



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.

Two Mississippi Men Plead Guilty in Multi-Million Dollar Compounding Pharmacy Scheme

On July 25, 2017, Jason May and Gerald Jay Schaar pled guilty for their roles in a multi-million dollar compounding pharmacy health care fraud conspiracy.

May pled guilty to conspiracy to commit health care fraud and money laundering in connection with his role as co-owner and pharmacist in charge of Advantage Pharmacy in Hattiesburg, which received approximately \$192 million in reimbursements from various health care benefit programs for compound topical creams. May selected formulas for compound creams based on reimbursement rates rather than medical efficacy. May and Advantage Pharmacy either did not collect patient copayments for the compound topical creams or paid copayments on behalf of beneficiaries. As a co-owner of Advantage Pharmacy, May received a portion of the reimbursements associated with the fraudulently obtained compound creams and transferred certain of those proceeds from the fraud – in transactions greater than \$10,000 – into a money market account held in his name.



Advantage Pharmacy - Hattiesburg, Mississippi

Schaar pled guilty to conspiracy to commit health care fraud for his role in which he, acting as a marketer for a pharmacy located in Lamar County, solicited physicians and other medical professionals to write prescriptions without seeing patients for compound topical creams dispensed by the pharmacy. Schaar, together with others,

later falsified patient records to make it seem as though medical professionals had examined the patients who received prescriptions for the compound creams. In total, the pharmacy received \$2.3 million in reimbursements for the prescriptions solicited by Schaar.

This is a joint investigation with the FBI, Defense Criminal Investigative Service, Internal Revenue Service -Criminal Investigation (IRS-CI), U.S. Office of Personnel Management-OIG, U.S. Postal Service (USPS)–OIG, U.S. Postal Inspection Service (USPIS), U.S. Department of Veteran’s Affairs-OIG, U.S. Department of Health and Human Services-OIG, and the U.S. Merit Systems Protection Board. *United States v. Jason May, United States v. Jay Schaar* (S.D. Mississippi)

Medical Executives Sentenced to Prison for Large-Scale Health Care Fraud Scheme

On July 21, 2017, two executives of Team Work Ready, Inc., (TWR), a chain of physical therapy clinics based in Texas, were sentenced to prison and ordered to pay restitution for their roles in a large-scale health care fraud scheme to defraud the Office of Workers’ Compensation Programs (OWCP). Frankie Sanders, the vice president of Clinic Operations for TWR, was sentenced to 300 months in prison and ordered to pay restitution of more than \$13.3 million to OWCP. Pamela Rose, TWR’s chief financial officer, was sentenced to 120 months in prison and ordered to pay more than \$14.5 million in restitution to OWCP.



Team Work Ready, Inc. Office Building

Sanders and Rose, along with TWR CEO Jeffrey Rose, were convicted at trial in October 2016 on charges of conspiracy, health care fraud, wire fraud, and money laundering, for their roles in a conspiracy to bill OWCP for physical therapy services that they knew TWR had not provided. The jury also found that Jeffrey and Pamela Rose attempted to hide at least \$700,000 in illicit proceeds by moving the money into “shell” companies they had created.

This is a joint investigation with USPSG, Department of Homeland Security–OIG, and IRS–CI. *United States v. Rose* (S.D. Texas)

Texas Business Owner Sentenced for Visa Fraud and Alien Harboring Conspiracy

On July 27, 2017, David Anderton was sentenced to five years of probation and fined \$60,000 for defrauding DOL’s H-2B program and committing other offenses in relation to the staffing of his commercial landscaping company, A&A Landscape and Irrigation. A forfeiture order against Anderton is currently pending before the court. Anderton was convicted by a jury on multiple counts of harboring illegal aliens, conspiracy, and visa fraud in December 2016, following a seven-day trial.

Anderton routinely abused DOL's H-2B temporary visa program by submitting applications to bring Mexican workers into the United States, knowing that the applications contained materially false information regarding how he intended to pay them. Once they arrived in the United States, Anderton paid the H-2B workers less than minimum wage and housed them in dangerous conditions.



Workers' housing on Anderton's property



Anderton's Residence

This is a joint investigation with U.S. Department of State–Diplomatic Security Service (DSS), IRS-CI, and Homeland Security Investigations (HSI). *United States v. David Allen Anderton* (E.D. Texas)

Canadian Immigration Consultant Sentenced to Prison for Scheme Involving H-2A Visa Program

On July 7, 2017, Iram Jafri, vice-president of Canadian immigration firm AJ & Associates, was sentenced to 36 months in prison and ordered to pay almost \$200,000 in fines and forfeiture in connection with a scheme to defraud DOL's H-2A visa program and smuggle more than 100 foreign nationals into the United States.

From 2011 to 2016, Jafri fraudulently obtained H-2A visas for foreign nationals who were already present in the United States and working on a permanent basis, with the ultimate goal of obtaining permanent residency for them. Once a fraudulent visa was obtained, Jafri would instruct the foreign nationals to travel from the United States to Windsor, Canada, where Jafri would meet them and then drive them back into the United States, so as to make it appear the foreign nationals were coming to the United States for the first time to start a new job as a temporary, seasonal agricultural worker. Jafri demanded cash payment, ranging from \$1,000 to \$1,500, in exchange for assisting foreign nationals with re-entry to the United States, in addition to fees she charged for obtaining their fraudulent visas. In

one instance, Jafri received more than \$9,000 to procure a fraudulent visa and drive a foreign national into the United States.

This is a joint investigation with HSI and the U.S. Department of State–OIG. *United States v. Iram Jafri et al.* (E.D. Michigan)

South Florida Doctor Sentenced for H-1B Visa Fraud

On June 9, 2017, Juan Carlos Pinzon Galvis was sentenced to 18 months in prison for fraudulently procuring an H-1B visa.

In August 2012, a petition for an H-1B visa was submitted on behalf of Pinzon Galvis, a medical doctor, by M.J.C. International Group LLC (MJC). According to documents filed with the State of Florida, an individual other than Pinzon Galvis was listed as MJC's registered agent and manager. In reality, Pinzon Galvis owned and operated MJC and submitted the H-1B petition on his own behalf. The petition made material misrepresentations that Pinzon Galvis would serve in a managerial role at MJC, when, in fact, Pinzon Galvis intended to come to the United States to perform plastic surgery.

Pinzon Galvis violated the terms of his H-1B visa by working for an employer other than MJC and by performing duties not mentioned in his related H-1B petition. Specifically, from his entry into the United States, Pinzon Galvis worked at Health and Beauty Cosmetic Surgery (HBCS), another company that he owned and operated in West Palm Beach, Florida. At HBCS Pinzon Galvis performed medical procedures, such as surgeries, liposuction, facial filler injections, and surgical consultations.

This was a joint investigation with the U.S. Department of State–DSS and HSI. *United States v. Pinzon Galvis* (S.D. Florida)

Florida Farm Labor Contractor Convicted for H-2A Visa Fraud

On July 26, 2017, following a three-day jury trial, farm labor contractor Emmanuely Germain was convicted on multiple felony offenses for conspiring to defraud DOL's H-2A visa program. Evidence presented at trial established that Germain participated in a scheme to unjustly enrich himself by charging unauthorized and improper fees to foreign nationals who sought to be included in the H-2A visa process, and by misrepresenting the number of H-2A workers actually needed by the employer on whose behalf he was filing.

Through his company, International Easy Labor, Inc., Germain filed numerous H-2A applications and petitions with DOL and the Department of Homeland Security, respectively, requesting H-2A workers on behalf of a South Georgia farmer. In each case, however, Germain requested a number of H-2A visas that far exceeded the number of workers needed by the farmer. Germain then collected thousands of dollars in illegal "recruitment fees" from foreign nationals who sought to enter and work in the United States. Even after their business relationship had ended, Germain continued to use the farm operator's business to petition for H-2A visas without the farmer's knowledge, including one instance in 2015 when Germain applied for 120 H-2A visas.

This is a joint investigation with the U.S. Department of State–DSS and Immigration and Customs Enforcement Homeland Security Investigations. *United States v. Germain* (S.D. Florida)

Southern California Doctor Sentenced to Prison for Defrauding OWCP

On June 19, 2017, Dr. Samuel Albert, a licensed psychiatrist, was sentenced to 10 months in prison for his role in a conspiracy to submit more than \$4.2 million in false and fraudulent claims to OWCP for the purported treatment of patients covered by the Federal Employees' Compensation Act. As a result of these billings, OWCP paid more than \$2.3 million to Dr. Albert.

From 2008 to 2014, Dr. Albert conspired with his medical office staff to create fake medical reports, which 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 purportedly prepared. Instead, patient reports were generated, at Dr. 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, Dr. 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.

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

Ohio Businessman, Attorney, and Investment Firm Employees Sentenced in \$70 Million Ponzi Scheme

Five individuals were sentenced for their roles in a \$70 million Ponzi scheme that defrauded nearly 500 victims. William Apostelos, who orchestrated the scheme, was sentenced to 180 months in prison and ordered to pay more than \$32 million in restitution to victims of the scheme. His wife, Connie Apostelos, was sentenced to 30 months in prison, and ordered to pay more than \$224,000 in restitution. Attorney Steven Scudder was sentenced to 14 months in prison. Rebekah Riddell and Rebekah Fairchild were each sentenced to 36 months of probation and ordered to pay restitution of more than \$15,000 and \$23,000, respectively.

Between 2010 and October 2014, Apostelos received \$70 million in investment funds in total. He and his wife, Connie Apostelos, recruited investors from 37 states to invest in their companies, WMA Enterprises and Midwest Green, telling the investors that their money would be used for acquiring stocks or securities, purchasing real estate or land, providing loans to businesses, and buying gold and silver. Rather than investing the money, the Aposteloses used it to pay for personal luxuries. As part of the Ponzi scheme, approximately \$1.9 million was stolen from an Employee Retirement Income Security Act–covered employee pension plan.

Scudder, at the direction of William Apostelos, falsely held himself out as the trustee of WMA Trust, a land trust that purported to secure investments that investors made with Apostelos. Based on Scudder's false representations, a 10-member group invested more than \$1 million with Apostelos that was used to pay earlier investors.

Riddell and Fairchild, employees of the Aposteloses, engaged in a variety of activities in furtherance of the scheme, all at the direction of the Aposteloses, to include solicitation of new investors, wiring of

funds between investor accounts, and responding to complaints from investors by providing false and fraudulent explanations about nonpayment of funds.

This is a joint investigation with the FBI, IRS–CI, USPIA, and the Department of Labor’s-Employee Benefits Security Administration. *United States v. William M. Apostelos et al*, *United States v. Steven Scudder*, *United States v. Rebekah Riddell*, *United States v. Rebekah Fairchild* (S.D. Ohio)

Chicago-area Woman Sentenced to Prison for \$6.8 Million UI Fraud Scheme

On June 5, 2017, Leticia Garcia was sentenced to 48 months in prison and ordered to pay more than \$6.8 million in restitution to the Illinois Department of Employment Security (IDES) for perpetrating a large-scale Unemployment Insurance (UI) fraud against IDES.

Garcia assisted hundreds of individuals, primarily foreign nationals, in preparing and filing UI claims that Garcia knew contained false information, such as invalid Social Security numbers, false assertions of U.S. citizenship, and dependents who did not exist. As a result of the fraudulent claims, IDES paid out nearly \$7 million to hundreds of ineligible UI claimants.

Garcia charged each client \$300 to \$400 to prepare and file a claim online, with half of the fee due upfront and the balance owed when the client received the benefits. Through her fraud, Garcia made tens of thousands of dollars, which she hid in bank accounts held under her daughter’s name.

This was a joint investigation with HSI. *United States v. Leticia Garcia* (N.D. Illinois)

Southern California Man Sentenced to 6 Years in Prison for \$5 Million Unemployment Insurance Fraud Scheme

On June 15, 2017, Andre Walters was sentenced to 73 months in prison, ordered to pay more than \$5.2 million to the California Employment Development Department (EDD), and fined \$15,000 for his role in an UI fraud scheme. Walters was convicted at trial in August 2016 on four counts of mail fraud in conjunction with the scheme.

According to evidence presented at trial, Walters was a “manager” in the scheme, which Walters and others carried out from approximately 2008 to 2011. The scheme involved registering fictitious businesses with the State of California, listing “employees” as having earned wages at those fictitious businesses when in fact they never worked there, and then filing for unemployment benefits on behalf of those employees. Walters recruited people to pose as employees, managed their unemployment claims once filed, and split the resulting proceeds of the unemployment claims. Walters is the sixth and final defendant to be sentenced for involvement in this scheme.

This was a joint investigation with the FBI and the EDD. *United States v. Parks et al.* (E.D. California)

New York Woman Sentenced for Money Laundering Conspiracy Involving a Union benefit Fund

On July 24, 2017, Sherri Hotton was sentenced to time served and ordered to forfeit \$1.8 million for her role in a money laundering conspiracy involving a union benefit fund. On July 7, 2017, Gennaro Santillo pled guilty to making a false statement to law enforcement in conjunction with his involvement in an operation that sought to avoid payment of union benefits.

Hotton was the president of LAN Utilities Electric, a union company affiliated with International Brotherhood of Electrical Workers (IBEW) Local 3, and also a corporate officer for Federal Electrical Utilities and Cablelot (Hotton companies). The Hotton companies were run by Hotton's husband, Mark Hotton, a broker, who put them in Sherri Hotton's name to avoid detection by the Securities Industry, which regulated his broker's license. In court, Hotton stated that she knowingly participated in a scheme with Mark Hotton and others to defraud The Receivables Exchange, a factoring company. She admitted to factoring two fraudulent invoices for accounts receivables of the Hotton companies in return for cash. The cash that was generated was used to fund a cash payroll for the employees of the Hotton companies, which allowed Mark and Sherri Hotton and others to intentionally avoid payment of the required union benefit fund contributions to the Joint Industrial Board of the Electrical Industry (JIBEI) for IBEW Local 3, and avoid payment of the required payroll taxes.

Santillo was a union member of IBEW Local 3 and a project manager for the Hotton Companies. Santillo and others ran a double-breasting operation for the Hotton companies. Santillo also conspired with others in running a false billing and invoice scheme to defraud The Receivables Exchange and Sterling Commercial Credit, another factoring company, out of \$2.75 million. In furtherance of the scheme, Santillo paid a hospital employee \$6,000 in cash per month to verify the fraudulent invoices to the factoring companies. Santillo also made false statements to the law enforcement agents during an interview when he was asked whether he ever received or paid cash to the hospital employee.

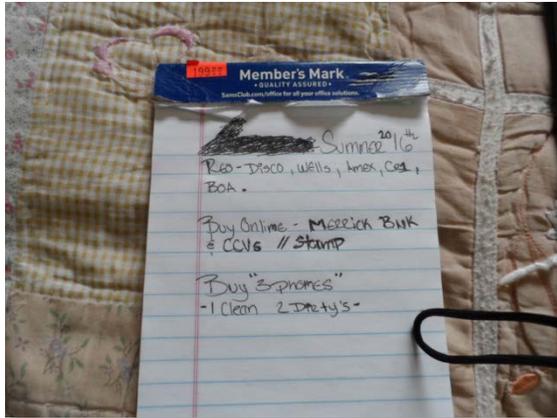
This is a joint investigation with the IRS-CI. *United States v. Hotton et al.* (E.D. New York)

Miami Resident Sentenced to 54 Months in Prison for \$1 Million Unemployment Insurance Fraud and Identity Theft Scheme

On July 27, 2017, Phyllistone Termine was sentenced to 54 months in prison for his role in a scheme that involved identities to commit more than \$1 million in UI fraud against the Florida Department of Employment and Opportunity (DEO), the agency that oversees the UI program in Florida.

From March 2015, to May 2016, Termine used personal identifiable information belonging to more than 1,000 individuals and electronically accessed the DEO website more than 1,900 times.

As part of the investigation, law enforcement executed a search warrant at Termine's residence, where they encountered Termine in his bedroom, wearing earbuds and writing his summer 2016 fraud goals on a small notepad. Hidden between Termine's mattress and box spring was a case containing several debit and credit cards issued in the names of individuals who did not reside at Termine's residence, along with several blank plastic cards with magnetic stripes that are used to make debit and credit cards. On the floor next to Termine's bed was hardware used to encode the magnetic stripe on debit/credit cards. Several victims whose credit or debit cards were found during the search warrant had their identities used to file for UI benefits using the internet protocol address at Termine's residence.



Termine's note pad



Case with debit/credit cards found between Termine's mattress and box spring

This is a joint investigation with the U.S. Social Security Administration–OIG. *United States v. Phyllistone Termine* (S.D. Florida)

Son of Colombo Mob Boss Sentenced for Loan-Sharking Conspiracy

On July 21, 2017, Michael Persico, a Colombo Organized Crime Family associate and son of Colombo boss, Carmine “The Snake” Persico, was sentenced to 60 months in prison and ordered to pay a \$250,000 fine for his involvement in a loan-sharking conspiracy to which he pled guilty in 2012. The sentence also factored in uncharged acts that prosecutors had proved by a preponderance of evidence, including racketeering and Persico’s link to a 1993 murder during a power struggle inside the Colombo family.

As part of his 2012 loan-sharking plea, Persico admitted that he conspired to extend a \$100,000 loan to two trucking company businessmen at a usurious interest rate of 45 percent per year. The businessmen, James Bombino and Steven Marcus, were principals of All Around Trucking, which was signatory to a collective bargaining agreement with the International Brotherhood of Teamsters (IBT) Local 282. Bombino and Marcus both previously pled guilty to racketeering charges, which included embezzlement of funds from the IBT Local 282 welfare and benefit plans.

This was a joint investigation with the FBI. *United States v. Bombino et al.* (E.D. New York)

Former Rhode Island Police Sergeant and Fraternal Order of Police Lodge President Sentenced to Prison for Embezzling Union Funds

On July 21, 2017, Christopher Hayes, a former Newport, Rhode Island police sergeant and Fraternal Order of Police (FOP) Lodge 8 president, was sentenced to six months in prison followed by six months of home confinement, for using FOP funds for personal use. Hayes was also ordered to pay more than \$71,000 in restitution to the FOP and perform 300 hours of community service.

Hayes pled guilty in May 2017 to wire fraud charges, admitting that between 2009 and 2014, he used an FOP debit card to pay for his personal expenses, wrote checks payable to himself from the FOP

account, withdrew cash from the FOP bank account for personal use, and made online payments to his personal credit card from the FOP bank account.

This was a joint investigation with the Department of Labor's—Office of Labor Management Standards and the Rhode Island State Police. *United States v. Christopher Hayes* (D. Rhode Island)

New Jersey Business Owner Pleads Guilty to Stealing \$2.8 Million from Veterans' Program

On June 21, 2017, Elizabeth Honig, owner of Eatontown-based Computer Insight Learning Center, pled guilty to stealing \$2.8 million from the Veterans Retraining Assistance Program (VRAP). Honig enrolled veterans who were not eligible to receive VRAP benefits, fraudulently applied for VRAP benefits for herself by posing as a veteran, and allowed spotty attendance from veterans who actually did attend training.

The now-defunct VRAP was administered jointly by the Departments of Labor and Veterans Affairs and designed to provide job training benefits for unemployed veterans between the ages of 35 and 60. Between April 2013 and March 2014, Honig applied for VRAP benefits on behalf of 182 veterans, a majority of whom were not eligible to receive benefits. Honig admitted to logging on to the VRAP applications system more than 100 times and fraudulently certifying that she was the actual veteran who was applying for benefits. She then allowed enrollees to attend less than the required hours, to stop attending prior to completion, or, in many cases, to never attend at all. Honig did not report the nonattendance to the government, as required by law, as long as the veterans continued to pay her a monthly fee. Honig's monthly fee of approximately \$750 resulted in overpayments by veterans far in excess of the VRAP-approved tuition cost.

This is a joint investigation with the U.S. Department of Veterans Affairs—OIG. *United States v. Elizabeth Honig* (D. New Jersey)

Michigan Man Pleads Guilty to Stealing More Than \$725,000 in Unemployment Insurance Benefits

On June 28, 2017, Byron Williams pled guilty to wire fraud charges in connection with a fictitious employer scheme that defrauded the Michigan Unemployment Insurance Agency (MUIA) of more than \$725,000.

From 2012 to 2017, Williams created numerous fictitious companies, filed false wage reports with the MUIA, filed false applications for UI benefits using the personal identities of other individuals, and managed the UI claims accounts online in order to direct the fraudulently obtained benefits to loadable debit or credit cards that he controlled. Williams filed false wage reports with the MUIA for fictitious companies called Media One, Electronic Logic Concepts, Global Marketing & Communications Group, White Cyber Technologies, and CMN Unlimited Marketing Services. In total, Williams filed or directed the filing of more than 114 fraudulent UI applications as part of the scheme.

This is a joint investigation with the FBI and the MUIA. *United States v. Byron Williams* (E.D. Michigan)

Former Georgia County Employee Pleads Guilty to Bribery

On July 27, 2017, Roderick Wyatt, a former supervisory employee of WorkSource DeKalb (WSD), pled guilty to accepting bribe payments in exchange for using his public position to approve the enrollment of students at a local college through a federal workforce program. WSD (formerly DeKalb Workforce Development) was a DeKalb County department funded exclusively by the federal Workforce Innovation and Opportunity Act (WIOA).

From 2013 to 2017, Wyatt served as a WSD employment and training supervisor, responsible for approving school/program recommendations made by WSD staff members. In 2014, the president of a local school that offered its students nursing assistant and medical technician certifications approached Wyatt and offered to pay him for each individual Wyatt steered toward the school. During 2014 and 2015, Wyatt accepted cash payments of approximately \$100 for each of the nearly 20 students he referred to the college. As a result of the bribery scheme, the college received more than \$82,000 in federal WIOA funds.

This is a joint investigation with the FBI and the State of Georgia-OIG. *United States v. Roderick L. Wyatt* (N.D. Georgia)