



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.

## Michigan State Contractor Pleads Guilty to \$3.8 Million Pandemic Unemployment Insurance Fraud Scheme

On June 30, 2021, Brandi Hawkins, a former contract employee for the State of Michigan Unemployment Insurance Agency, pleaded guilty to an unemployment insurance (UI) wire fraud scheme that defrauded the federal and state government of \$3.8 million.

Hawkins was an unemployment insurance examiner who used her position to fraudulently release payment on more than 700 false pandemic unemployment assistance (PUA) claims filed by her co-conspirators. If the Michigan Unemployment Insurance Agency paid every fraudulent claim, the resulting loss would have been more than \$12 million. Some of the fraudulent claims were filed using the identities of individuals without their authorization.

Hawkins accepted bribes in exchange for releasing payment on claims and used the proceeds to purchase luxury goods. During the execution of a search warrant at Hawkins's residence, agents seized more than \$200,000 in cash.

This is a joint investigation with the FBI, Internal Revenue Service Criminal Investigation (IRS–CI), the United States Postal Inspection Service (USPIS), the U.S. Secret Service (USSS), and the State of Michigan Unemployment Insurance Agency. *United States v. Brandi Hawkins* (E.D. Michigan)

## Russell County, Virginia, Woman Sentenced to Prison in \$499,000 Pandemic Unemployment Fraud Scheme

On June 11, 2021, Leelynn Danielle Chytka of Russell County, Virginia, was sentenced to 108 months in prison and ordered to pay almost \$456,000 in restitution after pleading guilty to conspiracy to defraud the government of more than \$499,000, conspiracy to commit mail fraud, aggravated identity theft, and distribution of Suboxone. Chytka and others conspired to collect personal identification information (PII) of more than 35 co-conspirators, including 15 inmates in the custody of the Virginia Department of Corrections and

to file fraudulent claims for PUA benefits. Chytka admitted that over the course of nine months, she filed fraudulent claims for at least 37 individuals, with a total actual loss to the United States of at least \$499,000.

The investigation revealed that inmates provided their PII to one of Chytka's incarcerated co-conspirators, who would then convey the information to Chytka via email or telephone communications. Individuals who were not incarcerated provided PII directly or through other co-conspirators. These individuals consisted of family, friends, and associates. In addition, some co-conspirators gave their PII to Chytka in exchange for controlled substances.

This is a joint investigation with the IRS–CI, the Norton Police Department, and the Russell County Sheriff's Office. *United States v. Leelynn Danielle Chytka* (W.D. Virginia)

### **Former California EDD Employee Convicted of Stealing Hundreds of Thousands of Dollars in PUA Benefits**

Nyika Gomez, a former contract employee with California's Employment Development Department (EDD), in San Diego, California pleaded guilty for her role in a scheme to steal hundreds of thousands of dollars in PUA benefits. Gomez conspired with her boyfriend, an inmate serving a term of 94 years to life at California State Prison, Sacramento, to submit fraudulent PUA claims to EDD.

In July 2020, Gomez was employed by an EDD contractor as a call center agent where she helped individuals process their UI claims. In that position, Gomez received training in EDD's procedures and regulations and she had access to confidential information regarding EDD's UI program.

Gomez used that knowledge to submit fraudulent UI claims using PII she acquired from California prisoners, with help from her inmate boyfriend. With his help, she also was able to purchase stolen PII from out-of-state residents, which she used to submit additional fraudulent unemployment claims. Gomez submitted UI claims seeking more than \$214,000 in benefits. More than \$93,000 was paid out on these claims.

This is a joint investigation with EDD's Office of Investigations, the California Department of Corrections and Rehabilitation-Investigative Services Unit; USPIIS and Homeland Security Investigations (HSI).

*U.S. v. Gomez* (S.D. California)

### **Former Stockton Man Sentenced to More Than 6 Years in Prison for Unemployment Benefits Fraud and Identity Theft**

Robert Maher, formerly of Stockton, California, was sentenced to 6 years and 3 months in prison for his involvement in an UI fraud scheme.

Between November 2010 and February 2018, Maher and his co-defendant created fictitious companies and fictitious employees by using the real identities of persons with and without their knowledge. Maher and his co-defendant then filed claims with the EDD, falsely stating that the employees had been laid off or fired. The resulting unemployment benefits were deposited onto debit cards mailed to

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addresses controlled by Maher or his associates. In all, Maher and his co-defendant filed at least 72 fraudulent claims for UI benefits, seeking a total of more than \$700,000, of which EDD paid out approximately \$609,000.

This is a joint investigation with the FBI and EDD's Investigation Division. *U.S. v. Herron et al.—Robert Joseph Maher* (E.D. California)

### **Detroit Man Sentenced to 51 Months in Prison for UI Fraud**

On June 11, 2021, Dwayne Cochran, of Detroit, Michigan, was sentenced to 51 months in prison and ordered to pay more than \$188,000 in restitution for his role in a UI fraud and identity theft scheme.

Between January 2016 and May 2018, Cochran engaged in a scheme to defraud the State of Michigan of UI benefits through the submission of more than 200 false claims. During this scheme, Cochran used the Internet to file, access, and modify fictitious claims for unemployment benefits. To facilitate the fraud, Cochran filed the claims using the personal identities of individuals without authorization. Once the fraudulent claims were approved and paid, Cochran used automated teller machines throughout Michigan to convert the proceeds of the crime to cash.

This is a joint investigation with the State of Michigan's Unemployment Insurance Agency. *United States v. Dwayne Lamar Cochran* (E.D. Michigan)

### **Virginia Woman Pleads Guilty to Fraudulently Obtaining UI Benefits for Virginia Prison Inmates**

On June 11, 2021, Virginia Smith, of Glen Allen, Virginia, pleaded guilty to mail fraud charges for her role in a conspiracy to fraudulently obtain pandemic-related unemployment benefits for Virginia prison inmates, which she then shared with the inmate beneficiaries. As part of her plea agreement, Smith agreed to pay more than \$223,000 in restitution to the Virginia Employment Commission.

Smith conspired with an inmate at Baskerville Correctional Center to collect the PII of inmates to fraudulently apply for Virginia unemployment benefits from around June 2020 to January 2021. Smith then, with the assistance of the inmate co-conspirator, submitted fraudulent applications for Virginia unemployment benefits for at least 22 inmates at Baskerville Correctional Center, resulting in the dispersal of more than \$223,000 in benefits.

As part of the scheme, Smith's co-conspirator would provide her with the names, dates of birth, and Social Security numbers of inmates serving sentences at Baskerville Correctional Center. Smith would then file unemployment claims with the Virginia Employment Commission using that information. Once the applications were approved, Smith would share the proceeds of the crime with the inmates whose personal information she used to file the fraudulent claims, keeping a portion of the proceeds for herself. The applications contained several false statements, such as false physical addresses, rather than the address of the correctional facility at which the inmates were actually living; false last employers; and false certifications that the inmates were ready, willing, and able to work in the event employment became available.

This investigation was conducted under the auspices of “Operation Checkmate,” the Virginia Department of Corrections Inmate Unemployment Insurance Fraud Task Force. The task force is led by the U.S. Attorney’s Office for the Eastern District of Virginia, DOL-OIG, Department of Homeland Security–OIG (DHS-OIG), and the Virginia Department of Corrections. This investigation included significant assistance from the Virginia Employment Commission.

This is a joint investigation with DHS-OIG and the Virginia Department of Corrections. *United States v. Virginia Smith* (E.D. Virginia)

### **Inland Empire Woman Pleads Guilty to Illegally Obtaining COVID-Related Jobless Benefits in Prison Inmates’ Names**

Paris Thomas of San Bernardino, California, pleaded guilty to her role in defrauding the EDD of approximately \$477,000 in UI.

From June 2020 to December 2020, Thomas submitted at least 47 fraudulent UI claims to the EDD. Thomas admitted to receiving the names, Social Security numbers, dates of birth, and other personal identifiable information of California state prison inmates and others, which she used to submit applications for UI benefits via the Internet as if those persons were submitting the claims themselves. Thomas falsely represented to the EDD that the inmates were unemployed because of the COVID-19 pandemic. In exchange for cash payments, Thomas provided third parties with the electronic benefit payment debit cards, which were loaded periodically with UI benefits and EDD website login credentials linked to the fraudulent UI claims.

This is a joint investigation with the FBI and EDD’s Investigation Division. *U.S. v. Thomas* (C.D. California)

### **Melrose Man Pleads Guilty to Unemployment Insurance Scam**

On July 1, 2021, Alan Scott, of Melrose, Massachusetts, pleaded guilty to four counts of mail fraud, one count of wire fraud, and five counts of aggravated identity theft for his role in an unemployment insurance fraud scheme.

Over the course of six years, Scott submitted numerous fraudulent unemployment insurance claims with the Massachusetts Department of Unemployment Assistance (DUA). Scott submitted these claims using his own identity as well as the identities of various individuals, including some who were not eligible for unemployment benefits, as they were incarcerated at the time and could not have been employed as reported. Moreover, the fraudulent claims all reported prior employment at a non-operational Massachusetts-based business also associated with Scott. As a result of these fraudulent claims, the DUA sent unemployment benefits funds to several addresses connected to Scott and deposited funds into accounts he controlled. Scott also submitted fraudulent PUA claims in the names of others.

This was a joint investigation with the HSI, USPIS, and the Commonwealth of Massachusetts, DUA. *United States v. Scott* (D. Massachusetts)

## **Mobile Man and Others Sentenced in Scheme to Defraud COVID-19 Benefit Programs**

On July 2, 2021, Karderrius Phelion, of Mobile, Alabama, was sentenced to 30 months in prison and ordered to pay restitution of approximately \$118,000, including almost \$18,000 to the Minnesota Department of Employment and Economic Development. On the same date, Kashunte Tate was sentenced to 6 months in prison and ordered to pay \$8,000, in restitution and Khadijah Tate was sentenced to 60 days in prison and ordered to pay more than \$16,000 in restitution. On June 25, 2021, Courtney Phelion was sentenced to 60 days in prison and ordered to pay \$80,000 in restitution, and Brittany Bettison was sentenced to 90 days in prison.

Phelion and his co-conspirators defrauded the Small Business Administration (SBA) via the Economic Injury Disaster Loan Program and attempted to obtain more than \$300,000 in unlawful funding. Phelion utilized the identity of his deceased great-grandmother to obtain two credit cards, in violation of the federal aggravated identity theft statute. Furthermore, while Phelion was working for Highlights Technologies as a contracted SBA loan processor, he was fraudulently receiving PUA benefits from the State of Minnesota. Phelion defrauded the State of Minnesota of more than \$17,000 in pandemic-related unemployment insurance benefits.

This is a joint investigation with the SBA–OIG, HSI. *U.S. v. Karderrius Phelion*. (S.D. Alabama)

## **Dallas Man Sentenced to 87 Months in Prison for Defrauding the Office of Workers' Compensation Programs**

On June 14, 2021, Michael Braddick of Dallas, Texas, was sentenced to 87 months in prison and ordered to pay more than \$6 million in joint restitution for his participation in a scheme to defraud the DOL's Office of Workers' Compensation Programs (OWCP).

The investigation revealed that Braddick engaged in a scheme to fraudulently bill OWCP through his durable medical equipment company, Bioflex Medical. Bioflex provided durable medical equipment to patients who did not need the equipment. When Braddick billed OWCP, he incorrectly billed transactions as rentals and incorrectly coded the durable medical equipment to increase the reimbursement paid by OWCP. Braddick also paid illegal kickbacks to other indicted and un-indicted co-conspirators, in exchange for OWCP beneficiary information, which he then used to submit additional fraudulent billings to OWCP.

This is a joint investigation with the U.S. Postal Service (USPS)–OIG, U.S. Department of Veterans Affairs–OIG, and DHS–OIG. *United States v. Michael Charles Braddick* (N.D. Texas)

## **Florida Business Owner Pleads Guilty to Health Care Fraud for Her Role in a Scheme to Defraud the DOL's OWCP**

In July 2021, Mutual Family Health Clinic (MFHC) owner and operator Brenda Figueroa pleaded guilty to two counts of health care fraud. The charged counts were associated with a scheme to bill for extended evaluation and management services that were not rendered to patients receiving treatment at MFHC. As part of her plea agreement, Figueroa agreed to pay more than \$334,000 in restitution to OWCP.

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This is a joint investigation with the USPS-OIG. *United States v. Brenda Figueroa* (M.D. Florida)

### **Morris County Man Pleads Guilty to a Health Care Fraud Scheme that Defrauded a Union Health and Welfare Fund of more than \$4 Million**

On June 24, 2021, Alan Ajamian of Morris County, New Jersey, pleaded guilty to one count of conspiracy to commit health care fraud. Ajamian and co-conspirators devised a scheme to bribe union officials in order to gain access to labor union health care facilities in New Jersey and New York to conduct egregious amounts of unnecessary medical tests.

Ajamian bribed a labor union official to conduct health fairs for union members that the union did not authorize. The bribes, which included cash, cigars, tickets to Yankees games, and trips to Las Vegas, were paid to the official to gain access to union members who received health insurance benefits from the union's associated benefit fund. Ajamian, and paid co-conspirators, hired medical professionals, including doctors and nurse practitioners, to conduct various medically unnecessary exams and tests at health fairs unauthorized by the union. Ajamian and others pressured and paid the medical professionals in cash to perform as many tests on union members as possible, regardless of whether the tests were medically necessary. To deceive the union fund, it was falsely represented to the union that the medical tests were conducted at a physician's office or an urgent care center. In fact, all the tests were administered at health fairs, which took place at the union members' places of employment. Ajamian's co-conspirators used several medical and billing companies to submit to the union fund the fraudulent claims stemming from the medically unnecessary exams and tests performed at the health fairs. Ajamian and others caused these companies to bill the union fund more than \$6 million for these claims. In turn, the union fund paid the companies associated with Ajamian and others more than \$4 million in connection with the fraudulent claims.

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

### **New Jersey Company Sentenced to 24 Months of Probation and to a Fine of \$325,000 for Committing an Occupational Safety and Health Administration Violation That Resulted in a Worker's Death**

On June 7, 2021, Dana Container, Inc., headquartered in Avenel, New Jersey, was sentenced to 24 months of probation and ordered to pay a fine of \$325,000 after pleading guilty to willfully committing an Occupational Safety and Health Administration (OSHA) violation resulting in an employee's death.

In March 2019, Dana Container, Inc. was contracted to clean crude oil residue from approximately 100 railcars, located at a railway yard in Pittston, Pennsylvania. Under OSHA regulations, an employee who is tasked by his or her employer to work in a confined space must be protected in various ways. Employers are required to test and monitor atmospheric conditions within the space to ensure that the atmosphere is non-hazardous and to purge, flush or ventilate the space as necessary to eliminate or control any atmospheric hazards, including oxygen concentrations below 19.5 percent. Employers must also outfit any employee tasked with working in any atmosphere considered to be potentially hazardous with a particular type of OSHA-certified respirator.

On May 31, 2019, a Dana Container, Inc. employee entered one of the rail cars at the Pittston site in order to scrape crude oil from the walls of the car. About 30 minutes after entering the rail car, the employee collapsed inside the car. He later died on scene, with the cause of death ruled asphyxiation. The atmosphere inside the car was determined to be oxygen-deficient and although Dana Container, Inc. was aware of applicable OSHA regulations, the employee had not been outfitted with the proper OSHA-certified respirator.

This was a joint investigation with OSHA. *United States v. Dana Container, Inc.* (M.D. Pennsylvania)

### **Nebraska Railcar Cleaning Services and Owners Plead Guilty to Violating Environmental and Worker Safety Laws Related to Workers' 2015 Deaths**

On July 12, 2021, Nebraska Railcar Cleaning Services, LLC (NRCS), its president and owner, Steven Michael Braithwaite, and its vice president and co-owner, Adam Thomas Braithwaite, pleaded guilty to 21 counts stemming from an investigation into an April 2015 fatal railcar explosion that killed two workers. The charges include conspiracy, violating worker safety standards resulting in worker deaths, violating the Resource Conservation and Recovery Act, and submitting false documents to the OSHA.

NRCS was in the business of cleaning railcars, including rail tanker cars, which often involved NRCS sending workers inside the cars' tanks to scrape and remove various commodities, including gasoline, ethanol, petroleum by-products, and other residues. On various occasions prior to the April 2015 explosion, OSHA officials conducted regulatory inspections during which they notified the principals of NRCS that they were in violation of OSHA safety regulations concerning confined space entries. Steven Braithwaite ultimately entered into a written agreement with OSHA, in which he represented that NRCS had been testing for benzene since July 2014, and Adam Braithwaite submitted falsified documents to OSHA purporting to show that NRCS had been purchasing equipment to test the contents of railcars for benzene and had taken other required safety precautions.

On or about January 2015, NRCS received an inquiry from one of its customers about cleaning product residue from a rail tanker car that contained a highly flammable product and benzene. NRCS responded that it could handle the material in the railcar. However, NRCS did not test the tanker car's benzene as required. On April 14, 2015, approximately one hour after two employees were sent into the tanker to complete the cleaning job, its contents ignited and exploded, killing both employees and injuring a third.

This is a joint investigation with the Environmental Protection Agency Criminal Investigation Division. *United States v. Nebraska Railcar Cleaning Services* (D. Nebraska)

### **Bronx Man Sentenced to 18 Months in Prison for Role in Large-Scale Wire Fraud Conspiracy**

On June 23, 2021, Edwin Cordero was sentenced to 18 months in federal prison for his role in a high-tech wire fraud conspiracy that targeted financial institutions and retirement plans. Cordero was initially charged with conspiracy to commit wire fraud related to multiple thefts from 401(k) plans covered under the Employee Retirement Income Security Act (ERISA) and other financial instruments. The thefts were conducted by Cordero and other co-conspirators both in the United States and overseas. The conspirators had been employing business email compromise and other cyber hacking methods to

perpetrate the crimes against multiple large financial institutions and ERISA-covered plans. Additionally, Cordero was ordered to pay more than \$148,000 in restitution and forfeiture.

This is a joint investigation with the FBI. *United States v. Joshua Suarez et al.* (D. New Jersey)