



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.

Miami Resident Sentenced for His Role in a New Jersey Unemployment Insurance Identity Theft Fraud Scheme

On August 7, 2020, subsequent to his previous guilty plea to charges of access device fraud and aggravated identity theft, Miami resident Alejandro Maujo was sentenced to 42 months in prison, followed by 3 years of supervised release, for his role in a scheme to defraud the State of New Jersey - Department of Labor and Workforce Development.

During the execution of a federal search warrant, more than 1,300 individual pieces of personally identifiable information including names, Social Security numbers, and dates of birth, were found in Maujo's possession for the purpose of filing fraudulent unemployment insurance (UI) claims with the State of New Jersey.

This was a joint investigation with the North Miami Beach Police Department and Homeland Security Investigations (HSI). *United States v. Alejandro Maujo* (S.D. Florida)

\$230,000 Seizure Warrant Served Against Bank Account Held by Arkansas Resident

On September 4, 2020, a seizure warrant was served to Arvest Bank in Hot Springs, Arkansas, authorizing the seizure of up to \$230,000 from the general checking account of a Hot Springs resident. Money was deposited into this personal checking account from a suspected fraudulent Small Business Association Paycheck Protection Program (PPP) loan and from proceeds obtained through suspected fraudulent UI claims. This ongoing investigation has identified more than 50 suspected fraudulent UI claims affecting 46 state workforce agencies. The actual loss from this suspected fraud is more than \$485,000 and the intended loss is in excess of \$1 million.

This is a joint investigation with the FBI and Arkansas Division of Workforce Services.

Multistate Business Owner Sentenced for Her Role in a Conspiracy to Pay Health Care Kickbacks in Connection to Federal Employees' Compensation Act Program.

In August 2020, Elizabeth Peters Young was sentenced to 57 months in prison followed by a 3-year period of supervised release. The court ordered several special conditions including mandatory mental health treatment and a “health care business restriction” prohibiting Young from any employment by or ownership of a health care business that, submits claims to any private or government insurance company. An “association restriction” was also ordered prohibiting Young from associating with co-conspirators Desiree Mitchell and Vernon Timothy Mitchell while on supervised release.

In December 2019, following a 10-day trial, a Fort Lauderdale–based jury convicted Young of one count of conspiracy to pay health care kickbacks and four counts of kickback payments in connection to a federal health care program. Young, the sole owner and president of Young Surgical, LLC, operated a business out of Ormond Beach, Florida, and Ball Ground, Georgia, which she created to sell spinal implant medical devices to orthopedic surgeons. Young orchestrated a scheme with previously convicted husband-and-wife duo Desiree and Vernon Mitchell in which kickbacks were solicited and received from various pharmacies in return for referrals of Federal Employees' Compensation Act (FECA) program beneficiaries' prescriptions.

Desiree Mitchell, who worked at Atlanta Spine Institute, was responsible for the referral of prescriptions to several of the participating pharmacies in question. Vernon Mitchell, at the direction of Young, created Garner Medical, Inc., a shell corporation represented as a marketing company, in order to receive more than \$400,000 in kickback proceeds from Young Surgical, LLC. These proceeds were direct payments for prescription drug referrals from Desiree Mitchell.

This is a joint investigation with the United States Postal Service (USPS)–OIG. *United States v. Elizabeth Peters Young* (S.D. Florida)

Williamsburg Physical Therapy and Euro Physical Therapy and Their Operators to Pay Approximately \$4.1 Million to Resolve Allegations of False Claims to Medicare, Medicaid, and Federally Funded Health Care Programs

On September 18, 2020, Williamsburg Physical Therapy; Euro Physical Therapy; First Plus Service, Inc.; Alex Klurfeld; and Diana Klurfeld agreed to pay the United States and the State of New York approximately \$4.1 million to resolve allegations that they falsely billed Medicare, Medicaid, FECA, and the Federal Employees' Health Benefits Program (FEHBP) for physical therapy services from 2008 to 2018.

Williamsburg Physical Therapy and Euro Physical Therapy are New York professional corporations that provide physical therapy to members of the public, including Medicare, FECA, FEHBP, and Medicaid beneficiaries. Both corporations are owned and operated by Alex Klurfeld, a physical therapist, and Diana Klurfeld, his wife. First Plus Service, Inc., is a New York corporation owned and operated by Diana Klurfeld that performs administrative services, including medical billing and payroll, for Williamsburg Physical Therapy and Euro Physical Therapy.

The government alleged that the defendants submitted false claims to federal health care programs for physical therapy services provided or supervised by someone other than the licensed physical therapist

identified on the claim, including unlicensed aides. The government also alleged that the defendants wrongfully backdated services after treatment authorizations had expired.

The allegations were brought to the government's attention through the filing of a complaint pursuant to the qui tam provisions of the False Claims Act. Under this act, private citizens can bring suit on behalf of the United States and share in any recovery.

This is a joint investigation with the USPS–OIG the U.S. Office of Personnel Management–OIG, and the New York State Attorney General's Office. *United States v. Williamsburg Physical Therapy, et al.* (E.D. New York)

California Man Sentenced to 1 Year in Prison for Exploiting Immigrant Farmworkers

Jorge Vasquez, the owner of H-2A Placement Services, a farm labor recruiting company based in Rancho Cucamonga, California was sentenced to 12 months in federal prison and ordered to pay more than \$135,000 in restitution for his role in an immigration fraud scheme.

Vasquez, conspired with Melquiades Jacinto Lara, the owner of a labor contracting company that placed workers at farms in Ventura County, to knowingly make false representations to DOL, U.S. Citizenship and Immigration Services, and to 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 each to obtain their H-2A visas. Vasquez also made false promises to the workers including the length of the visas' validity.

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 a DOL-OIG undercover agent whom 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 HSI and the U.S. Department of State Diplomatic Security Service. *United States v. Vasquez et al.* (C.D. California)

Former Baltimore City Employee Sentenced to More Than Two Years in Federal Prison for Conspiracies to Commit Wire Fraud and to Defraud the United States

On September 11, 2020, former Baltimore city employee Gary Brown, Jr. was sentenced to 27 months in prison and ordered to pay \$14,000 in restitution following his November 2019 guilty plea to one count of conspiracy to commit wire fraud, two counts of conspiracy to defraud the United States, and one count of filing a false tax return.

Brown and another former Baltimore City employee, Rosyln Wedington both admitted that they conspired to avoid tax withholdings from Wedington's payroll checks while Wedington was the executive director of the Maryland Center for Adult Training (MCAT) and Brown was the chairman of the board of directors. Specifically, in 2013, Wedington's salary was garnished due to outstanding student loan debt and medical bills. In order to avoid further garnishments, Wedington asked Brown to take her "off payroll," which meant that MCAT would no longer submit her name to the payroll service provider for the purpose of calculating taxes to be withheld from her salary. Brown agreed to the arrangement and had MCAT make electronic deposits into his personal bank account in an amount that exceeded the annual

salary owed to Wedington, creating the pretense that he was doing work for MCAT as an independent contractor. Brown then wrote checks to Wedington and/or gave her cash equal to or greater than her salary, which was more than \$80,000 per year. No taxes were withheld from the funds Brown paid to Wedington, nor did her salary pass through her own bank account, where it could be garnished. In addition, Brown prepared fraudulent tax returns for Wedington for tax years 2013 through 2017, which did not report Wedington's MCAT income and included a variety of false entries, resulting in refunds to which Wedington was not entitled and avoiding more than \$121,000 in total taxes due and owed.

This is a joint investigation with the FBI and the IRS–Criminal Investigation Division. *United States v. Gary Brown, Jr.* (D. Maryland)

Southern California Chiropractor Sentenced to Nearly 4 Years in Federal Prison for Bilking Labor Union Health Plan for \$4.8 Million

Mahyar David Yadidi, a chiropractor, was sentenced to 46 months in federal prison for conspiring to defraud a labor union's health care benefit plan by offering kickbacks to patients for attending a clinic he controlled known as Philips San Pedro Chiropractic. Yadidi was also ordered to pay more than \$1,900,000 in restitution at the time of sentencing.

International Longshore and Warehouse Union-Pacific Maritime Association (ILWU-PMA) union health care plan members were induced by Yadidi and his co-conspirators to visit his clinic with offers of \$50 in cash for each visit. Yadidi also paid plan members to allow him to bill the plan when members did not visit his clinic.

Yadidi and his co-conspirators falsified records, including sign-in sheets that listed the dates plan members purportedly received services from Philips Chiropractic. Yadidi instructed his co-conspirators to falsify patient files to support the clinic's fraudulent billing.

During the conspiracy's duration, Yadidi's clinic submitted nearly \$5 million in fraudulent claims to the ILWU-PMA plan, for which the plan paid nearly \$2 million. *United States v. Yadidi et al.* (C.D. California)

Former Ironworkers President Sentenced to 42 months for Violent Hobbs Act Extortion

On September 23, 2020, former Ironworkers 395 President Jeffrey Veach was sentenced to 42 months imprisonment for Hobbs Act extortion conspiracy. Veach was ordered to pay more than \$30,000 in restitution to the victims and was prohibited from holding any union position for 13 years.

Veach admitted to conspiring with former Business Agent Thomas Williamson Sr., and others, to use actual and threatened violence in an attempt to obtain a labor contract for Local 395 with D5 Iron Works, an Illinois steelworking company, and a business contract with Lagestee-Mulder, an Illinois construction company. Williamson previously pleaded guilty to Hobbs Act extortion conspiracy, on January 24, 2020, and is awaiting sentencing.

Veach learned that D5 was working on a construction project for Plum Creek Christian Academy, a school affiliated with the Dyer Baptist Church in Dyer, Indiana. Veach and Williamson visited the job site to convince the owner of D5 to sign up with Local 395 or stop working on the job. The owner refused and told them to leave the job site. Williamson became angry and said that they were going to have to "take things back to old school." Veach and Williamson gathered approximately 10 rank-and-file

members of Local 395 and returned to the job site that afternoon. Local 395 members attacked the D5 workers, beat them with their fists and loose pieces of hardwood, and kicked them while they were on the ground. As a result of the attack, one D5 worker sustained serious bodily injury in the form of a broken jaw that required several surgeries, and extended hospitalization. Veach admitted that the purpose of the attack was to intimidate D5 and Lagestee-Mulder in order to secure replacement contracts from them.

This is a joint investigation with the FBI and Dyer Police Department. *United States v. Jeffrey Veach* (N.D. Indiana)