



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

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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.

Wright State University Enters into Non-prosecution Agreement for Visa Offenses

On November 16, 2018, the board of trustees of Wright State University (Dayton Ohio) (Wright State) entered into a non-prosecution agreement with the U. S. Attorney's Office, Southern District of Ohio. In the agreement, the board accepted responsibility for visa fraud offenses on behalf of Wright State and agreed to pay the U.S. Government \$1 million.

The H-1B visa program allows companies in the United States to temporarily employ foreign workers in occupations that require highly specialized knowledge and a bachelor's or higher degree in a specialty. As an institute of higher learning, Wright State was "cap exempt" from limits on the number of H-1B visas it could obtain.

Between 2010 and 2013, Wright State entered into several sponsored research contracts with Web Yoga, Inc., a privately held company based in Dayton, Ohio. As part of the contracts, Wright State would hire software engineers, obtain H-1B visas for the employees, and pay their respective salary and benefits as employees of the university, although they actually worked for Web Yoga. Wright State used its H-1B cap-exempt status to apply for and employ 24 foreign employees; it did not disclose in the visa applications that it knew the employees would actually be working for Web Yoga. Rather than develop the software programs named in the contracts, the visa employees worked as consultants on behalf of Web Yoga in various cities throughout the country, including Atlanta, Orlando, and New York.

Over the course of the contracts, Wright State invoiced Web Yoga more than \$1.8 million for the fees associated with the employees' visas, salaries, and benefits as well as administrative costs for the university. Between 2010 and 2015, Wright State also entered into similar arrangements with other companies, whereby it would apply for H-1B visas for individuals, knowing the individuals were going to work on a routine basis for another company that would then reimburse the school. This was a joint investigation with Homeland

Security Investigations (HSI) and the Defense Criminal Investigative Service (DCIS). (S.D. Ohio)

New York WIA Subgrantee Operator Sentenced to Five Years in Prison

On October 25, 2018, Umar Adeyola, 48, of Amherst, New York, was sentenced to serve 60 months in prison and ordered to pay restitution totaling \$135,739 to DOL and \$228,638 to health insurance companies for his role in a fraudulent health care scheme.

Adeyola founded, organized, and managed the HEART Foundation, a not-for-profit organization intended to assist area youths, and Heart Community Alliance (HCA), a related for-profit organization intended to provide clinical services, such as counseling and psychotherapy, to youths. Through his role with those organizations, Adeyola engaged in two major fraud schemes.

The first scheme involved attempts by Adeyola, on behalf of HCA, to defraud private insurance companies. Adeyola arranged for the submission of false and fraudulent bills for office visits using the names and/or provider numbers of health care providers who had not actually rendered the services claimed. The scheme included the submission to the same insurance companies bills for services purportedly rendered by a social worker who was actually hospitalized and later deceased on the dates of service claimed.

The second scheme involved Adeyola's theft of government funds in the form a federally funded grant received by the HEART Foundation. Specifically, in April 2013, the HEART Foundation was selected to be a recipient of a DOL grant, administered by the Latino Coalition, an entity in California. Adeyola fraudulently submitted requests for reimbursement of expenses that subgrantee HEART Foundation never incurred for salaries of HEART Foundation and HCA employees not working on programs related to the Workforce Investment Act grant and for duplicative services purportedly provided by HCA pursuant to a contract with HEART Foundation.

This was a joint investigation with the Department of Health and Human Services–OIG, and the FBI.
United States v. Umar Adeyola (W.D. New York)

Two Florida Business Owners Plead Guilty to Conspiracy to Commit Wire Fraud in an Effort to Evade Millions of Dollars in Mandatory Federal Payroll Taxes

In September and October 2018, brother and sister duo, Roger Omar Zelaya-Mendez and Fanny Melina Zelaya-Mendez, each pleaded guilty to conspiracy to commit wire fraud and conspiracy to defraud the IRS in order to avoid Florida unemployment insurance taxes as well as various federal payroll taxes associated with maintaining employees and securing state mandated workers' compensation insurance coverage. As part of their plea agreements, the defendants agreed to forfeit more than \$1.2 million in combined assets. Fanny Zelaya-Mendez agreed to restitution in the amount of \$6.5 million, of which more than \$1.5 million will be joint and several with Roger Zelaya-Mendez.

The investigation revealed that several construction work crews made up of individuals who were not authorized to work in the United States were being paid through at least three bogus shell companies owned by the Zelaya-Mendezes. These shell companies operated as a corporate cover to facilitate off-the-books payroll for hundreds of construction workers in exchange for a fee from each weekly payroll check. By hiring these work crews and paying them through shell companies, the defendants evaded

millions of dollars in federal payroll taxes, which created an illicit advantage over legitimate construction companies that employ American workers and various union personnel.

This is a joint investigation with HSI, IRS-CI, and U.S. Immigration and Customs Enforcement. *United States v. Roger Omar Zelaya-Mendez and Fanny Melina Zelaya-Mendez* (M.D. Florida)

Former California UPS Employee Pleads Guilty to Defrauding the UPS Health Care Benefit Program

On November 5, 2018, former United Parcel Service (UPS) employee Eddie Hernandez pleaded guilty to one count of health care fraud for his role in a scheme to defraud the UPS health care benefit program provided by the Teamsters Western Region & Local 177 Health Care Plan.

From January 2015 to June 2016, Hernandez engaged in a scheme to recruit UPS employees to participate in medically unnecessary—and sometimes never performed—sleep study testing at Atlas Diagnostic Services, Inc. (Atlas Diagnostic), a sleep study diagnostic center located in Studio City, California. Hernandez recruited employees by offering cash in exchange for their participation as well as offering additional monetary benefits for bringing dependents and referring co-workers to participate in the scheme. Hernandez recruited patients knowing that no doctor had prescribed sleep study testing for them and regardless of whether the testing was medically necessary.

Because of the fraudulent insurance claims, the UPS health care benefit program mailed reimbursement checks to Atlas Diagnostic and to UPS employees. At the direction of Hernandez, the UPS employees would then endorse the insurance checks or remit payments to Atlas Diagnostic or to bank accounts controlled by Hernandez. In total, Atlas Diagnostic fraudulently billed the UPS health care plan for approximately \$4.1 million.

This is a joint investigation with the FBI, EBSA, and the OPM–OIG. *United States v. Vishnevsky et al.* (C.D. California)

Michigan Brothers Sentenced in Unemployment Insurance Fraud Scheme

On October 25, 2018, Kortez Lamarr Johnson was sentenced to 48 months imprisonment, followed by 24 months of supervised release. On November 13, 2018, Johnson's brother, Kyle Lamont Johnson, was sentenced to serve 56 months of imprisonment, followed by 24 months of supervised release. Kyle and Kortez Johnson were ordered to pay more than \$199,000 in restitution, jointly and severally, to the State of Michigan Unemployment Insurance Agency (SMUIA).

The Johnson brothers previously pleaded guilty to mail fraud and aggravated identity theft for their role in an unemployment insurance (UI) fraud scheme. The Johnsons, along with their co-conspirators, used stolen identities to file hundreds of fraudulent UI claims with the SMUIA. None of the individuals whose personally identifiable information was used authorized the defendants to file UI claims on their behalf. As a result, the defendants received more than \$199,000 in fraudulent UI payments.

This is a joint investigation with the SMUIA and the United States Postal Service–OIG. *United States v. Johnson et al.* (E.D. Michigan)

Staten Island Woman Sentenced for Her Role in Selling Fraudulent Health Insurance Policies

On October 24, 2018, Tasha Soto-Quirke was sentenced to 36 months' conditional discharge. As part of her sentence, Soto agreed to pay back more than \$51,000 in restitution to victims. Soto-Quirke pleaded guilty to violation of New York State Penal Law 176.15, Insurance Fraud, on August 3, 2018. Soto-Quirke fraudulently sold insurance policies while not providing actual health care coverage.

As a result of her guilty plea, Soto-Quirke is barred for 13 years from holding various positions associated with employee benefit plans.

This was a joint investigation with the New York City Police Department and the Richmond County District Attorney's Office. *State of New York v. Tasha Soto-Quirke* (County of Richmond, New York)

Milwaukee-Area Gas Station Owner Sentenced for Harboring a Foreign National

On October 25, 2018, Harshinder Bhatia was sentenced to 19 months in prison and one year of supervised release for his role in harboring a foreign worker in the United States for financial gain.

Bhatia was the owner of several Milwaukee-area gas stations, where he admitted to employing undocumented workers at his gas stations. Bhatia also admitted to paying the employees in cash, not withholding taxes from their pay and not paying them overtime wages. At least one of the victims who worked for Bhatia worked in violation of federal labor standards by working 12-hour days, seven days a week. Due to the limited financial resources of the victims, they had no choice but to live in housing provided and controlled by Bhatia. This case was a joint investigation with the FBI, HSI, the Milwaukee Police Department, and the Wage and Hour Division (WHD). *United States v. Bhatia* (E.D. Wisconsin)

New Jersey Insurance Broker Sentenced for His Role in Selling Fraudulent Health Insurance

On October 24, 2018, David Clark, owner and operator of New Jersey-based Real Benefits Association, LLC (RBA), was sentenced to 18 months in prison and ordered to forfeit more than \$985,000. Clark previously pleaded guilty to conspiracy to commit wire fraud related to the selling of fraudulent health insurance.

Clark established RBA as a purported labor organization to market and sell health insurance to the public through the RBA Welfare Plan. In June 2008, the federal government notified Clark that RBA did not qualify as a labor organization and was required to cease operating. Clark continued, however, to market and sell the health insurance plans to unsuspecting participants, knowing there was no insurance policy or legitimate labor union in place. Participants began to complain to their respective state insurance departments when their medical claims were not being paid, which prompted various departments throughout the United States to issue cease and desist orders.

From December 2008 to July 2011, Clark and his co-conspirators collected approximately \$1.8 million in premiums for RBA health insurance coverage. Clark diverted more than \$985,000 from the premiums paid by RBA participants for his personal use, including funding personal debit and credit card purchases, making college tuition payments, and making deposits to a relative's bank account.

This was a joint investigation with the Postal Inspection Service and Employee Benefits Security Administration (EBSA). *United States v. David L. Clark* (D. New Jersey)

California Garment Shop Owner Sentenced for His Role in Obstructing a Wage and Hour Investigation

On October 24, 2018, Gu Feng was sentenced to two years' probation and ordered to pay \$190,475 in restitution for his role in obstructing a 2016 Fair Labor Standards Act (FLSA) investigation by the WHD. Feng's restitution will be held jointly and severally with his co-defendants, Yin Zhen Mao and Hai Hua Cai.

Feng, Mao, and Cai were owners of Regalia Fashion, Inc. (Regalia Fashion), a Southern California garment shop. In April 2016, the WHD opened an FLSA compliance investigation of Regalia Fashion. The investigation found overtime violations for 16 employees and assessed back wages and liquidated damages for those employees. The defendants then obstructed the WHD investigation by providing WHD with multiple false Back Wage Compliance and Payment Agreements (WH-58) forms, which falsely reported that Regalia Fashion owners had complied with WHD's directive to pay back wages to their employees. Feng, Mao, and Cai obtained the falsified WH-58 forms by coercing the 16 workers to sign the forms, which falsely reported receipt of \$16,054 in back wages.

This is a joint investigation with WHD. *United States v. Yin Zhen Mao et al.* (C.D. California)

North Texas Doctor and Two Business Owners Convicted of Receiving Kickbacks for Referring OWCP Patients to Dallas Area Surgical Hospital

On October 4, 2018, Dr. Wade Barker, 53, pleaded guilty to conspiracy to pay and receive health care bribes and kickbacks as well as aiding and abetting commercial bribery for his role in a \$200 million health care fraud scheme. Barker was a founder of Forest Park Medical Center (FPMC), formerly a physician-owned hospital. Barker paid kickbacks to doctors who performed surgery at FPMC and also received kickbacks for bringing his own surgical patients to the center. On October 11, 2018, Andrew Hillman and Semyon Narosov also pleaded guilty to receiving healthcare bribes and kickbacks for their respective roles in the FPMC fraud scheme. Hillman and Narosov owned and operated a company called Hospital Business Concepts, which received kickbacks for referring surgical patients to FPMC.

The FPMC health care fraud and bribery scheme was designed to induce doctors to refer lucrative patients, particularly those with high-reimbursing, out-of-network private insurance, to the now-defunct FPMC, as opposed to other facilities. 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, FPMC 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."

Barker, Hillman, and Narosov, along with their co-defendants, were previously charged in a federal indictment with various felony offenses stemming from their payment and/or receipt of approximately \$40 million in bribes and kickbacks for referring certain patients to FPMC. FPMC fraudulently billed patients' insurance plans and federal healthcare programs, including the Office of Workers' Compensation Programs, well over half a billion dollars and collected more than \$200 million in paid claims. This is a joint investigation with the FBI, EBSA, IRS–Criminal Investigation (CI), Office of Personnel Management (OPM)–OIG, and DCIS. *United States v. Beauchamp et al.* (N.D. Texas)