and a kickback equal to the cost of flights to and from the United States. As part of his plea agreement, Svihel also agreed to pay more than \$570,000 in civil monetary penalties for unpaid wages to Svihel Vegetable Farm H-2A workers.

This was a joint investigation with the DOL Wage and Hour Division, the U.S. Diplomatic Security Service, and Homeland Security Investigations. *United States v. Cabrera* (D. Minnesota)

California Man Sentenced to Prison for Defrauding ILWU Health Plan

On January 9, 2017, David Gomez, a member of International Longshore and Warehouse Union (ILWU) Local 13, was sentenced to 41 months in prison and ordered to pay \$201,000 in restitution for his role in defrauding the ILWU-Pacific Maritime Association (PMA) health plan.

During 2009 and 2010, Gomez and his co-defendant and fellow ILWU Local 13 member, Sergio Amador, opened clinics in San Pedro and Long Beach for the purpose of providing medical and chiropractic care to local ILWU members and their families. However, under the direction of Gomez and Amador, clinic staff billed the ILWU-PMA health plan for chiropractic services that were not needed or not medically necessary. Gomez and Amador routed proceeds of the scheme through third-party medical management companies that they also created and controlled.

This was a joint investigation with the Employee Benefits Security Administration and the FBI. *United States v. Amador et al.* (C.D. California)

Indian National Pleads Guilty to H-1B Visa Fraud

On January 19, 2017, George Mariadas Kurusu, an Indian national, 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 more than \$53,000 in restitution to four victims of his scheme prior to sentencing.

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 funds transfers, whereby 15 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.



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

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

New Jersey Woman Sentenced to 7 Years in Prison for Fictitious Employer Scheme

On December 2, 2016, Erica Rivera was sentenced to 84 months in prison and ordered to pay more than \$314,000 in restitution for defrauding the New Jersey Department of Labor and Workforce Development (NJLWD). The restitution figure does not include \$31,000 in fraud proceeds already recovered and applied to restitution.

Between September 2012 and June 2015, Rivera used Compassionate Financial Services (CFS), LLC, a defunct tax preparation business, to file false Unemployment Insurance (UI) applications with the NJLWD for more than 20 purported CFS employees, including herself. Rivera then continued to certify for UI benefits on these claims on more than 500 occasions. To perpetrate the fraud, Rivera used the identifying information of family members and other individuals with whom she had close personal relationships. As a result of these certifications, Rivera collected more than \$345,000 in fraudulently obtained UI benefits.

This was a joint investigation with the New Jersey Division of Criminal Justice and the NJLWD. *State of New Jersey v. Erica Rivera*

North Carolina Woman Sentenced to Prison for Multistate Unemployment Scheme

On January 17, 2017, Paula Lane was sentenced to 57 months in prison and ordered to pay more than \$150,000 in restitution for her leading role in a scheme to defraud the Virginia, Pennsylvania, and Indiana UI programs.

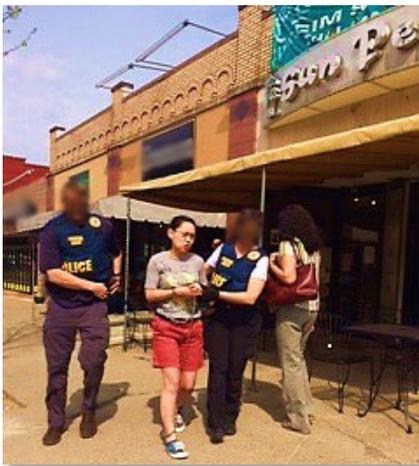
Over a one-year period during 2013 and 2014, Lane orchestrated a fictitious employer scheme that resulted in more than \$150,000 in UI benefit payments. Lane created fake companies, filed documents reporting that those companies employed and paid wages to individuals, and then filed UI applications

for approximately 28 people by assuming their identities and claiming to have been laid off by one of the businesses. The 28 individuals, or supposed employees, were real people whose personal identity information Lane stole to use in furtherance of the scheme. Lane received UI benefit money via direct deposit to her personal bank account and via debit cards issued in the names of her victims.

This was a joint investigation with the Virginia Employment Commission, Homeland Security Investigations, and the U.S. Postal Inspection Service. *United States v. Paula Lane et al.* (E.D. Virginia)

Pennsylvania Restaurant Owner Pleads Guilty to Obstructing Wage and Hour Investigation

On January 3, 2017, Hsiao Yen Wu, a/k/a Sophia Wu, owner of Pittsburgh restaurant Sun Penang, Inc., pled guilty to charges of false statements and, on behalf of Sun Penang, Inc., to willfully violating the Fair Labor Standards Act.



DOL-OIG special agents arrest Hsiao Yen Wu at Sun Penang Restaurant on April 21, 2016.



The Sun Penang restaurant in Pittsburgh where Hsiao Yen Wu’s employees were underpaid for their work.

A 2014 Wage and Hour Division (WHD) investigation revealed that Sun Penang failed to pay minimum wages and overtime pay to its employees from January 1, 2013, to December 31, 2013. As a result, Sun Penang agreed to pay back-wage payments, and Wu represented to the WHD that Sun Penang had issued all back-wage payment checks and provided faxed copies of those checks to the WHD. In fact, however, Wu knew that the employees were not paid back—wage payments because those employees were required either to deposit the checks into Wu’s personal bank account or to work without pay until Sun Penang recouped the wages.

This is a joint investigation with the WHD. *United States v. Hsiao Yen Wu* (W.D. Pennsylvania)