



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

OIG Investigations Newsletter

February 1, 2021–March 31, 2021
Volume XXXIII

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.

Bronx Man Arrested for Alleged \$1.4M COVID-19 Unemployment Insurance Fraud

On March 16, 2021, Elvin German was arrested and charged with wire fraud and aggravated identity theft in connection with a COVID-19 unemployment benefit scheme that resulted in the loss of more than \$1.4 million from the New York State Department of Labor (NYS DOL).

From May 2020 through March 2021, German allegedly engaged in a scheme to obtain COVID-19 unemployment benefits by fraudulently filing and verifying applications using the names and Social Security numbers of more than 250 people. The NYS DOL was alerted to the suspicious activity based on metadata associated with the applications, which were either submitted and/or verified on a weekly basis from the same internet protocol (IP) address. In addition, the applications had the same security questions and responses, including that the applicant's first pet was named "Benji." After identifying the residence assigned to the IP address, OIG and U.S. Secret Service agents conducted a joint search of the residence. During the search, items linked to German were located including, approximately \$7,000 in cash, a computer loaded with the NYS DOL unemployment benefits webpage, and the personal identifying information (PII) of four individuals open in an adjacent computer file and—consistent with the security question used in the fraudulent applications—a dog wearing a collar inscribed with the name "Benji."



Photo of "Benji" the dog and his dog tag

This is a joint investigation with the U.S. Secret Service (USSS).
United States v. Elvin German (S.D. New York)

Southern California Man Pleads Guilty to Fraudulently Obtaining More Than \$500,000 in COVID-19 Unemployment Assistance

In February 2021, Bonifacio Jastilana Marinas pleaded guilty to a federal criminal charge for fraudulently obtaining more than \$500,000 in COVID-19-related unemployment benefits in the names of foreign nationals he falsely claimed were local real estate agents hit hard financially by the pandemic.

Marinas admitted to filing approximately 85 unemployment insurance (UI) claims with the California Employment Development Department in which he falsely asserted that the named claimants were self-employed real estate agents in Los Angeles County and their jobs were adversely impacted by the COVID-19 pandemic.

In actuality, the named claimants resided in Saipan or the Philippines, were not registered as real estate agents in Los Angeles County, had no employment history in California, and were not eligible for the benefits Marinas claimed.

Marinas listed his own residence as the mailing address for each of the named claimants. As a result, the debit cards used to distribute the unemployment benefits were mailed to Marinas, who then used them to withdraw the fraudulently obtained funds.

This investigation was jointly worked with USSS, U.S. Postal Inspection Service (USPIS) and the California Employment Development Department.

USA v. Marinas (C.D. California)

Michigan Man Pleads Guilty to UI Fraud

In March 2021, Dwayne Cochran of Detroit pleaded guilty to one count of wire fraud and one count of aggravated identity theft.

Cochran submitted fraudulent UI claims through the internet using unauthorized PII in order to obtain benefits from the Michigan Unemployment Insurance Agency. Cochran engaged in a scheme to file 223 fraudulent claims, resulting in a loss to the State of Michigan of more than \$188,000.

United States v. Dwayne Cochran (E.D. Michigan)

Man Sentenced for His Role in a Scheme to Defraud the Unemployment Systems in the States of Arizona and California

On March 18, 2021, Misael Jimenez-Castro pleaded guilty to one count of aggravated identity theft and was sentenced to 24 months of incarceration. After his period of confinement is complete, Jimenez-Castro must surrender to Immigration and Customs Enforcement (ICE) for removal proceedings. As a condition of his plea agreement, the government agreed to drop all remaining charges.

In July 2020, Jimenez-Castro arrived at the Miami International Airport aboard a flight from the Dominican Republic and proceeded through U.S. Customs. While Jimenez-Castro was undergoing

screening for entry into the United States, Customs and Border Protection officers discovered a composition notebook and a cellular telephone containing PII within his backpack.

Jimenez-Castro admitted to OIG Special Agents that the composition notebook was his and that he used the stolen PII to file unemployment claims in the states of Arizona and California. An examination of his cellular telephone later revealed text messages containing a link to the state of Arizona's unemployment webpage. Jimenez-Castro was subsequently apprehended pursuant to a criminal complaint charging him with unlawfully possessing 15 or more access devices and aggravated identity theft while trying to enter the United States.

This investigation is a joint investigation with Homeland Security Investigations (HSI). *United States v. Jimenez-Castro* (S.D. Florida)

Pennsylvania Woman Pleads Guilty to Using Inmate PII to Commit Pandemic Unemployment Benefits Fraud

On February 11, 2021, Tracy Stankiewicz pleaded guilty to fraud in connection with a major disaster or emergency benefits. Stankiewicz admitted to using the name "Greene", the PII of an inmate at a State Correctional Institution to file a pandemic unemployment assistance claim in Pennsylvania. Stankiewicz falsely represented that the inmate was unemployed as a direct result of the COVID-19 pandemic and that he was available for employment. Stankiewicz further filed approximately 17 weekly certifications where she certified that the inmate was unemployed due to the pandemic and available for employment, all while the inmate remained incarcerated.

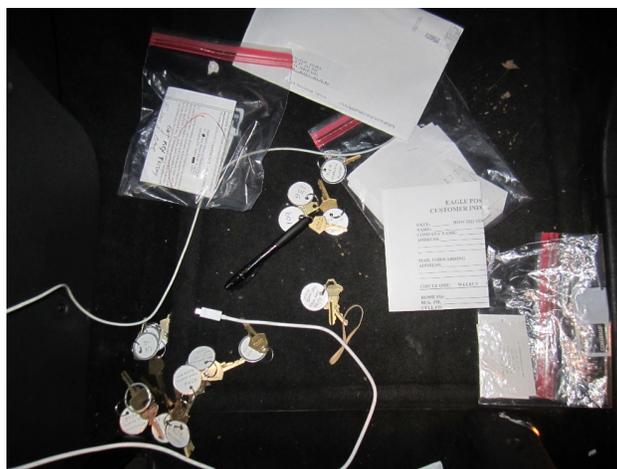
This investigation is part of a large-scale operation involving multiple federal and state agencies investigating inmates and their non-incarcerated co-conspirators fraudulently filing for and receiving Coronavirus Aid, Relief, and Economic Security (CARES) Act unemployment compensation benefits in Pennsylvania. Members of the Western Pennsylvania COVID-19 Fraud Task Force conducted the investigation leading to the charges in this case. The task force was formed in March 2020 to investigate and prosecute coronavirus-related fraud. Task force members include representatives from DOL-OIG, IRS–Criminal Investigations (CI), the U.S. Attorney's Office, the Pennsylvania Office of the Attorney General, the FBI, the USSS, the USPI, ICE, HSI, the Social Security Administration–OIG, the U.S. Department of Education–OIG, and the Pennsylvania State Police.

This is a joint investigation with the USPI, the USSS, and the Pennsylvania DOL. *United States v. Tracy Stankiewicz* (W.D. Pennsylvania)

Two California Men Plead Guilty to Texas UI Fraud Scheme

In March 2021, Ricardo Parno and Carlos Lopez Gomez each entered a guilty plea to a one count information, charging each of them with theft of government funds.

From November 2020 through January 2021, Parno and Lopez-Gomez traveled from California to Texas and found addresses that could be used to receive mail and benefits associated with fraudulent UI claims. Parno used a fake Utah driver's license along with a fraudulent insurance card to open at least 33 mailboxes at 24 different retail locations throughout the Dallas-Fort Worth metroplex. Parno applied for, paid for, and opened these mailboxes under an alias. Stolen identities were used to file fraudulent UI claims with the Texas Workforce Commission.



Mailbox keys in plain view following probable cause traffic stop of vehicle operated by Parno and Lopez-Gomez

This was a joint investigation with the USPS and the Texas Workforce Commission. *United States v. Ricardo Parno, United States v. Carlos Lopez Gomez* (N.D. Texas)

Miami Resident Pleads Guilty to Aggravated Identity Theft and Mail Fraud for His Role in a Scheme to Defraud Multiple States' UI Programs

In March 2021, Joel Bellegarde pleaded guilty to one count of mail fraud, one count of aggravated identity theft, and one count of use of unauthorized access devices.

Bellegarde used stolen identities to fraudulently submit claims and collect UI benefits from Oklahoma. This CARES Act UI fraud was one of several fraudulent schemes perpetrated by Bellegarde. Bellegarde also used stolen identities to file fraudulent applications for various lines of credit and to gain access to victims' retirement savings accounts, successfully completing account takeovers. During a search of Bellegarde's apartment, OIG and FBI agents seized bulk cash, cell phones, computers, lists of PII, multiple credit cards from various financial institutions, and counterfeit checks.

This is a joint investigation with the FBI. *United States v. Joel Bellegarde* (S.D. Florida)

11 Defendants Sentenced to 70+ Years in Forest Park Healthcare Fraud

This case was initiated in March 2016, and the 16 defendants in this case were sentenced between October 2020 and April 2021. The \$200 million scheme was designed to induce doctors to steer lucrative patients – particularly those with high-reimbursing, out-of-network private insurance – to the now defunct hospital. Most of the kickbacks, which totaled more than \$40 million, were disguised as consulting fees or “marketing money” doled as a percentage of surgeries each doctor referred to Forest Park.

Instead of billing patients for out-of-network co-payments, instituted by insurers to de-incentivize the high costs associated with out-of-network treatment, Forest Park allegedly assured patients they would pay in-network prices. Because they knew insurers would not tolerate such practices, they concealed the patient discounts and wrote off the difference as uncollected “bad debt.”

Alan Andrew Beauchamp, the hospital manager, was sentenced to 63 months in prison, 2 years of supervised release, and a joint and several restitution of nearly \$83 million for one count of conspiracy to pay healthcare bribes and one count of commercial bribery under the Travel Act.

Jackson Jacob, owner of the shell companies through which some of the bribes were routed, was sentenced to 96 months in prison, 2 years supervised release, and restitution of more than \$400,000 for one count of conspiracy and three counts of paying kickbacks.

Israel Ortiz, the founder of Kortmed, a company that fills out pre-authorization for worker's compensation patients, was sentenced to 12 months and 1 day in prison, 3 years supervised release, and restitution of more than \$110,000 (paid in full) for conspiracy to pay and receive healthcare kickbacks.

Dr. Mrugeshkumar Shah, a pain management doctor, was found guilty on four of four counts, including conspiracy, two counts of paying kickbacks, and one count of commercial bribery. He was sentenced to 42 months in prison and restitution of more than \$40,000.

Dr. Douglas Won, a spinal surgeon, was sentenced to 60 months in prison, 2 years supervised release, and restitution of more than \$27 million for one count of conspiracy to pay and receive healthcare kickbacks.

Dr. Michael Rimlawi, a spinal surgeon who partnered with Won, was sentenced to 90 months in prison, 3 years supervised release, and restitution of nearly \$30,000,000 for one count of conspiracy to pay and receive healthcare kickbacks and two counts of receiving kickbacks.

Dr. Wade Neal Barker, a bariatric surgeon who co-founded Forest Park Medical in 2008, was sentenced to 60 months in prison, 2 years supervised release, and joint and several restitution of nearly \$83 million, for one count of conspiracy to pay health care bribes and one count of paying illegal remuneration in violation of the Travel Act.

Wilton Burt, Forest Park's managing partner, was sentenced to 150 months in prison, 2 years supervised released, and joint and several restitution of nearly \$83 million for one count of conspiracy to pay and receive health care bribes, one count of paying kickbacks, four counts of commercial bribery in violation of the Travel Act, and one count of money laundering.

Dr. Shawn Henry, a spinal surgeon who invested in Forest Park Medical, was sentenced to 90 months in prison, 2 years supervised release, and restitution of more than \$6 million for one count of conspiracy to pay and receive health care bribes, one count of commercial bribery in violation of the Travel Act, and one count of money laundering.

Iris Forrest, a nurse who recruited and pre-authorized worker's compensation requests, was sentenced to 36 months in prison, 2 years supervised released, and restitution of more than \$100,000 for one count of conspiracy to pay and receive health care bribes and one count of paying kickbacks.

This was a joint investigation with the U.S. Department of Labor, Employee Benefits Security Administration (EBSA), the FBI, IRS–CI, the Office of Personnel Management (OPM)–OIG, and the Defense Criminal Investigative Service (DCIS). *United States v. Beauchamp et al.* (N.D. Texas)

Mississippi Pharmacist Sentenced to 10 Years in Federal Prison for Conspiracy to Commit Health Care Fraud

Marco Bisa Hawkins Moran, 45, of Clinton, Mississippi, was sentenced to 120 months in federal prison for conspiring to commit health care fraud. Moran was also ordered to pay a monetary judgment of more than \$12 million, restitution of approximately \$22 million, and a \$20,000 fine.

Between 2014 and 2016, Moran, as co-owner of Medworx Compounding and Custom Care Pharmacy, participated in a scheme to defraud Tricare, Department of Labor Office of Workers' Compensation Programs and other health care benefits programs, including those that provided coverage to employees of the City of Jackson, Mississippi. In total, the pharmacies submitted more than \$22 million in fraudulent claims to Tricare and other health care benefits programs. As part of the scheme, Moran and his co-conspirators adjusted prescription formulas to ensure the highest reimbursement, paid marketers and physicians' kickbacks and bribes to obtain prescriptions for high-yield compounded medications irrespective of whether they were medically necessary, and routinely waived and/or reduced the collection of copayments, among other things.

This investigation was worked jointly with the FBI, DCIS, IRS–CI, the OPM–OIG, USPIS–OIG, USPIS, the U.S. Department of Veterans Affairs–OIG, the U.S. Department of Health and Human Services–OIG, Mississippi Bureau of Narcotics, MSSAO, and the Mississippi State Personnel Board. *United States v. Marco Moran* (S.D. Mississippi)

Two Former Larsen Farms Managers Sentenced following Fraud Scheme Involving Exploitation of H-2A Workers at a Larsen Farms Operations near Dalhart, Texas

On January 27, 2021, Jose Ramon Huaracha-Escamilla was sentenced and ordered to pay a fine of \$2,500 as a result of his guilty plea to a January 2021 superseding information that charged him with willful failure to pay minimum wage. On February 24, 2021, Gregorio Fernando Lopez-Martinez was sentenced and ordered to serve 6 months in prison following his guilty plea to false use of immigration identification documents.

Huaracha-Escamilla and Lopez-Martinez were employed at Blaine Larsen Farms, Inc., a privately-held potato farm, and supervised numerous agriculture workers who had been petitioned for work through the H-2A nonimmigrant visa program. Blaine Larsen Farms, Inc., routinely petitioned for hundreds of H-2A visas in any given year. Huaracha-Escamilla engaged in fraud in foreign labor contracting by illegally seeking and receiving prohibited payments from foreign nationals in exchange for the promise of work at the Larsen Farms operations near Dalhart, Texas.

This was a joint investigation with ICE. *United States v. Lopez-Martinez* and *United States v. Huaracha-Escamilla* (N.D. Texas)

California Business Owner Sentenced for Role in Exploiting Immigrant Farmworkers

In February 2021, Ricardo Mendoza Oseguera, the owner of Discoteca Mi Pueblito, a check cashing business in Santa Paula, California, was sentenced to 12 months in prison for his role in operating an unlicensed money transmitting business that enabled a farm labor contractor and H-2A recruiter to exploit H-2A workers. The H-2A program is managed under the Office of Foreign Labor Certification for the Department of Labor. In addition to provisions designed to protect domestic workers, the H-2A

program has rules designed to protect foreign workers from exploitation. Oseguera and his co-conspirator engaged in an immigration fraud scheme that illegally charged Mexican nationals thousands of dollars to obtain H-2A work visas and additional charges for expenses once they arrived in the United States, all of which were prohibited fees.

This was a joint investigation with Homeland Security Investigations and Department of State, Diplomatic Security Services. *USA v. Vasquez et al.* (C.D. California)

Owner of IT Services Company Pleads Guilty to Paying Kickbacks

On March 5, 2021, Lakshmikanth Sripuram pleaded guilty to a wire fraud conspiracy in connection with a scheme to defraud New York State. Sripuram is the president of PIntegra, LLC, a company that employs temporary foreign workers. Sripuram paid kickbacks to a New York State employee and conspired to create bogus experience and education credentials for PIntegra employees contracted to New York State.

In January 2015, the Office of the New York State Comptroller entered into a contract with a consortium of three companies to identify and hire computer programmers for a project. Between February 2015 and October 2016, Sripuram and his co-conspirator ensured that programmers from PIntegra were hired by falsifying information regarding their experience and work histories, and by providing them with interview questions ahead of their interviews at the Office of Special Counsel. PIntegra received approximately \$870,000 from the Office of New York State Comptroller for its programmers' pay. Sripuram kept a percentage of the programmers' pay and then paid a kickback to the New York State employee.

This was a joint investigation with the Office of New York State Comptroller, Homeland Security Investigations, and USPIS. *United States v. Lakshmikanth R. Sripuram* (N.D. New York)

Fiat Chrysler Automobiles Pleads Guilty and Pays \$30 Million Fine

On March 1, 2021, Fiat Chrysler Automobiles (FCA) US LLC pleaded guilty to conspiring to violate the Labor Management Relations Act by making illegal payments to officers of the International Union, United Automobile, Aerospace, and Agricultural Implement Workers (UAW). Under the terms of the plea agreement, FCA has agreed to pay a fine of \$30 million and be subject to federal oversight.

FCA admitted the company had conspired with other entities and individuals to violate the Taft-Hartley Act from 2009-2016 by making more than \$3.5 million in illegal payments to officers of the UAW. The illegal payments to UAW officials took various forms, including extravagant meals, rounds of golf, lavish parties for the UAW International Executive Board, an Italian-made shotgun, clothing, designer shoes, and other personal items. The illegal payments were passed through the UAW-Chrysler Skill Development & Training Program, which was supposed to provide training and health and safety protections for FCA workers. Under the terms of the agreement, FCA agreed to pay a fine of \$30 million and serve probation for 3 years, during which time, an independent compliance monitor selected by the government will oversee the company's adherence to federal labor laws.

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

Union Members Sentenced for Health Care Fraud

Five union members were sentenced after pleading guilty to defrauding their union's health care benefit program. Christopher Roberts, Earl Graham, Jamie Ruggiero, Shawn Martindale, and Torey Gannon all received health care benefits under a welfare plan provided by the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, Local Union Number 773, based in Glens Falls, New York. In addition to health insurance, the plan offered participants a health expense benefit, which reimbursed medical costs not covered by insurance.

In pleading guilty, each admitted to submitting fake receipts, purportedly reflecting medical expenses, for reimbursement under the health expense benefit, and to falsely certifying that the expenses reflected in the fake receipts were incurred. In reliance on the fake receipts, the welfare plan paid the defendants a total of more than \$67,000.

The defendants, charged in separate cases, were sentenced between November 19, 2020, and March 3, 2021, to 12 months' probation and 50 hours of community service and were ordered to pay restitution.

This is a joint investigation with EBSA. *United States v. Christopher Roberts, United States v. Earl Graham, United States v. Jamie Ruggiero, United States v. Shawn Martindale, and United States v. Torey Gannon* (N.D. New York)

California Woman Pleads Guilty to Her Role in Defrauding Union Health Plan

On March 3, 2021, Marina Sarkisyan, former office manager for R&R Medspa, pleaded guilty to a federal criminal charge as a result of a scheme she engaged in with others to submit fraudulent claims to health insurance companies including the International Longshore and Warehouse Union, Pacific Maritime Association Benefit Plan. The fraudulent proceeds from the scheme were used to provide patients with "free" cosmetic procedures.

Sarkisyan and her co-conspirators induced patients to visit R7R Medspa clinics to receive free cosmetic procedures, including facials, laser hair removal, and Botox injections, that were not covered by insurance. The conspirators obtained the patients' insurance information and fraudulently billed insurance companies for unnecessary medical services or for services that were not rendered. Using the fraudulent proceeds from the insurance companies, Sarkisyan and other conspirators calculated a "credit" that patients could use to receive "free" or discounted cosmetic procedures. During the course of the conspiracy, Sarkisyan and her conspirators submitted at least \$17 million in claims to the insurance companies, which paid approximately \$7 million on those claims.

This was a joint investigation with EBSA. *United States v. Khadem et al.* (C.D. California)