



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

# OIG Investigations Newsletter

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## **Texas Pharmacist and Business Partner Both Sentenced to More Than 15 Years in Prison and Ordered to Forfeit More Than \$400 Million in Assets for Defrauding the Department of Labor**

On February 21, 2025, and March 19, 2025, respectively, Texas pharmacy owners Dehshid “David” Nourian and Christopher Rydberg, were sentenced for their roles in a \$145 million scheme to defraud DOL’s Office of Workers’ Compensation Programs (OWCP) through the submission of fraudulent claims for prescription compound creams. Nourian was sentenced to 210 months in prison and Rydberg was sentenced to 180 months in prison. Both were ordered to pay restitution of more than \$115 million jointly and severally. Additionally, the court ordered Nourian and Rydberg to forfeit \$405 million in assets tied to their fraud and money laundering schemes.

Nourian, Rydberg and others conspired to pay doctors to prescribe medically unnecessary compound creams to injured federal workers. Nourian and others owned and operated three pharmacies located in Texas. During the scheme, they paid doctors millions of dollars in illegal bribes and kickbacks for expensive compound medications filled by those pharmacies. For instance, from May 2014 to March 2017, the pharmacies billed OWCP and a private health insurance company more than \$145 million and were paid over \$90 million for unnecessary prescriptions that were received in exchange for illegal bribes and kickbacks.

Trial evidence showed the compound creams were being mixed in the back rooms of the pharmacies by untrained teenagers at a cost to the defendants of around \$15 per prescription and then billed to OWCP for as much as \$16,000 per prescription. Patients who received the creams testified to the creams’ ineffectiveness and that using the creams sometimes resulted in painful, irritating skin rashes.

This is a joint investigation with the U.S. Postal Service-OIG, the U.S. Department of Veterans Affairs (VA)-OIG, and the Internal Revenue Service-Criminal Investigation (IRS-CI). *United States v. Dehshid Nourian* (N.D. Texas)

The Office of Inspector General (OIG) for the U.S. Department of Labor (DOL) is pleased to present the *OIG Investigations Newsletter*, containing a quarterly 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.

## **VA Firefighter Pled Guilty in Scheme to Commit Workers' Compensation Fraud**

On March 5, 2025, Richard Hyland, a VA firefighter, pled guilty to one count of workers' compensation fraud.

In 2014, Hyland suffered a back injury and began receiving federal workers' compensation benefits through DOL's OWCP. To continue receiving benefits, Hyland certified annually to OWCP that he was not working or volunteering anywhere. However, these certifications were false. As early as March 2017, Hyland worked as a tow truck driver, a long-haul truck driver, and volunteered at his local fire department. From March 2017 through December 2024, Hyland fraudulently received more than \$479,000 in OWCP benefits.

This is a joint investigation with VA-OIG. *United States v. Richard Hyland* (D. New Jersey)

## **Missouri Health Care Charity Executive Sentenced for Role in Multi-Million Dollar Bribery and Embezzlement Scheme**

On February 5, 2025, Marilyn L. Nolan, former chief executive officer of health care charity Preferred Family Healthcare (PFH), was sentenced to 60 months of probation and ordered to pay more than \$3.6 million in restitution for her role in a scheme to defraud PFH. Most of PFH's funding was from appropriated federal funds, including DOL funds.

In her role as CEO, Nolan oversaw the PFH's lobbying and governmental affairs activities. She had the authority to approve and direct payments of funds and enter into agreements on behalf of the charity. From 2008 until 2017, Nolan and her co-conspirators caused the charity to misapply funds for substantial undisclosed lobbying and political advocacy, as well as to bribe public officials to increase revenue for their own personal financial gain. In total, Nolan received more than \$4.1 million in funds that were the proceeds of embezzlement, theft, misapplication, and unlawful conversion of charity funds and property.

This is a joint investigation with the U.S. Department of Health and Human Services-OIG, the U.S. Department of Housing and Urban Development-OIG, the U.S. Department of Justice (DOJ)-OIG, the VA-OIG, the FBI, and the IRS-CI. *United States v. Bontiea Bernedette Gross; United States v. Tommy Ray Gross* (W.D. Missouri)

## **General President of International Union of Operating Engineers Pled Guilty and Agreed to Resign**

On January 29, 2025, James T. Callahan, the former general president of the International Union of Operating Engineers (IUOE), pled guilty to knowingly filing false annual reports with the DOL. LM-30 annual reports are required by law and must be complete and truthful.

IUOE represents nearly 400,000 heavy machinery operators on construction and industrial sites throughout the United States and Canada. Starting in 2011, Callahan served as the IUOE General President at its headquarters in Washington, DC. Between 2015 and 2023, he requested and received

free tickets and hospitality packages to nearly 100 events from an advertising firm retained by IUOE. The tickets and amenities were worth at least \$315,000 and properly belonged to IUOE. Callahan did not reveal the existence of the tickets and did not obtain IUOE Executive Board authorization to use them. He personally used many of the tickets and provided other tickets to family members and other individuals who were not union members.

As part of his plea agreement, Callahan agreed to pay restitution of \$315,000 to IUOE for the cost of the tickets. In addition, he resigned as IUOE General President.

This is a joint investigation with the DOL's Office of Labor-Management Standards. *United States v. James Callahan* (D. District of Columbia)

### **California Resident Pled Guilty to Fraudulently Obtaining \$59 Million in Public Benefits and Laundering Proceeds to China**

On January 29, 2025, Bruce Jin pled guilty to one count of conspiracy to commit wire fraud and one count of conspiracy to launder monetary instruments in the amount of approximately \$59 million in a scheme to fraudulently obtain unemployment insurance (UI) benefits in multiple states.

Jin and his co-conspirators entered into a series of agreements to make it appear as if they were operating legitimate businesses that sold masks and other COVID-19 pandemic personal protective equipment. In reality, the funds that he and others obtained and laundered through the companies and banks were fraudulently obtained UI benefits from Pennsylvania and other states. Additionally, the conspirators also fraudulently obtained Economic Impact Payments issued by the IRS.

Jin and co-conspirators established various companies and subsequently opened bank accounts associated with the companies. Unnamed members of the conspiracy, including some believed to reside in China, utilized the stolen personal identifiable information (PII) of thousands of identity theft victims to establish bank accounts across the United States. The co-conspirators, who were believed to be in China, filed false UI claims that were then paid into the fraudulently established bank accounts. Members of the conspiracy initially transferred millions in UI benefits from the accounts in the names of identity theft victims to companies that Jin and a co-conspirator controlled. They also transferred funds via ACH processing or international wire transfers to bank accounts associated with other co-conspirators. Some of the identified co-conspirators reside in China.

This is a joint investigation with the FBI. *United States v. Bruce Jin* (M.D. Pennsylvania)

### **Detroit Man Sentenced to 94 Months in Prison for Role in Unemployment Insurance Fraud Scheme**

On March 13, 2025, Kenny Howard was sentenced to 94 months in prison and ordered to pay more than \$6.3 million in joint and several restitution after he pled guilty to one count of conspiracy to commit wire fraud and one count of aggravated identity theft for his role in a scheme to defraud state workforce agencies (SWA) during the COVID-19 pandemic.

Between approximately April 2020 and August 2021, Howard and his co-conspirators defrauded the federal government and multiple SWAs of funds that were earmarked for COVID-19 pandemic relief. The scheme involved the filing of more than 700 fraudulent UI claims with more than five states, primarily Michigan, California, and Arizona. Howard and his co-conspirators used the stolen PII of identity theft victims to file the UI claims. As a result, the co-conspirators fraudulently obtained UI benefits that were loaded onto pre-paid debit cards and mailed to addresses controlled by the defendants. To access the stolen funds, the co-conspirators made cash withdrawals at ATMs in Michigan and California.

Approximately sixty percent of the fraudulent claims related to the scheme were successful, resulting in a loss of more than \$6.3 million to SWAs. If all the fraudulent claims had been approved, the resulting loss would have been more than \$11 million.

This is a joint investigation with Homeland Security Investigations (HSI). *United States v. Howard et al.* (E.D. Michigan)

### **Detroit Resident Sentenced in CARES Act Fraud Scheme**

On March 13, 2025, Maurice Brown-Portwood was sentenced to 22 months in prison and ordered to pay more than \$600,000 in restitution for his role in a multi-million dollar Coronavirus Aid, Relief, and Economic Security (CARES) Act fraud scheme.

On November 20, 2024, and November 25, 2024, Brown Portwood's co-defendants Christopher Lindsay, Deangelo Jackson Portwood, Anton Greenwood, Adartha Tillman, and Taurean Davis pled guilty to conspiracy to commit wire fraud for their respective roles in the fraud scheme. Jackson-Portwood also pled guilty to aggravated identity theft.

Between February 2020 and May 2021, Brown-Portwood and his co-conspirators obtained the PII of identity theft victims, without their knowledge or consent. They then used the PII to file fraudulent claims in various states for Pandemic Unemployment Assistance (PUA) benefits, Paycheck Protection Program (PPP) loans, and Economic Injury Disaster Loan (EIDL) funds. In other instances, the co-conspirators used their own identities to submit fraudulent PPP and EIDL applications in the names of businesses that were fictitious or dormant. The PUA benefits were often deposited onto debit cards that were sent to addresses controlled by the defendants.

As a result of the schemes, they falsely obtained more than \$6 million in PUA benefits, PPP loans, and EIDL funds.

This is a joint investigation with the FBI and the Small Business Administration (SBA)-OIG. *United States v. Deangelo Jackson-Portwood et al.* (E.D. Michigan)

## **Maryland Man Pled Guilty to Role in \$3.5 Million Pandemic-Related Unemployment Insurance Fraud Conspiracy**

On January 21, 2025, Ahmed Hussain pled guilty to conspiracy to commit wire fraud and aggravated identity theft, for his role in a \$3.5 million pandemic-related UI fraud scheme. He also pled guilty to additional counts of felon in possession of a firearm and possession with intent to distribute a controlled substance.

Between approximately 2021 and 2022, Hussain conspired with other co-defendants, including former contractors who provided services directly to the Maryland Department of Labor (MD DOL) to defraud the UI program. The contractors were issued laptop computers that allowed remote access to MD DOL systems, such as the UI claims system. Hussain and his co-conspirators used the laptops to access non-public UI data and databases maintained by MD DOL to change information on existing UI claims, including contact email addresses, online account passwords, and payment methods. They also made numerous false statements and misrepresentations on UI applications, so the highest amount of available UI benefits would be paid. Hussain and his co-conspirators uploaded and approved documents required by MD DOL to support UI claims, removed fraud holds on UI claims, and certified weeks of unemployment for payment in the MD DOL system. They also engaged in other actions to facilitate the payment of the fraudulent benefits, such as using the PII of multiple identity theft victims to make changes in the MD DOL system.

Based on Ahmed Hussain's activities, the members of the conspiracy fraudulently obtained more than \$3.5 million in pandemic-related UI benefits of which Hussain personally obtained more than \$550,000.

On November 16, 2022, in an unrelated matter, a residential search warrant was executed at Hussain's shared Maryland residence. In his room, law enforcement discovered a stolen handgun, firearm ammunition, Glock magazines, 60 pounds of marijuana, more than \$5,000 in cash, and drug paraphernalia. Hussain had been previously convicted of an offense punishable by more than one year in prison and was therefore prohibited from possessing a firearm or ammunition.

This is a joint investigation with the FBI as part of the Maryland COVID-19 Fraud Enforcement Strike Force. *United States v. Ahmed Hussain* (D. Maryland)

## **Miami Man Sentenced for Role in Conspiracy to Fraudulently Obtain More Than \$3 Million in COVID-19 Unemployment Benefits**

On Jan 16, 2025, Harold Eugene Eubanks was sentenced to 63 months in prison and ordered to pay more than \$3.2 million in restitution after he previously pled guilty to conspiracy to commit bank fraud, wire fraud, and mail fraud.

Between approximately August 2020 and April 2022, Eubanks and his co-conspirators submitted more than 270 false UI applications to the California Employment Development Department (California EDD). To successfully file a claim, applicants had to pass an identity verification process. To that end, Eubanks submitted photographs of his face to support each claim. California EDD approved at least 155 of the claims submitted containing photographs of his face, resulting in the disbursement of more than



\$3.2 million in UI benefits.

This is a joint investigation with the U.S. Department of Homeland Security (DHS)-OIG, the United States Postal Inspection Service (USPIS), and the FBI as part of the Southern District of Florida Miami COVID-19 Strike Force. *United States v. Harold Eubanks et al.* (S.D. Florida)

### **State of Arizona Employees Convicted and Sentenced for Receiving Bribes to Approve Jobless Benefits**

On February 4, 2025, Jacqueline Espino pled guilty to one count of bribery concerning a program that receives federal funds. On January 21, 2025, Brandilyn Lorenzen was sentenced to 30 months in prison and ordered to pay more than \$2.9 million in restitution. Both Espino and Lorenzen were Arizona Department of Economic Security (AZ DES) employees involved in a scheme to accept bribes in exchange for improperly approving claims for COVID-19 pandemic-related benefits.

Both Espino and Lorenzen were employed by DES as adjudicators who evaluated claims for both the regular UI and PUA programs. Between 2020 and 2022, when AZ DES was facing a higher volume of UI and PUA claims due to the COVID-19 pandemic, Espino and Lorenzen accepted bribes to approve UI and PUA claims for individuals who were not entitled to receive such benefits. In addition, they both admitted that they embezzled large sums of money from AZ DES for their own benefit and for the benefit of others.

This is a joint investigation with the DHS-OIG and the AZ DES. *United States v. Jacqueline Espino; United States v. Brandilyn Lorenzen* (D. Arizona)

### **Scranton Man Sentenced to 41 Months in Prison for Scheme to Fraudulently Obtain Pandemic Benefits**

On February 28, 2025, James G. Miller Jr. was sentenced to 41 months in prison and ordered to pay restitution of more than \$1.5 million after he pled guilty to one count of wire fraud.

Between February 2020 and January 2022, Miller assisted co-conspirators in transferring more than \$1.5 million in fraudulently obtained PUA benefits, Lost Wage Assistance (LWA) payments, and PPP loans through various bank accounts, cryptocurrency transactions, and mailings. He acted as a money mule, receiving small sums of money in exchange for using his mailing address and bank accounts to transfer the fraudulently obtained funds to overseas counterparts.

This is a joint investigation with HSI, the USPIS, the DHS-OIG, and the Social Security Administration-OIG. *United States v. James G. Miller Jr.* (M.D. Pennsylvania)

### **Nigerian Foreign National Sentenced to 4.5 Years in Prison for Defrauding Unemployment Program**

On January 28, 2025, Fatiu Lawal, a Nigerian foreign national, was sentenced to 54 months in prison and ordered to pay more than \$1.3 million in restitution.

Report allegations of fraud, waste, and abuse concerning DOL programs and operations to the  
OIG hotline via 800-347-3756 or [www.oig.dol.gov](http://www.oig.dol.gov).

Lawal and co-defendant Sakiru Ambali used the stolen identities of thousands of workers to submit more than 1,700 claims for pandemic-related UI benefits to more than 25 different states. In total, the claims sought approximately \$25 million in benefits, but the defendants were only able to fraudulently obtain approximately \$2.7 million, primarily from pandemic-related UI programs intended to assist struggling unemployed American workers. Lawal personally submitted more than \$1.3 million in fraudulent claims.

Lawal and Ambali directed the fraud proceeds to cash cards and money mules who transferred the funds according to instructions from the co-conspirators. They also allegedly used stolen PII to open bank accounts to collect the fraudulently obtained funds for their personal use.

This is a joint investigation with the FBI, the USPIS, the Washington Employment Security Division, the IRS-CI, the SBA-OIG, and the DOJ-Office of International Affairs. *United States v. Fatiu Lawal et al.* (W.D. Washington)

### **Former State of Michigan Employee Pled Guilty for Role in Multiple Fraud Schemes**

On February 4, 2025, Danielle Moore, a former Michigan Unemployment Insurance Agency (MUIA) employee, pled guilty to conspiracy to commit wire fraud for her involvement in a COVID-19 pandemic UI fraud scheme.

From 2020 through 2021, Moore was employed as a claims examiner with the MUIA. She abused her access to MUIA records to advance multiple fraud schemes. One scheme involved the filing of fraudulent UI claims in the names of more than 40 incarcerated individuals. At the direction of her co-conspirator, Moore took steps to process the fraudulent claims, resulting in the disbursement of approximately \$282,000. She subsequently received a portion of the stolen proceeds from her co-conspirator.

A review of Moore's cell phone revealed that she possessed the PII and UI claims data for at least 188 individuals. It was later determined that she accessed more than 160 claims and altered more than 85 of them, resulting in a loss of approximately \$1.2 million to the UI program.

In total, Michigan disbursed approximately \$1.5 million in fraudulent UI benefits related to claims that were altered by Moore.

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

### **Detroit Man Sentenced to More Than 4 Years in Prison for Involvement in Multi-State Unemployment Insurance Fraud Scheme**

On February 19, 2025, Tracey Dotson was sentenced to 51 months in prison and ordered to pay more than \$930,000 in joint and several restitution for his role in an UI fraud scheme targeting multiple states.

Between April and December 2020, Dotson and his co-conspirators used stolen PII to file hundreds of fraudulent UI claims with SWAs in Michigan, Pennsylvania, and Maryland. The defendants subsequently received hundreds of pre-paid debit cards in the names of other individuals loaded with approximately \$1 million in PUA funds. The debit cards were sent to addresses in Michigan and Pennsylvania. Dotson and his co-conspirators then withdrew more than \$930,000 from the UI debit cards via cash withdrawals at ATMs and retail purchases.

This is a joint investigation with the FBI, the IRS, and the MUIA. *United States v. Dotson et al.* (E.D. Michigan)

### **Houston Woman Sentenced for \$800,000 COVID-19 Fraud Scheme**

On January 22, 2025, Prayshana Washington was sentenced to 37 months in prison and ordered to pay restitution of more than \$835,000 for her role in a COVID-19 pandemic UI fraud scheme.

Between May 2020 and June 2021, Washington filed approximately 38 fraudulent claims for UI benefits using the stolen PII of individuals in Missouri and other states. These individuals were not eligible to receive enhanced unemployment benefits made available under the CARES Act. She carried out the year-long scheme by making repeated false statements to the Missouri Department of Employment Services.

This was a joint investigation with the DHS-OIG. *United States v. Prayshana Washington* (W.D. Missouri)

### **Tuskegee Resident Pleads Guilty to Mail Fraud Conspiracy Related to Unemployment Fraud Scheme**

On January 23, 2025, Brandon Carter pled guilty to one count of mail fraud conspiracy for his role in submitting fraudulent UI claims to the Alabama Department of Labor (ADOL) which resulted in a potential loss of more than \$800,000.

Between approximately March 2020 and September 2020, Carter and his co-conspirators submitted fraudulent UI claims to ADOL by using fabricated PII, including dates of birth and Social Security numbers. As a result, ADOL disbursed UI benefits to him and his co-conspirators, including direct deposits of the funds into bank accounts they controlled. In addition, UI benefits were also mailed to addresses, including an abandoned apartment complex, where Carter and his co-conspirators had set up mailboxes to receive the funds. In total, the scheme caused a loss of more than \$800,000 to the UI program.

This is a joint investigation with the USPIIS, the AL DOT, and the AL State Bureau of Investigations. *United States v. Brandon Cody Carter* (M.D. Alabama)



## Former State of California Employee and Boyfriend Convicted of Stealing Unemployment Benefits

On January 8, 2025, Phyllis Stitt, a former California EDD employee, and her boyfriend, Kenneth Riley, each pled guilty to one count of conspiracy to commit mail fraud and bank fraud for their roles in an UI fraud scheme that caused a loss of more than \$750,000.

From March 2020 through September 2021, while using her insider access and information available while working at California EDD, Stitt acquired the names, dates of birth, Social Security numbers, and other PII of victims. She then filed fraudulent applications for UI benefits using the stolen PII without the victims' knowledge or consent. In furtherance of the scheme, Stitt backdated the fraudulent claims to maximize the amount of UI benefits that would be paid out.

Stitt certified fraudulent applications that stated the victims submitted their employment history and driver's license information, and confirmed they were unemployed because of the pandemic and actively searching for work. Many of the victims were ineligible to receive these benefits, because they were actively employed or deceased.

As a result of the fraudulent applications, Stitt and Riley received debit cards that were loaded with UI benefits which were mailed to addresses they controlled. To access the stolen funds, Riley and others made cash withdrawals, bank transfers, and retail purchases.

Through the scheme, they fraudulently obtained more than \$750,000 in UI benefits.

This is a joint investigation with the FBI and the California EDD. *United States v. Phyllis Stitt et al.* (C.D. California)

## Arkansas Man Sentenced to More Than 4 Years in Prison for Operating an Illegal Money Transmitting Business Using Pandemic Funds

On February 20, 2025, Richard Stone was sentenced to 51 months in prison and ordered to pay more than \$725,000 in restitution. On November 19, 2024, Stone pled guilty to a criminal information charging him with conducting an unlicensed money transmitting business in Arkansas.

Stone was the president or chief officer of numerous businesses registered with the Arkansas Secretary of State. The advertised purpose of these businesses was to develop technology and facilities to repurpose waste materials, such as tires, into useable fuel sources. However, none of these businesses were registered with Arkansas as a money transmitting business, as required by state law.

Between November 2020 and March 2021, Stone received more than \$600,000 in deposits into various bank accounts associated with the businesses and other accounts under his control. The deposited funds were from applications made on behalf of unwitting victims for PUA benefits, PPP loans, and EIDL funds. After receiving the funds, he immediately transferred most of the money by wire transfer to parties in the United States, Switzerland, England, and India.

This is a joint investigation with the FBI and the IRS-CI. *United States v. Richard Stone* (W.D. Arkansas)

### **Two Orlando Men Sentenced for Fraudulently Obtaining More Than \$650,000 in COVID-19 Unemployment Benefits**

On January 3 and 6, 2025, respectively, Franklin Luma and Anderson Coulanges were sentenced after having pled guilty to one count of conspiracy to commit access device fraud and one count of aggravated identity theft. Coulanges also pled guilty to one count of access device fraud – specifically the unlawful possession of 15 or more access devices. Coulanges was sentenced to 48 months in prison, and Luma was sentenced to 36 months in prison. Both men were ordered to pay restitution of more than \$650,000 to the California EDD.

Beginning in approximately August 2020, Coulanges and Luma submitted false UI benefit claims to the California EDD by using the PII of more than 30 identity theft victims. As a result of the false claims, the California EDD issued approximately \$650,000 in UI benefits on pre-paid debit cards. Luma maintained images of these debit cards on his cell phone and made cash withdrawals at ATMs in multiple states.

This is a joint investigation with HSI. *United States v. Anderson Coulanges; United States v. Franklin Luma* (S.D. Florida)

### **New Jersey Man Sentenced to 40 Months in Prison for Stealing COVID-19 Unemployment Benefits**

On March 4, 2025, Jose Tavares was sentenced to 40 months in prison and ordered to pay more than \$570,000 in restitution for his role in a conspiracy to fraudulently obtain COVID-19 pandemic UI benefits. In October 2024, Tavares was convicted of one count of conspiracy to commit wire fraud after a five-day jury trial.

From July 2020 through February 2021, Tavares and his co-conspirators submitted fraudulent applications for UI benefits to the New York Department of Labor (NYDOL) by using fictitious online profiles that they created with stolen PII, including the names, dates of birth, and Social Security numbers of identity theft victims. Once the NYDOL processed and approved the fraudulent applications, he and his co-conspirators obtained debit cards loaded with fraudulently obtained funds totaling more than \$570,000. They then used the stolen funds for their personal financial gain, including vacations, luxury retail purchases, and cosmetic surgeries.

This is a joint investigation with HSI and the USPIS. *United States v. Jose Tavares* (D. New Jersey)