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Detroit Man Pled Guilty in \$6 Million Unemployment Insurance Fraud Scheme

On May 2, 2024, David Davis pled guilty to one count of conspiracy to commit wire fraud for his role in an unemployment insurance (UI) fraud scheme that targeted multiple state workforce agencies (SWA) and resulted in the loss of more than \$6 million in UI benefits.

Between approximately April 2020 and August 2021, Davis and his co-conspirators defrauded the federal government and multiple SWAs of funds that were earmarked for COVID-19 pandemic relief. The scheme involved the filing of more than 700 fraudulent UI claims in eight states, including Michigan, California, and Arizona. Davis and his co-conspirators used the stolen personal identifiable information (PII) of identity theft victims to file the fraudulent claims. Once processed, the UI funds were loaded onto pre-paid debit cards that were mailed to addresses controlled by Davis and his co-conspirators. The funds were later withdrawn at ATMs in Michigan and California.

As a result of their scheme, Davis and his co-conspirators fraudulently obtained more than \$6 million.

This is a joint investigation with Homeland Security Investigations (HSI). *United States of America v. Howard et al.* (E.D. Michigan)

Four Florida Men Convicted in Multi-Million Dollar Fraud Scheme

In April 2024, Tony Mertile, Junior Mertile, Allen Bien-Aime, and James Legerme pled guilty to wire fraud and aggravated identity theft for their roles in a wide-ranging conspiracy to steal more than \$4.8 million by defrauding financial institutions and fraudulently obtaining UI benefits.

The four men participated in a conspiracy that used stolen PII to fraudulently open bank accounts and obtain debit cards in the names of other persons. The defendants then used the accounts and cards to receive, deposit, and transfer fraudulent benefits and payments from federal and state agencies, including UI benefits.

The Office of Inspector General (OIG) for the U.S. Department of Labor (DOL) is pleased to present the *OIG Investigations Newsletter*, containing a quarterly 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.

As part of the scheme, the defendants submitted fraudulent applications to multiple SWAs, including the Rhode Island Department of Labor and Training, for pandemic-related UI benefits made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Families First Coronavirus Response Act. The defendants also submitted fraudulent applications in the names of identity theft victims to obtain tax refunds, stimulus payments, and disaster relief funds.

The defendants each agreed to forfeit more than \$1.2 million in funds that constitute the proceeds of the conspiracy. They also agreed to forfeit valuable luxury watches and jewelry, as well as more than \$1.1 million in cash seized from the residences of Tony Mertile, Junior Mertile, and James Legerme at the time of their arrests. In addition, each defendant is liable for approximately \$4.8 million in restitution to be paid to SWAs and financial institutions that were defrauded.

This is a joint investigation with the FBI, the Internal Revenue Service-Criminal Investigation (IRS-CI), and the Rhode Island State Police. *United States v. Allen Bien-Amie et al.* (D. Rhode Island)

Michigan Fraudsters Plead Guilty to Conspiracy to Steal Pandemic Unemployment Insurance Benefits

On April 29, 2024, Daveontae White pled guilty to conspiracy to commit wire fraud, and Jaylin Davis pled guilty to conspiracy to commit wire fraud and aggravated identity theft for their roles in a pandemic-related UI fraud scheme. On May 6, 2024, and May 20, 2024, Laron Stroud and Cheikh Sene pled guilty, respectively, to conspiracy to commit wire fraud for their roles in the fraud conspiracy.

Between approximately April 2020 and August 2021, White, Davis, Stroud, Sene, and their co-conspirators filed nearly 700 fraudulent UI claims in more than nine states—primarily Michigan, California, and Arizona. The claims were filed using the stolen PII of identity theft victims. As a result of the scheme, the co-conspirators fraudulently obtained more than \$4.8 million in UI benefits which were loaded onto pre-paid debit cards and mailed to addresses controlled by the defendants. To access the UI funds, the co-conspirators made cash withdrawals at ATMs in Michigan and California.

This is a joint investigation with the FBI. *United States v. Marcellus Dunham et al.* (E.D. Michigan)

Pontiac Man Pled Guilty in an Unemployment Insurance Fraud Scheme

On May 23, 2024, Jermaine Arnett pled guilty to conspiracy to commit wire fraud, wire fraud, and possession of 15 or more unauthorized access devices for his role in an UI fraud scheme. Between April and September 2020, Arnett and his co-conspirators filed hundreds of fraudulent UI claims in Michigan, Arizona, and Maryland using the stolen PII of identity theft victims.

In furtherance of the fraud scheme, the co-conspirators created email accounts to link with the fraudulent UI claims, recertified the claims, and collected mail for the claims, including pre-paid debit cards on which UI benefits were loaded. As a result, Arnett and his co-conspirators fraudulently obtained hundreds of pre-paid debit cards loaded with more than \$4 million in UI funds of which approximately \$1.6 million was successfully unloaded by the conspirators through purchases and cash withdrawals.

This is a joint investigation with the IRS-CI, the United States Secret Service (USSS), the FBI, HSI, and the Michigan Unemployment Insurance Agency. *United States v. Jermaine Arnett* (E.D. Michigan)

Virginia Man Sentenced to 84 Months in Prison for COVID-19 Pandemic Benefits Fraud Scheme and for Defrauding Elderly Homeowners

On May 14, 2024, Howard Lee Stith, Jr. was sentenced to 84 months in prison and ordered to pay restitution of more than \$2.4 million for his role in multiple fraud schemes including pandemic-related UI fraud, Economic Injury Disaster Loan (EIDL) fraud, and filing a false tax return related to his failure to claim income from his roofing business.

After the onset of the COVID-19 pandemic, Stith applied for and received pandemic relief funds to which he was not entitled. First, he applied for multiple EIDLs on behalf of various businesses, including a roofing business. These EIDL applications included materially false statements about the gross income of each business, as well as the number of employees. Stith then submitted fraudulent applications, on which he falsely claimed that he was not working, not self-employed, and not receiving money from any source for UI benefits, to the Virginia Employment Commission (VEC).

As a result, Stith fraudulently received UI benefits from the VEC to which he was not entitled. In total, Stith received tens of thousands of dollars from homeowners during the period in which he falsely claimed UI benefits. He also perpetrated a scheme to defraud elderly homeowners in the Richmond, Virginia area by appearing at their homes and falsely claiming that their roofs needed extensive repairs.

Thereafter, Stith purported to provide the promised repair services, but performed minimal work of poor quality while charging homeowners exorbitant fees. To substantiate the excessive amounts charged, he created false invoices and misleading receipts, which he provided to various homeowners. Stith fraudulently obtained at least \$1.5 million from elderly homeowners in connection with the scheme.

In addition, he failed to report to the IRS the income which he obtained from the scheme, by filing a false tax return in 2018 and failing to file tax returns for the tax years 2019, 2020, and 2021. After learning he was under federal investigation, Stith began directing homeowners to write personal checks to others to further conceal his receipt of such payments. Through this conduct, he evaded the assessment of income tax in the amount of at least \$575,000 for tax years 2018 through 2021.

This is a joint investigation with the FBI, the USSS, the IRS-CI, and the Small Business Administration-OIG. *United States v. Howard Lee Stith, Jr.* (E.D. Virginia)

Maryland Men Sentenced to Prison for Roles in \$2 Million Pandemic-Related Unemployment Insurance Fraud Scheme

On April 11, 2024, and May 30, 2024, Christopher Yancy, aka “Lil Bhri” and “Lil Chris,” and Christian Malik Adrea, aka “Leak” and “Lil Leak,” were sentenced to 63 months in prison and 3 months in prison, respectively, for their roles in a pandemic-related UI fraud scheme and aggravated identity theft conspiracy that defrauded SWAs through the submission of fraudulent UI claims. Yancy also pled guilty to and was sentenced for additional charges related to the illegal possession of machine guns. Adrea

and Yancy were ordered to pay more than \$2 million in restitution, jointly and severally with their other co-conspirators, to affected SWAs. Further, they were ordered to forfeit more than \$195,000 and \$280,000 in fraudulent proceeds, respectively, which each defendant received from their participation in the scheme.

Between March 2020 and October 2021, Adrea, Yancy, and their co-conspirators impersonated identity theft victims to submit fraudulent UI claims in Maryland and California. As part of the scheme, Adrea, Yancy, and their 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 fictitious email addresses and phone numbers for the victims and used the emails and phone numbers on the fraudulent applications in furtherance of the scheme. Once Adrea, Yancy, and their co-conspirators received the fraudulently obtained UI benefits on debit cards, they made cash withdrawals and other transactions for their own financial benefit.

In October 2021, law enforcement executed a search warrant at the residence of Yancy and recovered numerous weapons, including two classified under law as “machine guns,” upper and lower firearms receivers, ammunition, gun part kits, a 3D printer, and other items used to assemble and alter firearms.

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

Former Maryland Department of Labor Contractor Pled Guilty to Role in \$2 Million Pandemic-Related Unemployment Insurance Benefits Fraud Conspiracy

On June 3, 2024, Bryan Ruffin, a former contractor who provided professional support services to the Maryland Department of Labor (MD DOL) through his employer, pled guilty to conspiracy to commit wire fraud and aggravated identity theft for his role in a conspiracy to defraud the MD DOL that resulted in more than \$2 million in actual losses to the UI program.

Between January 2021 through October 2022, Ruffin worked remotely as a contractor for the MD DOL. Through his employment, Ruffin had access to a laptop used for specialized access to MD DOL online data, as well as other databases for the purpose of reviewing UI applications and administering UI benefits. Ruffin was initially assigned to handle customer service calls but was later promoted to handle MD DOL fraud matters. As such, he was issued a laptop with software and encryption which allowed for remote access to MD DOL servers, including the MD DOL online UI claims system.

From early 2022 through November 2022, Ruffin engaged in a conspiracy by which he provided the MD DOL-issued laptop to his co-conspirators for their use in exchange for money. He provided his username and password to his co-conspirators, who in turn accessed non-public MD DOL UI data and databases. The co-conspirators subsequently used the database access to change information on existing UI claims, including contact email addresses, online account passwords, and payment methods. They also submitted false and fraudulent information in support of UI claims by using the PII of identity theft victims.

Members of the conspiracy subsequently used access to the databases to upload and approve documents submitted in support of fraudulent UI claims. The co-conspirators removed fraud holds on UI claims, certified weeks for UI benefit determination, and took other actions to facilitate the payment of fraudulent UI benefits. The MD DOL disbursed the UI benefits to bank accounts that were believed to be those of the UI applicants but were actually accounts opened and controlled by members of the conspiracy.

Based on the use of Ruffin's laptop, the members of the conspiracy fraudulently obtained more than \$2 million in pandemic-related UI benefits.

This investigation is being conducted as part of the Maryland COVID-19 Fraud Enforcement Strike Force and is a joint investigation with the FBI. *United States v. Lawrence Nathaniel Harris et al.* (D. Maryland)

Virginia Man Sentenced to Prison for Multiple Schemes including a \$1.2 Million COVID-19 Pandemic Benefits Fraud Scheme

On May 8, 2024, George Mensah, Jr. was sentenced to 36 months in prison and ordered to pay more than \$1.4 million in restitution for his involvement in multiple fraud schemes, including pandemic-related UI and Paycheck Protection Program (PPP) fraud.

From approximately October 2020 through September 2021, Mensah conspired with others to submit fraudulent UI claims and PPP loan applications to obtain benefits afforded under the CARES Act. He and his co-conspirators used the stolen PII of others to submit fraudulent claims for pandemic-related UI benefits in Virginia and elsewhere. In addition, Mensah and his co-conspirators prepared and submitted more than 40 applications for PPP loans for fake businesses. More than 20 of the PPP applications were subsequently funded by lenders. As a result of the schemes, Mensah and his co-conspirators received more than \$650,000 in fraudulently obtained pandemic UI benefits and approximately \$580,000 in PPP loans.

Mensah and his co-conspirators also created and deposited fraudulent checks into various bank accounts, resulting in a loss to various financial institutions of more than \$200,000.

This is a joint investigation with the USPS, the Department of Treasury-OIG, and the Fairfax County (VA) Police Department. *United States v. George Mensah, Jr.* (E.D. Virginia)

Maryland Man Sentenced to 14 Years in Prison for Committing Pandemic-Related Unemployment Insurance Fraud and Leading a Fentanyl Distribution Ring

On May 8, 2024, Collin Edwards was sentenced to 168 months in prison for using stolen PII to file fraudulent pandemic-related UI claims and for leading a group involved in the manufacturing of counterfeit oxycodone pills mixed with fentanyl.

In August 2021, law enforcement identified Edwards and others as participants in a drug trafficking operation. This included running a fentanyl pill pressing operation in and around Washington, D.C. and

Maryland and renting apartments with stolen identities for the purpose of manufacturing and distributing counterfeit pills. During the investigation, a search warrant was executed on a high-end luxury apartment that Edwards and the group were renting using a fictitious identity. In addition to the seizure of over 500 counterfeit pills and more than 76 grams of a mixture and substance containing fentanyl, law enforcement seized Edwards' cell phone. The phone contained numerous text messages with other drug traffickers discussing pill sales, as well as text messages between Edwards and others planning a scheme involving pandemic-related UI fraud.

Edwards obtained database documents containing PII for hundreds of victims and subsequently used the stolen PII to apply online for UI benefits in identity theft victims' names. Due to the fraudulent applications, debit cards, which were pre-loaded with UI benefits, were sent to the homes of Edwards' associates and family members. He then retrieved the cards and withdrew funds at ATMs around Washington, D.C. Edwards admitted that he and other co-conspirators fraudulently obtained at least \$250,000 through the UI fraud scheme.

This is a joint investigation with the FBI. *United States v. Collin Edwards et al.* (D. District of Columbia)

Indiana Man Pled Guilty for his Role in an Unemployment Insurance Fraud Scheme

On May 14, 2024, Kamaldeen Karaole pled guilty to one count of conspiracy to commit access device fraud, one count of access device fraud, and one count of aggravated identity theft. As part of his plea agreement, Karaole admitted that he and his co-conspirators, Stephen Olamigoke and Johnson Omodusonu, engaged in a scheme to commit access device fraud. On the same date, Karaole was sentenced to serve 51 months in federal prison and ordered to pay approximately \$520,000 in restitution.

Between August 2020 and October 2020, Karaole, Olamigoke, Omodusonu, and others participated in a scheme whereby they stole pandemic-related UI benefits from California. The scheme involved more than 165 debit cards and more than 520 cash withdrawals at ATMs in Indianapolis, Indiana. The debit cards did not belong to the members of the conspiracy but were in the names of identity theft victims. This scheme allowed Karaole and co-conspirators to fraudulently obtain approximately \$520,000 in UI benefits. The defendants retained a portion of the proceeds and then delivered the remaining cash to other co-conspirators.

This is a joint investigation with the FBI and the USPIIS. *United States v. Kamaldeen Karaole* (S.D. Indiana)

Former Social Security Administration Employee Sentenced to 36 Months in Prison for Pandemic Unemployment Insurance Fraud Scheme

On April 2, 2024, Takiyah Gordon Austin was sentenced to 36 months in prison for her role in a scheme to fraudulently obtain pandemic-related UI benefits. She was also ordered to pay restitution totaling more than \$288,000.

From approximately May 2020 through May 2021, while employed as a claims specialist with the Social Security Administration (SSA), Austin filed pandemic-related UI claims for ineligible recipients in exchange for payment from those individuals. In addition, she filed other claims for her own benefit after accessing SSA databases to obtain PII from unsuspecting victims. Austin diverted the UI benefits for those claims to addresses that she controlled to use the funds for her own personal expenses.

This was a joint investigation with the SSA-OIG and the USPIS. *United States v. Takiyah Gordon Austin* (M.D. Pennsylvania)

Former Executive Director of Washington Tribal Non-Profit Sentenced

On May 30, 2024, Debbie Rawle, the former executive director of the Western Washington Indian Employment Training Program (WWIETP), was sentenced to five months in prison and ordered to pay restitution of more than \$99,000 for embezzling from a federally funded program.

WWIETP received federal grant funds, including DOL funding, of more than \$698,000 in 2018 and more than \$700,000 in 2019 to provide employment and training services for eligible tribal members.

In September 2019, the DOL-Employment and Training Administration, Division of Indian and Native American Programs uncovered questionable personal expenditures made by Rawle on a WWIETP debit card. She used the organization's debit card for personal purchases, including various transactions at electronics stores, a pool maintenance kit, \$1000 in motorcycle accessories, a cedar pavilion, and an above-ground swimming pool.

From approximately May 2018 through September 2019, the total loss attributable to Rawle's fraudulent misuse of a WWIETP debit card is more than \$99,000.

This is a joint investigation with the FBI. *United States v. Rawle* (W.D. Washington)

Construction Company Owner Pled Guilty to Making False Statement in Death of Worker and Tax Crimes

On April 11, 2024, Mauricio Baiense, owner of Contract Framing Builders Inc., pled guilty to making a false statement in a hearing before DOL's Occupational Safety and Health Administration (OSHA) and to an employment tax scheme that caused more than \$2 million loss to the IRS.

OSHA investigated the workplace death of an employee of Contract Framing Builders, Inc. While under oath at a hearing, Baiense falsely claimed the deceased individual was not employed by the company at the time of the accident.

In addition, between approximately April 2013 and December 2017, Baiense operated an "off-the-books" cash payroll for the company. To generate cash for the payroll, he wrote checks drawn on a company bank account to purported subcontractors who were entities that he controlled. Baiense then cashed or directed others to cash approximately \$11 million in checks at a check cashing business. A portion of the proceeds of the scheme was used to pay employees of Contract Framing Builders. Baiense did not

report the cash wages to the IRS and did not withhold and remit required employment taxes, causing a loss to the IRS of more than \$2.8 million.

This is a joint investigation with the DOL-OSHA, the IRS-CI, and HSI. *United States v. Mauricio Baiense* (D. Massachusetts)

Idaho Foreman Pled Guilty to Extorting H-2A Visa Workers

On April 15, 2024, Ernesto Garibay Garza pled guilty to extorting H-2A agricultural workers and tax fraud. Garza worked as a supervisor and foreman of farm workers at F.D.C., an agricultural services company that operates farms throughout Idaho.

F.D.C. employed H-2A agricultural workers from approximately 2005 to 2019, specifically during the months of March to November. During this time, Garza was responsible for preparing and submitting payroll timesheets for H-2A workers based on the hours worked. He also assigned various tasks and projects to the workers he supervised.

Between approximately 2014 and 2019, Garza charged certain H-2A agricultural workers \$750 to \$2,500 to work at F.D.C. under the H-2A visa program. He charged the fees without F.D.C.'s knowledge or approval. The H-2A workers paid the fees to Garza each year because they feared they would be fired or prevented from returning to F.D.C. under the H-2A visa program in future years. Under H-2A agricultural worker rules and regulations, Garza was not permitted to request or collect such fees.

Garza deposited more than \$490,000 in unreported income into his personal bank accounts, a portion of which came from the H-2A extortion scheme. Garza did not disclose the additional income on his tax returns for tax years 2013 through 2019, which resulted in false Form 1040 tax returns being prepared and filed.

This is a joint investigation with the IRS-CI. *United States v. Garza* (D. Idaho)

New York Man Pled Guilty to Theft from Union Health and Welfare Fund

On May 28, 2024, Ben Johnson pled guilty to a one-count information charging him with theft or embezzlement in connection with health care due to his role in the theft of union benefit funds.

Between approximately August 2018 and January 2023, Johnson prepared multiple fraudulent dental and health care receipts for himself and family members. He then used the receipts to prepare and submit false claims for reimbursement to the Plasterers Local Union No. 9 Health and Welfare Fund. Johnson received more than \$60,000 in reimbursements from the Fund to which he was not entitled.

This is a joint investigation with the DOL-Employee Benefits Security Administration, the FBI, and the New York State Department of Financial Services. *United States v. Ben Johnson* (W.D. New York)

Federal Jury Convicts Owner of Massachusetts Pizzeria Chain of Forced Labor and Attempted Forced Labor

On June 7, 2024, a federal jury found Stavros Papantoniadis, the owner and operator of a pizza restaurant chain in Massachusetts, guilty of three counts of forced labor and three counts of attempted forced labor.

Papantoniadis used threats of arrest, deportation, and physical violence to ensure that employees, who were non-citizens, continued to work for him. He also thinly staffed his restaurants and purposely employed workers who lacked legal immigration status, allowing him to require employees to work for 14 or more hours per day and up to seven days per week. To maintain control of these workers, Papantoniadis threatened to physically harm them or have them deported. He monitored the workers with surveillance cameras and constantly demeaned, insulted, and harassed them.

When Papantoniadis became aware that a worker planned to quit, he violently choked the victim, who managed to flee the restaurant. As others separately expressed their intentions to quit, he told one victim he would kill him and call immigration authorities. Papantoniadis chased another worker, who had also fled, and made a false report to the police to pressure the victim to return to work.

This is a joint investigation with HSI. *United States v. Stavros Papantoniadis* (D. Massachusetts)