



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.

Arkansas Women Sentenced in Unemployment Benefits Scheme

On January 13, 2021, Delanea Edwards was sentenced to three years of probation and ordered to pay more than \$21,000 in restitution to the states of Indiana, Massachusetts, and Texas for her involvement in an unemployment benefits conspiracy. From June 2012 through August 2017, Edwards, along with 18 other charged individuals, conspired with Mark “Big Head” King to create multiple fictitious employers to allow Edwards and the other conspirators to obtain unemployment insurance (UI) benefits. Through the scheme, the group defrauded 16 states of more than \$500,000.

United States v. Delanea Edwards (E.D. Arkansas).



UI debit cards seized during a search of King's residence.

Former Massachusetts Department of Unemployment Assistance Employee and Spouse Indicted for Unemployment Insurance Fraud Scheme

On January 21, 2021, Tiffany Pacheco, a former Commonwealth of Massachusetts Department of Unemployment Assistance (DUA) employee, and her husband, Arthur Pacheco, were indicted on multiple counts for wire fraud and conspiracy to commit wire fraud.

The indictment alleges that Tiffany, while employed at DUA, fraudulently applied for Pandemic Unemployment Assistance (PUA) for herself and her husband. At the time of filing, and throughout a majority of the claim period, Tiffany was employed full-time by DUA, and Arthur was incarcerated.

The indictment further alleges that Tiffany utilized her employee access at DUA to approve fraudulent income redeterminations on both claims, which caused more than \$94,000 in PUA, Federal Pandemic Unemployment Compensation, and Federal Lost Wage Assistance/Federal Emergency Management Agency monies to be released by DUA.

In addition, the indictment alleges that Tiffany and Arthur made multiple calls to DUA with the sole purpose of providing fraudulent information to DUA in order to have Arthur's now denied claim re-opened. As a follow-up to these calls, Tiffany and/or Arthur electronically submitted a fraudulent employment intent letter to DUA in an effort to have Arthur's PUA claim re-opened.

This is a joint investigation with the Homeland Security Investigations (HSI), United States Postal Inspection Service, and the Commonwealth of Massachusetts, Department of Unemployment Assistance. *United States v. Pacheco et al.* (D. Massachusetts)

Former Adult Club Manager Sentenced to 14 Months in Prison for Conspiracy to Use a Facility in Interstate Commerce to Carry On Unlawful Activity

On December 2, 2020, Scott Hoeft, a former adult entertainment club manager, was sentenced to 14 months in prison for his role in a scheme promoting unlawful activity in interstate commerce. Between 2009 and November 6, 2018, Hoeft conspired with several traffickers to secure the labor services of various women through actual or threatened force, fraud or coercion. This is an ongoing investigation into a multi-defendant forced labor/human trafficking scheme at numerous Wisconsin bars and adult clubs.

This is a joint investigation with the FBI, HSI, and IRS Criminal Investigation (IRS-CI). *United States v. Scott D. Hoeft* (E.D. Wisconsin)

Two Georgia Men Sentenced in Large Scale Money Laundering Conspiracy Involving Stolen Pension Funds

On January 12, 2021, Prince Okai was sentenced to a term of 57 months in prison followed by three years of supervised release. On December 16, 2020, Obinna Nwosu was sentenced to a term of 37 months in prison followed by three years of supervised release. Both men had plead guilty to conspiracy to commit money laundering.

Nwosu and Okai were charged in the same money laundering conspiracy with 21 other individuals. The laundered funds originated from the targeting of Employee Retirement Income Security Act covered retirement accounts, business e-mail compromise schemes, and online romance schemes.

Nwosu was ordered to pay more than \$1 million in restitution. In addition, the United States Attorney's Office for the Northern District of Georgia submitted an Order and Judgment of Forfeiture seeking a personal judgment against Nwosu, in the amount of \$979,612.51 requiring Nwosu to forfeit all assets, amounting to nearly \$1 million, to the United States government. Okai was ordered to pay \$4,950,586.54 in restitution. In addition, the United States Attorney's Office for the Northern District of

Georgia submitted an Order and Judgment of Forfeiture seeking a personal judgement against Okai, requiring that Okai forfeit all assets, amounting to \$3.5 million, to the United States government.

This investigation, Operation Five Fingers, is being conducted under the auspices of the Organized Crime Drug Enforcement Task Force (OCDETF) program—the keystone drug, money laundering, and transnational organized crime enforcement program of the Department of Justice, along with the support of the International Organized Crime Intelligence and Operations Center (IOC-2). DOL-OIG is a member agency of both OCDETF and IOC-2.

This was a joint investigation with the FBI, HSI, United States Secret Service (USSS), and DOL Employee Benefits Security Administration (EBSA). *United States v. Obinna Nwosu* (N.D. Georgia), *United States v. Prince Okai* (N.D. Georgia)

Former Union President Sentenced to 12 Years in Prison in California for Embezzlement

John Romero, the former United Industrial Service Workers of America union president and health plan trustee, was sentenced to 144 months in federal prison for embezzling nearly \$800,000 from the union's health plan trust fund. Money paid into the union health plan was supposed to be used exclusively for health care benefits of its participants. Instead, Romero stole the union's health funds for the benefit of himself and his immediate family.

Romero accomplished the scheme by appointing a sham trustee who had no prior experience with unions. He also actively misled the third-party administrators of the health plan into making improper payments from the trust fund. From 2008 to 2014, Romero embezzled health plan funds to pay for personal legal fees, payments on rental properties, and salary payments to family members who never worked for the health plan. He also used plan funds to pay off a \$25,000 loan on his son's sports car.

This was a joint investigation with DOL Office of Labor-Management Standards (OLMS) and EBSA. *United States v. Romero, et al.* (C.D. California)

Senior UAW Official Sentenced for Conspiring to Embezzle Union Funds

Edward "Nick" Robinson, the former United Automobile Workers (UAW) Community Action Program (CAP) president, was sentenced to 12 months in prison and ordered to pay \$342,000 in restitution for conspiring to embezzle UAW funds and defraud the United States.

Robinson was a senior UAW official working in Region 5, St. Louis, Missouri. During the course of the conspiracy, Robinson stole hundreds of thousands of dollars by submitting duplicate invoices for "conference" expenses to the UAW CAP, which he oversaw despite knowing that UAW Headquarters had already paid these expenses. Robinson then used the stolen funds for gambling, liquor, and entertainment expenses for himself and other senior UAW officials. In a separate scheme, Robinson aided others in the illicit use of UAW funds for lavish meals, cigars, entertainment, rounds of golf, and liquor by inflating legitimate conference costs to cover these illegitimate, off-the-books expenses.

This is a joint investigation with the FBI, IRS-CI, and OLMS. *United States v. Robinson et. al* (E.D. Michigan)

The UAW Union Reaches an Anti-corruption Settlement with the United States

The United States filed a lawsuit against the UAW, pursuant to the federal civil anti-corruption and anti-fraud statute, seeking equitable relief to bring about reform and oversight of the union. The United States and the UAW also jointly filed a proposed consent order setting forth the terms of a settlement of the lawsuit. Under the terms of the settlement, the court will appoint an independent monitor, who will have the authority to exercise disciplinary powers within the UAW, to investigate possible fraud or corruption within the union, and to seek discipline against UAW officers and members before a UAW trial committee or before an independent adjudications officer, also appointed by the court. The monitor's oversight of the union will last for six years, with a possible early termination if the monitor finds that his or her work is complete and the UAW no longer needs the monitor's services, or an extension if the monitor or the parties feel that a longer period is appropriate. In addition, UAW will conduct a binding and secret-ballot referendum of its membership, overseen by the monitor and DOL, to determine whether to change the UAW's election method from the current delegate system to a direct election model, whereby the entire UAW membership would be able to vote for the UAW president and the other members of the UAW's International Executive Board.

The UAW also agreed to resolve a tax investigation by making a payment of \$1.5 million to the Internal Revenue Service in connection with administrative fees that the union received from three training centers operated jointly with the three automotive manufacturers. The UAW has paid more than \$15 million to the training centers for improper chargebacks that the union received from two of the training centers.

This is a joint investigation with the FBI, IRS-CI, and OLMS. *United States v. International Union, United Automobile, Aerospace and Agricultural Implement Workers of America* (E.D. Michigan)