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Health Services Owner Pled Guilty to Soliciting and Receiving Kickbacks

On December 26, 2023, Mark Schneider, co-owner of Medoc Health Services (Medoc), pled guilty to one count of conspiracy to solicit and receive kickbacks from pharmacies in exchange for referring prescriptions made under federal health care programs, including DOL's Office of Workers' Compensation Programs (OWCP), resulting in a loss of approximately \$2.5 million to OWCP.

From approximately March 2015 to October 2015, Schneider was an owner of Medoc. Medoc entered into relationships with doctors who wrote prescriptions for various medications, often including compound pain creams that were sent to Total Rx pharmacy for fulfillment at Medoc's direction. The prescriptions were paid for under federal healthcare programs, including those administered by OWCP, as well as TRICARE and Medicare. In exchange for referring items and services, namely prescriptions, to Total Rx pharmacy, Medoc would receive a percentage of the revenue collected minus the costs of goods sold. In furtherance of the scheme, Schneider entered into sham operating and contracting agreements in order to divert portions of money paid to one of the Medoc partners. The money was later disbursed to other co-conspirators of the scheme. Those agreements were intended to provide a "cover" for funds that Schneider illegally obtained and shared with others through the kickback scheme. Schneider created fictitious entities and opened bank accounts to hide the illegal kickbacks between Total Rx and Medoc as salary payments to a co-conspirator.

Schneider, who was also an owner of Vintage Grow Investment Partners (Vintage), entered into an agreement with Doctors Specialty Pharmacy (DSP), through which DSP would pay Vintage a percentage of DSP's income for marketing services. Schneider admitted the marketing services were nonexistent and were instead kickbacks for federal prescriptions that were directed to DSP from Medoc.

The various schemes perpetrated by Schneider caused a loss to federal health care programs of more than \$4 million.

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 FBI, Defense Criminal Investigative Service, U.S. Postal Service-OIG, U.S. Department of Health and Human Services-OIG, U.S. Office of Personnel Management-OIG, and DOL-Employee Benefits Security Administration (EBSA). *United States v. Kuykendall et al.* (N.D. Texas)

Detroit Man Sentenced in Pandemic Unemployment Insurance Fraud and Drug Distribution Scheme

On January 16, 2024, Brenden Lockridge was sentenced to 72 months in prison and ordered to pay more than \$2.1 million in restitution, joint and several with a co-conspirator, for his role in an unemployment insurance (UI) fraud and drug distribution scheme.

From March 2020 and continuing through April 2021, Lockridge and his co-conspirators engaged in a conspiracy to file fraudulent UI claims in several states. Using stolen personal identifiable information (PII) from various victims, he and his co-conspirators filed fraudulent UI claims and received benefits to which they were not entitled. At least \$2.1 million of UI benefits were fraudulently received by Lockridge and co-conspirators involved in the scheme.

In April 2021, in a separate scheme, Lockridge and his co-conspirators possessed with intent to distribute more than 50 grams of methamphetamine.

This is a joint investigation with the Drug Enforcement Agency. *United States v. Lampkin et al.* (E.D. Michigan)

Maryland Man Sentenced to More Than 4 Years in Prison for Role in \$2 Million Pandemic-Related Unemployment Insurance Fraud Scheme

On December 14, 2023, Dementrous Von Smith, aka “Meecho” and “El Meecho,” was sentenced to 53 months in prison for his role in a pandemic-related UI fraud and aggravated identity theft conspiracy that defrauded multiple state workforce agencies (SWA) through the submission of fraudulent UI claims. Smith was ordered to pay more than \$2 million in restitution, jointly and severally with his co-conspirators, to affected SWAs and individually forfeit more than \$354,000 in fraudulent proceeds.

From March 2020 to October 2021, Smith and his co-conspirators impersonated identity theft victims to submit fraudulent claims for UI benefits in Maryland and California. As part of the scheme, Smith and his co-conspirators used electronic messages, phone calls, electronic mail, and other means to aggregate and exchange the PII of identity theft victims. They also created false email addresses and phone numbers for the victims and used the fake emails and phone numbers on the fraudulent applications. Once Smith and his co-conspirators received the



OIG agents and other law enforcement partners recovered several weapons and ammunition during the execution of a UI fraud search warrant, including an AK-47 style, 7.62 caliber firearm, and a 1911-style pistol.

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



OIG agents and other law enforcement partners recovered several weapons and ammunition during the execution of a UI fraud search warrant, including a 1911-style pistol, which was thrown outside through a residence window upon entry.

fraudulently obtained UI benefits on debit cards, they made cash withdrawals and other transactions for their own financial benefit.

Law enforcement executed search warrants on Smith's residence and vehicle. They recovered, among other items, a 7.62 caliber firearm, a loaded pistol, several magazines loaded with multiple rounds of various caliber ammunition, more than 176 rounds of various caliber ammunition, and \$9,100 in cash.

This is a joint investigation with U.S Postal Inspection Service (USPIS), Homeland Security Investigations (HSI), the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Maryland State Police, and the Anne Arundel County (Maryland) Police Department. *United States v. Michael Akame Ngwese Ay Makoge et al.* (D. Maryland)

Maryland Man Sentenced to 41 Months in Prison for Fraudulently Obtaining More Than \$2 Million in COVID-19 Pandemic Relief Funds

On December 14, 2023, Mohamed Kamara was sentenced to 41 months in prison and ordered to pay restitution of more than \$2 million for his role in defrauding multiple SWAs and the U.S. Small Business Administration (SBA) of federal pandemic relief programs, including the UI program and SBA's Economic Injury Disaster Loans (EIDL) program.

Between January and September 2020, Kamara submitted numerous fraudulent applications to New Jersey and six other states for UI benefits by using the identities and PII of individuals and entities without their knowledge or consent. As a result, the SWAs deposited more than \$1 million in fraudulently obtained UI benefits into a bank account he controlled.

Kamara also submitted fraudulent EIDL applications to the SBA by using the identities of individuals and entities without their knowledge and consent. Kamara caused the SBA to approve the fraudulent applications and sent the proceeds to fraudulent bank accounts he opened. Once the proceeds were received, he deposited or attempted to deposit checks from the fraudulent accounts into accounts in his name. In total, Kamara and his co-conspirators caused the SBA to provide more than \$750,000 in fraudulent EIDLs.

This is a joint investigation with the FBI. *United States v. Mohamed Kamara* (D. New Jersey)

Maryland Man Pled Guilty to Fraudulently Obtaining More Than \$1.8 Million in Pandemic-Related Unemployment Insurance Benefits in Scheme Perpetrated While Incarcerated in Federal Prison

In December 2023, Jonathan Henry pled guilty to conspiracy to commit wire fraud, mail fraud, and aggravated identity theft for his participation in a scheme to fraudulently obtain more than \$1.8 million in pandemic-related UI benefits.

From March 2020 to at least June 2021, Henry was an inmate at Fort Dix Federal Correctional Institution in New Jersey (FCI Fort Dix). Henry and his co-conspirators, who were both FCI Fort Dix inmates and outside individuals, submitted fraudulent online applications for UI benefits in Maryland and other states by using contraband cell phones and the internet. The fraudulent claims contained the PII of identity theft victims. Based on the information provided in the fraudulent applications, the Maryland Department of Labor issued pre-paid debit cards in the names of the applicants and mailed them to addresses which were accessible to the co-conspirators. Outside co-conspirators then used the pre-paid debit cards to withdraw money from ATMs and make retail purchases.

Henry used the PII of identity theft victims to submit approximately 191 fraudulent claims, the majority of which were submitted to Maryland but also to Virginia, North Carolina, and Washington, D.C. Of the fraudulent UI claims submitted, 152 claims were paid, resulting in an actual loss of more than \$1.8 million.

This is a joint investigation with the USPIS. *United States v. Jonathan Henry et al.* (D. Maryland)

Detroit Man Sentenced for Role in Unemployment Insurance Fraud Scheme

On January 16, 2024, James Mayfield was sentenced to 30 months in prison and ordered to pay more than \$1.4 million in restitution, joint and several with a co-conspirator, for his role in an UI fraud scheme. Mayfield was the last of 15 defendants to be sentenced in the scheme.

Beginning in February 2020 and continuing through at least January 2021, Mayfield and his co-conspirators engaged in a scheme to file fraudulent UI claims using stolen PII of individuals who were ineligible to receive UI benefits. Mayfield and his co-conspirators communicated via text message to share tips on how to file and certify fraudulent UI claims.

In furtherance of the scheme, from August 2020 to around September 2020, Mayfield traveled to California to expedite the process of filing fraudulent UI claims. Believing that UI claims would be paid faster if California mailing addresses were used, Mayfield and his co-conspirators rented and used the address of an Airbnb located in Los Angeles, California.

Mayfield personally filed or caused to be filed more than 90 fraudulent UI claims with SWAs in Arizona, California, Michigan, and Pennsylvania.

In total, more than 600 fraudulent UI claims filed in 19 different states have been tied to the conspiracy, with a loss of more than \$2 million to SWAs. The 15 individuals in this case were sentenced to more than 350 months in prison.

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

Minnesota Woman Sentenced to 21 Months in Prison for Role in \$1.8 Million Fraud Schemes

On December 7, 2023, Gayle Ferngren was sentenced to 21 months in prison and ordered to pay restitution of more than \$1.7 million, including approximately \$1.3 million to SWAs. From June 2020 through December 2020, she participated in various federal pandemic-related benefit program and romance fraud schemes by which she fraudulently obtained funds from victims throughout the United States.

As part of one scheme, co-conspirators, who were unknown to Ferngren, used her address in Minnesota to direct the delivery of at least 68 debit cards containing approximately \$1.3 million in fraudulently obtained UI benefits from California and Nevada. Ferngren received the fraudulently obtained proceeds to which she was not entitled, keeping a portion for herself and transmitting most of the funds to other co-conspirators, including individuals located overseas.

In another pandemic-related benefit fraud scheme, Ferngren's co-conspirators applied for a small business pandemic loan using Ferngren's name and falsified supporting documentation. The pandemic loan was approved, and more than \$20,000 in fraudulently obtained proceeds were deposited into Ferngren's bank account.

In a third scheme, Ferngren engaged in a "romance scam," a type of fraud that targets individuals looking for romantic partners or friendship on dating websites or other social media platforms. In furtherance of the scheme, her co-conspirators induced victims to send money to Ferngren under false pretenses. She would then receive the funds and deposit them into bank accounts she controlled.

In total, Ferngren received at least \$1.8 million in fraudulent proceeds due to her role in the various schemes.

This is a joint investigation with the FBI and the USPIA. *United States v. Gayle Joyce Ferngren* (D. Minnesota)

Las Vegas Man Sentenced to Nearly 5 Years in Prison for Unemployment Insurance Fraud

On December 12, 2023, Terence Aubrey Larker was sentenced to 4 years and 10 months in prison for mail fraud and aggravated identity theft for his role in a scheme to defraud the UI program during the COVID-19 pandemic.

Beginning in April 2020 and continuing through at least October 2020, Larker perpetrated a mail fraud and identity theft scheme that targeted the UI program administered by the California's Employment Development Department (EDD). Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the EDD was responsible for administering UI benefits for qualifying residents who were unemployed due to the COVID-19 pandemic. Larker obtained the PII of more than 80 individuals and

filed fraudulent UI claims in their names. EDD approved many of these applications and mailed benefits in the form of pre-paid debit cards to addresses under Larker's control, including at least 24 debit cards to his home address. Once received in the mail, Larker activated the cards and spent the benefits on himself, often appearing in ATM surveillance footage while withdrawing large amounts of cash from these cards. In total, Larker's conduct resulted in the EDD and U.S. government paying out more than \$1.1 million in fraudulent claims.

This was a joint investigation with the FBI, the California EDD, and the U.S. Department of Homeland Security (DHS)-OIG. *United States v. Terence Aubrey Larker* (E.D. California)

Florida Man Sentenced for Conspiracy to Commit Bank Fraud, Wire Fraud, and Mail Fraud

On January 9, 2024, Malik Wright was sentenced for his role in a conspiracy to defraud SWAs in California and Massachusetts in an UI fraud scheme with losses totaling more than \$1.1 million dollars. Wright was sentenced to 41 months in prison and was ordered to pay more than \$643,000 in restitution to the SWAs.

In furtherance of the conspiracy, Wright and his co-conspirators submitted false and fraudulent applications to the SWAs that used the names and PII of identity theft victims. The SWAs then issued UI benefit payments in the form of pre-paid debit cards that were mailed to an address in Florida belonging to a co-conspirator. Wright then used the fraudulently obtained pre-paid debit cards to make multiple cash withdrawals at ATMs throughout South Florida. Over the course of the conspiracy, the SWAs approved at least 92 fraudulent UI claims resulting in the disbursement of more than \$1.1 million.

This investigation was worked jointly as part of the Miami COVID-19 Strike Force with the DHS-OIG, FBI, and the USPIS. *United States v. Samuel Lee Bush III et al.* (S.D. Florida)

Michigan Woman Sentenced in Unemployment Insurance Fraud Scheme

On December 1, 2023, Francisca Juarez was sentenced to 63 months in prison and ordered to pay more than \$1 million in restitution, joint and several with her co-conspirators, for her role in an UI fraud scheme. Juarez is the last of three individuals sentenced in this case.

Between 2020 and 2022, Francisca Juarez and her co-conspirators participated in a scheme to file fraudulent UI claims in Michigan and elsewhere. The fraudulent UI claims were filed for individuals ineligible to receive benefits. The co-conspirators notified Francisca Juarez that the claims needed approval, and Francisca Juarez then requested that her mother, co-defendant Adelita Juarez, who was a UI examiner for the State of Michigan, process the fraudulent claims to ensure they were paid. Francisca Juarez received kickback payments from her co-conspirators in connection with each fraudulent claim.

This is a joint investigation with the FBI, the MUIA, and the DHS-OIG. *United States v. Juarez et al.* (W.D. Michigan)

Connecticut Man Sentenced to 4 Years in Prison for Theft of Pandemic-Related Unemployment Insurance Benefits

On January 10, 2024, Olajuwon Harrington was sentenced to 48 months in prison for his role in fraudulently obtaining pandemic-related UI benefits. He was also ordered to pay approximately \$800,000 in restitution to the Connecticut Department of Labor (CTDOL). Harrington was sentenced pursuant to his May 2023 guilty plea to access device fraud.

Harrington submitted numerous fraudulent applications to CTDOL for UI benefits using the PII of individuals without their knowledge or consent. CTDOL then provided UI benefits in the form of debit cards in the names of approximately 43 victims and mailed the debit cards to addresses provided in the applications. Over an approximately 20-month period, Harrington obtained the debit cards issued in victims' names and unlawfully used the cards for his own financial benefit.

This is a joint investigation with the DHS-OIG, the USPIIS, the U.S. Social Security Administration-OIG, and the CTDOL. *United States v. Olajuwan Harrington* (D. Connecticut)

New York Couple Pled Guilty to Pandemic-Related Unemployment Insurance Fraud Scheme

On January 4, 2024, William Taylor pled guilty to aggravated identity theft and mail and wire fraud conspiracy, and Patricia Clarke pled guilty to mail and wire fraud conspiracy for their roles in defrauding the New York State Department of Labor (NYSDOL) of pandemic-related UI benefits.

Between June 2020 and September 2021, Taylor and Clarke used the names, dates of birth, and Social Security numbers of at least 20 individuals, without their knowledge or consent, to submit UI claims to the NYSDOL. Based on those false claims, NYSDOL wired funds to accounts controlled by Taylor or Clarke. NYSDOL also directed debit cards to be mailed to the addresses provided on the fraudulent UI applications. In total, NYSDOL paid more than \$380,000 on the claims submitted by Taylor and Clarke in the names of identity theft victims.

This is a joint investigation with the NYSDOL, New York State Inspector General, HSI, and the USPIIS. *United States v. William Taylor, United States v. Patricia Clarke* (N.D. New York)

Los Angeles Nonprofit Chief Sentenced for Embezzling Job Training Funds and Cheating on Taxes

On December 12, 2023, Howard Dixon Slingerland, the former president and CEO of a Los Angeles-based anti-poverty nonprofit agency, was sentenced to 6 months in prison for embezzling money from the nonprofit for his personal benefit, failing to report those funds on his tax returns, and intentionally misapplying more than \$600,000 in grant money to pay for unauthorized expenses. He was also ordered to serve 6 months of home confinement, pay a fine of \$10,000, pay more than \$750,000 in restitution, and perform 200 hours of community service.

From 1996 until he was fired in September 2019, Slingerland worked for the Youth Policy Institute Inc. (YPI), a nonprofit agency, eventually becoming president and CEO. YPI worked to eradicate poverty in

Los Angeles with a comprehensive approach addressing education, youth development, safety, job training, and health and wellness. As the head of YPI, Slingerland had check-signing authority over YPI's bank accounts and was the personal guarantor of YPI's credit card.

From January 2015 to February 2019, Slingerland caused at least \$71,000 of YPI funds to be spent on unauthorized expenditures, including his personal property tax bill that exceeded \$14,000; a family dinner that cost more than \$6,000; private tutoring costing nearly \$11,000; and a home computer and software valued at nearly \$2,000.

Slingerland also caused federal grant money YPI had received under the Workforce Innovation and Opportunity Act, which is administered by the DOL, to be used for unauthorized purposes. The grant was awarded to support YPI education and training programs designed to prepare young adults in Los Angeles for jobs in growing industries. Instead, in July 2019, he caused approximately \$401,000 of these funds to be used for the unauthorized payment of YPI payroll. That same month, he caused another \$201,000 of the federal grant money to be illegally used to pay off YPI's credit card bill, including expenses incurred in his personal capacity.

Slingerland underreported on his personal federal income tax returns more than \$100,000 in income each year for the tax years 2015 through 2018. He did not report the money he obtained from YPI through the embezzlement or the value of benefits he received from YPI, including retirement plan contributions, a housing allowance, and a vehicle allowance. Slingerland admitted to owing the U.S. Treasury more than \$147,000 in unpaid taxes, not including penalties and interest, for these years.

This is a joint investigation with the FBI, the U.S Department of Justice-OIG, the U.S Department of Education-OIG, the Internal Revenue Service-Criminal Investigation, and the Los Angeles County Unified School District. *United States v. Howard Dixon Slingerland* (C.D. California)

Federal Jury Convicts Former IBEW Local 98 Business Manager John Dougherty and Former Local 98 President Brian Burrows of Conspiracy, Embezzlement of Union Funds, and Tax Fraud

On December 7, 2023, John Dougherty and Brian Burrows were convicted by a federal jury of numerous charges related to their embezzlement of funds belonging to Local 98 of the International Brotherhood of Electrical Workers ("Local 98").

John Dougherty was the former business manager of Local 98 and Brian Burrows was the former president. In January 2019, a federal grand jury indicted Dougherty, Burrows, and four other union employees. They were charged with multiple federal offenses connected to their illegal use of Local 98 funds for personal and other unauthorized expenses. This illegal use of union funds was contrary to the provisions of IBEW's constitution, the by-laws of Local 98, and the beneficial interests of Local 98's members. The indictment also charged Dougherty and Burrows with concealing the embezzlement of Local 98's funds by filing false labor management reports with the DOL and with tax fraud by failing to report their personal use of the funds on their tax returns.

The federal jury convicted Dougherty of 65 counts including conspiracy to embezzle the funds of Local 98, embezzlement, wire fraud, signing and submitting false labor management forms, and filing false

federal income tax returns. The jury convicted Burrows of 20 counts, including embezzlement, signing and submitting false labor management forms, and filing false federal income tax returns.

Dougherty and a co-defendant were also charged with depriving the City of Philadelphia and its citizens of the right to honest services through fraudulent means. These charges were severed, and in November 2021, a federal jury convicted Dougherty of conspiracy to commit honest services fraud and honest services wire fraud. He is currently awaiting sentencing related to these convictions.

This is a joint investigation with the FBI, Internal Revenue Service, DOL-EBSA, and DOL-Office of Labor-Management Standards. *United States v. John Dougherty* (E.D. Pennsylvania)