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OIG Investigations Newsletter

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Nine Defendants Sentenced to More Than 760 months Combined Imprisonment in a \$126 Million Compounding Fraud Scheme

In April 2023, nine defendants, including three compounding pharmacy owners, a physician, two pharmacists, and three patient recruiters, were sentenced for their roles in a years-long, multi-state scheme to defraud the Department of Labor's Office of Workers' Compensation Programs (DOL-OWCP) and TRICARE of nearly \$126 million. The nine defendants were sentenced as follows:

John Cruise: 240 months in prison and restitution of approximately \$32 million joint and several;

Lashonia Johnson: 180 months in prison and restitution of more than \$32 million joint and several;

Kenny Ozoude: 120 months in prison and restitution of approximately \$19.9 million joint and several;

Dr. James Don Jackson: 60 months in prison and restitution of more than \$1.6 million joint and several;

Nirvana Hightower: 60 months in prison and restitution of approximately \$19.9 million joint and several;

Keith Hudson: 36 months in prison and restitution of approximately \$13.7 million joint and several;

Audra Jones: 30 months in prison and restitution of approximately \$18.9 million joint and several;

Sherod Johnson: 18 months in prison and restitution of approximately \$939,000 joint and several;

Terrance Aice: 18 months and restitution of approximately \$939,000 joint and several.

Cruise and his co-conspirators submitted false and fraudulent claims to DOL-OWCP and TRICARE for prescriptions, compounded drugs, and other medications prescribed to injured federal workers and members of the armed forces. The defendants also paid kickbacks to patient recruiters and physicians to prescribe these drugs. In furtherance of the scheme, the defendants chose the particular compounds and other medications, not based on the patients' medical needs, but rather based on the reimbursement amount for the drugs. The drugs were then mailed to patients, even though they were often never requested, wanted, or needed by the patients.

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.

This is a joint investigation with the U.S. Postal Service (USPS)–Office of Inspector General (OIG), Department of Defense–OIG, and the Department of Veteran’s Affairs–OIG. *United States v. John Cruise et al.* (S.D. Texas)

California Man Sentenced to 108 Months in Prison for Role in Stealing Unemployment Insurance Benefits

On April 6, 2023, Promise Okafor was sentenced to 108 months in prison and ordered to pay approximately \$2.5 million in restitution following his conviction on charges of conspiracy to commit wire fraud and for his failure to appear after pre-trial release. Upon the completion of his sentence, Okafor must surrender to immigration officials for deportation.

From September 2020 to May 2022, Okafor participated in a conspiracy whereby he submitted at least 695 fraudulent unemployment insurance (UI) claims using the stolen identities of approximately 672 victims. To avoid detection, Okafor listed false physical addresses on the fraudulent UI applications, which included mail drops and abandoned hotels near his own residence. In furtherance of the scheme, Okafor would then pick up prepaid UI debit cards from the false addresses he provided on the applications and make cash withdrawals and debit card transactions throughout the Northern District of Texas. The loss amount associated with this scheme is in excess of \$2.7 million.

This is a joint investigation with Homeland Security Investigations (HSI) and Dallas-Fort Worth International Airport-Department of Public Safety. *United States v. Promise Nnanyereugo Okafor* (N.D. Texas)

International Firearms Dealer Involved in \$1.9 Million COVID-19 Fraud Scheme Sentenced to More Than 7 Years in Prison

On April 19, 2023, Daniel Ira Johnson, a/k/a “Shotta” a/k/a “Lajon Black,” was sentenced to 90 months in prison for shipping firearms to the United Kingdom and committing wire fraud and aggravated identity theft in connection with receiving fraudulently obtained COVID-19 pandemic UI payments. Johnson was also ordered to pay restitution totaling more than \$580,000.

In December 2019 and January 2020, Johnson shipped firearms to a co-conspirator in Rugby, England, concealing them in a safe, wrapping them to avoid detection, and declaring them to be “car parts” on customs paperwork. Additionally, in March 2020, following the onset of the COVID-19 pandemic and the government’s response of extending and expanding UI benefits, Johnson and co-conspirators used personal identifiable information (PII) of victims without their knowledge to apply for and receive UI benefits. The benefits were loaded onto prepaid debit cards that were delivered to addresses Johnson and others had access to. Johnson and the co-conspirators then obtained the UI debit cards and withdrew the fraudulently obtained funds which they used to purchase U.S. postal money orders. Johnson and his co-conspirators are linked to at least \$1.9 million in attempted fraudulent UI claims submitted to 19 different state workforce agencies. As a result, he was ordered to pay restitution totaling more than \$580,000.

This is a joint investigation with the United States Postal Inspection Service (USPIS), U.S. Department

of Commerce Bureau of Industry and Security, HSI, the Bureau of Alcohol, Tobacco and Firearms, and the National Crime Agency of the United Kingdom. *United States v. Johnson* (M.D. Florida)

Arizona Man Sentenced to Prison for Jobless Benefits Scam

On April 11, 2023, Daniel Lucero was sentenced to seven years in prison and ordered to pay more than \$228,000 in restitution for his role in a pandemic-related UI fraud scheme.

Lucero and co-conspirator Makallyn Hunt, broke into hundreds of mailboxes throughout Arizona and Colorado and used victims' stolen identities to apply for Pandemic Unemployment Assistance (PUA) benefits. When apprehended, the couple was found with thousands of pieces of PII and dozens of fraudulently acquired prepaid debit cards. The victims in this investigation included hundreds of elderly individuals who were unaware that their identities were stolen and used to apply for federally funded state assistance.

This is a joint investigation with the Glendale Police Department and the Arizona Department of Economic Security. *State of Arizona v. Daniel Lucero*

Three Virginia Family Members Sentenced to More Than 5 Years in Prison for Their Roles in \$1.7 Million Pandemic Unemployment Fraud Scheme

On April 26, 2023, Odyssey Wilhoit was sentenced to 75 months in prison pursuant to her guilty plea to bank fraud and conspiracy to commit mail and wire fraud related to a UI fraud scheme. On May 3, 2023, co-conspirators Jeremiah Wilhoit and Dejhaun Wilhoit were both sentenced to 66 months in prison after pleading guilty to conspiracy to commit mail and wire fraud related to the same scheme. Dejhaun Wilhoit also pled guilty to being a felon in possession of a firearm and Jeremiah Wilhoit pled guilty to conspiracy to commit bank fraud. All three defendants were ordered to pay \$1.7 million in joint restitution to the Virginia Employment Commission, with Odyssey ordered to pay approximately \$400,000 more to victimized banks.

From May 2020 through January 2022, the Wilhoits conspired to fraudulently obtain pandemic-related UI benefits by applying for benefits in the names of others, many of whom were identity theft victims. The Wilhoits falsely represented, among other things, the applicants' work history and that they lost their employment as a result of the COVID-19 pandemic. A co-conspirator instructed the Wilhoits on how to submit UI claims and use false and anonymized email addresses in an attempt to conceal the fraud. The Wilhoits then taught each other how to avoid detection when obtaining cash from prepaid UI debit cards by frequenting certain stores and ATMs in specific intervals, wearing face masks, and limiting the amount of cash withdrawn each time. They encouraged each other to make more fraudulent pandemic-related UI claims, obtaining larger sums of cash from the UI debit cards, and purchasing luxury items with the illicit proceeds.

Additionally, Odyssey Wilhoit also conspired with another individual in a separate mail and bank fraud scheme. The co-conspirator stole checks from USPS collection boxes and provided the checks or personal information from the checks to Odyssey Wilhoit, who used the information to create counterfeit checks and for use in furtherance of other fraudulent activity.

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OIG hotline via 800-347-3756 or www.oig.dol.gov.

This is a joint investigation with the Federal Bureau of Investigation (FBI). *United States v. Wilhoit et al.* (E.D. Virginia)

Maryland Man Sentenced to Almost Five Years in Prison in Relation to a Counterfeit Card Encoding Scheme Involving Fraudulent Unemployment Insurance Benefits

On May 1, 2023, Leroy A. Holmes was sentenced to 57 months in prison for bank fraud in connection with a scheme to re-encode credit cards, debit cards, and gift cards with the stolen financial information of multiple victims to make fraudulent purchases in the victims' names without their knowledge or consent. He was also ordered to pay restitution in the full amount of the victims' losses, which is at least \$212,000, and pay a money judgment of more than \$100,000. Holmes was also ordered to forfeit electronic equipment including several cell phones, laptop computers, and hard drives.

From October 2019 to March 2022, Holmes defrauded financial institutions by creating and using counterfeit credit and debit cards, making unauthorized copies of the cards and reprogramming them, and using the real banking information of victims to fraudulently register as the victims' credit or debit cards when used. He then used the re-encoded cards to make fraudulent purchases without authority from cardholders or financial institutions, specifically to purchase gas for truckers at a discount at gas stations in Maryland and Pennsylvania in exchange for cash.

Some of the counterfeited credit and debit cards created and used by Holmes contained pandemic-related UI benefits provided to victims from the State of California. He created or used at least 594 counterfeit credit and debit cards, resulting in a loss of at least \$212,000 to financial institutions, businesses, and cardholders.

This is a joint investigation with the USFIS and HSI. *United States v. Leroy Allen Holmes* (D. Maryland)

Louisiana Woman Sentenced for Role in Pandemic Unemployment Assistance and Paycheck Protection Program Fraud

On May 2, 2023, Lestreonie Renee Rodrigue was sentenced to 44 months in prison and ordered to pay more than \$663,000 in restitution following her conviction for mail fraud.

Beginning around July 2020 and continuing through September 2021, Rodrigue participated in a scheme to defraud the California Employment Development Department through the submission of fraudulent claims for PUA, both in her name and in the names of others both with and without their knowledge. Through her scheme, Rodrigue falsely claimed she and others were working in California prior to the COVID-19 pandemic and that they lost their employment due to the pandemic. She captured individuals' PII through social media. Upon submitting the claims and receiving the funds, she either gave a portion of the funds to others or kept all the funds for herself. Through her scheme, Rodrigue caused over \$500,000 in prepaid UI debit cards which she and others were not entitled to, to be mailed to addresses she controlled.

Additionally, around March 2021, Rodrigue defrauded the Small Business Administration (SBA) by filing, or having others file, false and fraudulent Paycheck Protection Program (PPP) loan applications,

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causing more than \$20,000 in PPP funds to be deposited into her bank account. In furtherance of the scheme, she submitted documents to the SBA containing misrepresentations, forged bank records, and false tax documents.

This is a joint investigation with the FBI. *United States v. Lestreonie Renee Rodrigue* (M.D. Louisiana)

Minnesota Woman Sentenced for Fraudulently Collecting Pandemic Benefits

On April 26, 2023, Takara Hughes was sentenced to 18 months in prison and ordered to pay restitution totaling more than \$1.25 million related to her role in filing fraudulent applications for PUA, Economic Injury Disaster Loans (EIDL), and PPP.

From June 2020 through July 2021, Hughes defrauded pandemic-related programs of funds intended for eligible unemployed workers and small businesses. As part of the scheme, Hughes fraudulently applied for UI benefits from Minnesota, California, Louisiana and Washington. In addition to filing for benefits in her own name, Hughes filed more than 40 fraudulent UI claims and at least 30 fraudulent EIDL/PPP applications for others in exchange for a fee she collected for herself. This fee varied but at times was approximately \$3,000. In total, Hughes applied for approximately \$2.4 million in pandemic-related benefits, causing multiple state agencies to pay out at least \$1.25 million in benefits.

This is a joint investigation with the FBI and USPIS. *United States v. Takara Hughes* (D. Minnesota)

Detroit Man Pled Guilty to Stealing \$1.6 Million in Unemployment Insurance Benefits

On April 4, 2023, Darren Smith pled guilty to wire fraud and aggravated identity theft for a scheme to defraud multiple states out of \$1.6 million in pandemic-related UI benefits.

Beginning in May 2020 and continuing through July 2020, Smith filed approximately 250 fraudulent UI claims seeking PUA benefits to which he was not entitled. He submitted the fraudulent claims in the names of multiple individuals, using their Social Security numbers and other PII, without their authorization or consent. The fraudulent UI benefits were paid via debit cards, which Smith then used to repeatedly withdraw the fraudulently obtained funds from ATMs located in the Eastern District of Michigan.

This is a joint investigation with the United States Secret Service. *United States v. Darren Smith* (E.D. Michigan)

Detroit Man and Woman Pled Guilty in Pandemic Unemployment Assistance Fraud Scheme

On May 2, 2023, Sharodney Harrison and Seandrea Crawford pled guilty to conspiracy to commit wire fraud and aggravated identity theft for their roles in an UI fraud scheme.

Beginning in February 2020 and continuing through at least January 2021, Harrison and co-conspirators, including Crawford, conspired to file fraudulent UI claims in at least 19 states and territories. Using stolen PII from victims, Harrison and co-conspirators filed approximately 450 fraudulent

UI claims. In furtherance of the scheme, Harrison and co-conspirators communicated via text message to discuss their filing and certification of fraudulent UI claims in various states, and shared tips for how and where to file fraudulent UI claims. An actual loss of more than \$1.4 million and an intended loss of almost \$5 million has been tied to the conspiracy.

This is a joint investigation with the FBI and the State of Michigan Unemployment Insurance Agency. *United States v. Harrison et al.* (E.D. Michigan)

Guatemalan Man Sentenced for the Forced Labor of Two Minors

On April 25, 2023, Santos Ac-Salazar was sentenced to 78 months in prison and ordered to pay more than \$98,000 in restitution for his role in trafficking two minor Guatemalan victims.

From February 2019 through February 2020, Ac-Salazar and his co-defendant Olga Choc Laj conspired to unlawfully enter the United States with two children who were not their own, in order to more easily enter the country and avoid prolonged detention by U.S. immigration authorities.

Ac-Salazar and Choc Laj obtained fraudulent identity documents for one of the minors, falsely representing that she was an adult and legally permitted to be in the United States. They made her work in various jobs and as a domestic servant. They also forced the second minor to work as a domestic servant. Ac-Salazar and Choc Laj did not pay the minors for their domestic work and physically assaulted and threatened the children if they did not comply with their demands.

This is a joint investigation with the FBI and HSI. *United States v. Santos Teodoro Ac-Salazar and Olga Choc Laj* (N.D. Illinois)

Wisconsin Man Sentenced for False Statements Involving Non-Citizen Workers

On April 17, 2023, Alfredo Aguilar was sentenced to 18 months in prison and ordered to pay restitution of more than \$1.1 million to non-citizen workers. He was also ordered to pay a civil monetary penalty of approximately \$210,000 to the DOL. Aguilar previously pled guilty to making false statements to federal agencies.

From 2015 to December 2018, Aguilar was co-owner of a Wisconsin-based business, Northwoods Forestry, Inc. He recruited workers from Mexico and Central America, specifically H-2B workers, to work in the forestry industry planting and caring for trees and clearing and developing woodlands. Northwoods Forestry agents made representations under oath to DOL and U.S. Citizenship and Immigration Services regarding the type of work the workers would perform and the wages they would receive. However, Aguilar actually placed the H-2B workers with non-forestry employers, including in meat packing, construction, roofing, agriculture, painting, fur processing, and landscaping businesses. Northwoods Forestry failed to pay the H-2B workers the appropriate wages and overtime and deducted expenses from the employees' pay, all contrary to sworn statements made to DOL.

This is a joint investigation with DOL–Wage and Hour Division and Department of State–Diplomatic Security Service. *United States v. Alfredo Aguilar* (W.D. Wisconsin)

Former Federal Union Leader Sentenced to 5 Years of Probation in Arizona

On May 8, 2023, Terry Bean, former president of the American Federation of Government Employees (AFGE) Local 2401 was sentenced to 5 years of probation and ordered to pay approximately \$80,000 in restitution. AFGE Local 2401 represents approximately 350 federal employees that serve as doctors, nurses, and service staff.

Between January 2016 and September 2018, Bean embezzled more than \$76,000 by withdrawing funds from AFGE Local 2401's primary bank account, often depositing none or only part of the withdrawn funds into a secondary bank account that was used to pay AFGE Local 2401's expenses. Bean concealed his embezzlement of funds from the primary bank account by, among other things, remaining the sole signatory on the account and not granting account access to AFGE Local 2401's secretary treasurer or executive vice-president until his resignation as president in September 2018.

This is a joint investigation with the DOL–Office of Labor-Management Standards. *United States. v. Terry Lee Bean* (D. Arizona)