



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.

Former Ohio Union Trustee Sentenced to Prison for Embezzling Joint Apprenticeship Training Funds

On June 4, 2019, Terry Doan, a former labor union trustee for the Joint Apprenticeship Training Committee (JATC) of the Heat and Frost Insulators and Allied Workers Local 84, was sentenced to a year in prison and three years' probation for embezzling nearly \$200,000 from the JATC. He was ordered to pay full restitution and barred from serving in certain positions and capacities of an Employee Retirement Income Security Act benefit plan for a period of 13 years.

As the JATC financial-secretary/treasurer, Doan controlled the JATC checking account. However, checks over a specific amount required a second trustee's signature. In 2012, Doan had the second trustee signor requirement on the JATC checking account removed. Between 2012 and 2017, Doan embezzled nearly \$200,000 from the JATC.

This was a joint investigation with DOL's Employee Benefits Security Administration (EBSA). *United States v. Terry Doan* (N.D. Ohio)

Stockton Man Sentenced to More Than 6 Years in Prison for Unemployment Benefits Fraud and Identity Theft

On June 25, 2019, John Michael Herron II was sentenced to 75 months incarceration for conspiracy to commit mail fraud and identity theft. Herron participated in a scheme to defraud the California Employment Development Department (EDD) by filing fictitious unemployment insurance (UI) benefit claims.

From December 2014, through January 2018, Herron and his co-defendant, created fictitious companies and employees (using the real identities of persons with and without their knowledge), and filed claims with EDD, falsely stating the employees had been laid off or fired. The unemployment benefits were then deposited onto debit cards mailed to addresses controlled by Herron and his associates. Bank cameras captured Herron withdrawing unemployment benefit funds using a debit card registered to an identity theft victim. Herron was connected to approximately

\$580,000 in fraudulent claims to EDD, of which approximately \$485,000 was paid out by EDD.

This was a joint investigation with the FBI and EDD. *United States v. John Michael Herron II* (E.D. California)

\$500,000 Settlement Agreement Reached with Business that Conspired to Have a Minority Business Enterprise win a \$6 Million Construction Project

Sunrise Systems of Brevard, Inc. (SSBI) conspired to have a Certified Minority Owned Business Enterprise, V&R Enterprises, Inc. (V&R), obtain a \$6 million construction contract to fulfill a contract obligation, but not to actually perform the required minimum of 40 percent of the construction work required by the contract. The investigation showed only 11 percent of the contract cost was performed by V&R, of which was almost entirely for salary expenses of project supervisors, most of whom were actually SSBI-affiliated employees loaned to V&R to complete the job.

On June 25, 2019, SSBI entered into a settlement agreement to repay the United States \$500,000, of which more than \$241,000 was considered restitution. Previously, Valentina Williams, the president of V&R, was sentenced to 36 months' probation and 100 hours' community service for her involvement in the scheme.

This was a joint investigation with the National Aeronautics and Space Administration-OIG and the Small Business Administration-OIG. *United States v. V&R Enterprises, Inc and Sunrise Systems of Brevard, Inc.* (M.D. Florida)

Georgia Man Admits to Using Fictitious Businesses for \$530,000 Unemployment Insurance, Tax Fraud Scheme

On July 11, 2019, Lashawn Porcher was sentenced to 60 months' probation and ordered to pay restitution of more than \$436,000 to the New Jersey Department of Labor and Workforce Development (NJLWD) and more than \$100,000 to the IRS.

Porcher pleaded guilty on March 27, 2018, to conspiracy to commit mail fraud and aiding and assisting in the filing of a false tax return.

From February 2010 through June 2014, Porcher and others fraudulently obtained approximately \$437,000 in New Jersey UI benefits through the submission of false UI claims indicating they worked for either Computer Tyme or The Cleaning Experience, two fictitious companies Porcher controlled. Porcher filed fraudulent WR-30 forms, also known as Employer Report of Wages Paid, with NJLWD, making various UI claims payable. As a result of Porcher's criminal conduct, UI debit cards were mailed to addresses associated with Porcher in New Jersey and Georgia.

Porcher prepared false tax returns for himself and purported employees of Computer Tyme and The Cleaning Experience in order to obtain tax refunds in amounts greater than they were entitled. Porcher's efforts also included falsifying W-2 forms concerning the wages these individuals purportedly earned.

This is a joint investigation with the IRS-CI, U.S. Postal Inspection Service, and the NJLWD. *United States v. Lashawn Porcher* (D. New Jersey)

California Farm Labor Recruiter Pleads Guilty to Conspiring to Exploit the H-2A Program and Its Farmworkers

On June 20, 2019, Jorge Vasquez pleaded guilty to charges of conspiracy and fraud in foreign labor contracting for his role in defrauding DOL's H-2A visa program along with his co-conspirator, Melquiades Jacinto Lara, who was previously sentenced to six months in prison for his role in the fraud scheme.

Vasquez, the owner of H-2A Placement Services, a farm labor recruiting company based in Rancho Cucamonga, conspired with Lara, owner of a labor contracting company that placed workers at farms in Ventura County, to knowingly make false representations to DOL, Bureau of U.S. Citizenship and Immigration Services, and the H-2A workers themselves during the labor certification and visa process. As part of the scheme, Vasquez traveled to Mexico to recruit farmworkers, who were illegally charged as much as \$3,000 to obtain their H-2A visas. Vasquez also made false promises to the workers about how long the visas would be valid and failed to tell the workers they would be charged for housing, food, and transportation, despite the H-2A program requirement that employers provide free housing, food and transportation.



Video footage from the undercover operation

Additionally, Vasquez sold H-2A visas to individuals who had no intention of working in agriculture in California. For instance, in exchange for \$3,500 to \$4,000, Vasquez promised an H-2A visa to an undercover agent with DOL's Office of Inspector General who Vasquez believed was an undocumented individual working in the construction industry in Las Vegas who had no interest in working in the agricultural industry.

This was a joint investigation with Homeland Security Investigations and the U.S. Department of State Diplomatic Security Service. *United States v. Vasquez et al.* (C.D. California)

Georgia Man Sentenced to 40 Months in Prison in Connection with Unemployment Insurance Fraud and Identity Theft

On June 19, 2019, David Clark of Riverdale, Georgia, was sentenced to 40 months in prison and 36 months of supervised release after being convicted of access device fraud and aggravated identity theft. Clark submitted fraudulent unemployment insurance claims to the Florida Department of Economic Opportunity, Texas Workforce Commission, and Mississippi Department of Employment Security.

Clark was ordered to pay restitution in the amount of \$10,356 to the Texas Workforce Commission, Mississippi Department of Employment Security, and Florida Department of Economic Opportunity.

The investigation found Clark submitted and accessed fraudulent unemployment insurance claims using the personally identifiable information of unwitting victims. The attempted loss to the state agencies was in excess of \$360,000.

This was a joint investigation with the FBI. *United States v. David Clark (N.D. Georgia)*

Georgia Man Debarred for Grant Fraud

On July 9, 2019, Kevin Edwards (K. Edwards); Cindy Edwards; CGE Construction and Consulting, Inc.; and The Elite Learning Academy were officially issued a debarment from DOL for a period of 3 years under the non-procurement debarment regulations.

Previously, K. Edwards was sentenced to 27 months in prison and ordered to pay more than \$489,000 in restitution to DOL for stealing job training funds administered by the Atlanta Workforce Development Agency. K. Edwards, owner of three Atlanta-based companies that participated in the Workforce Investment Act On-the-Job Training (OJT) program, received approximately \$649,000 in OJT funds from 2010 through mid-2012.

This was a joint investigation with the FBI and the IRS Criminal Investigation. *United States v. Kevin Edwards (N.D. Georgia)*

Life Insurance Agent Sentenced for His Role in Fraud Scheme

On July 9, 2019, J. Edward Waesche was sentenced to 2 years' probation and ordered to pay nearly \$570,000 in restitution for his role in causing multiple insurance companies to issue fraudulently obtained life insurance policies on elderly people, a scheme that financially benefited Waesche, Daniel Carpenter, and their co-conspirators. Waesche was a life insurance agent working for various entities operated by Carpenter.

Carpenter used the guise of the Charter Oak Trust, an employee welfare benefit plan, to mask a stranger-originated life insurance scheme. The Trust procured 84 policies with a total aggregate death benefit of more than \$459 million based on false applications submitted to insurance companies. Waesche assisted in obtaining straw insureds for the policies and completing the life insurance applications, which included false statements.

Although the scheme was to hold the policies for two years before selling them on the life settlement market, one insured unexpectedly died within the first two years of the policy, resulting in a death benefit of \$30 million. At Carpenter's direction, the Trust failed to pay the benefit to the beneficiary, instead retaining the funds to pay premiums on other Charter Oak policies and to purchase a home in Rhode Island.

This is a joint investigation with EBSA and the Special Inspector General for the Troubled Asset Relief Program. *United States v. Daniel Carpenter; United States v. Joseph Edward Waesche (D. Connecticut)*