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Mexican Nationals Admit Roles in Smuggling and Labor Trafficking Scheme

On October 4, October 24, and November 22, 2024, Porfiria Maribel Ramos Sanchez, Maria Del Carmen Sanchez Potrero, and Apolinar Francisco Paredes Espinoza pled guilty, respectively, to charges stemming from their involvement in a scheme to smuggle undocumented workers into the United States, harbor them at Connecticut residences, and threaten to harm them if they failed to pay exorbitant fees, interest, and living expenses. Ramos, Sanchez, and Paredes forced the undocumented individuals to work in circumvention of DOL's H-2B visa program. As part of their pleas, Ramos, Sanchez, and Paredes agreed to pay restitution of more than \$490,000.

The defendants arranged to cross the border into the United States with various undocumented workers for fees of between \$15,000 and \$20,000 per victim. In most cases, the undocumented workers were required to turn over a property deed as collateral before leaving Mexico. After the undocumented workers arrived in Connecticut, they were told they owed \$30,000 plus interest. They were also forced to pay Ramos, Sanchez, and Paredes for their rent, food, gas, and utilities. The defendants created false identity documents for the undocumented workers and helped the workers find employment. In addition to their jobs, some undocumented workers were required to perform—without compensation or a debt reduction—housework and yardwork. To date, the investigation has identified 18 trafficked undocumented workers.

This is a joint investigation with the FBI, the U.S. Customs and Border Protection, the U.S. Citizenship and Immigration Services, the U.S. Immigration and Customs Enforcement, and the Hartford Police Department. *United States v. Maria Del Carmen Sanchez-Potrero*; *United States v. Apolinar Francisco Paredes-Espinoza*; *United States v. Porfiria Maribal Ramos Sanchez* (D. Connecticut)

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.

Iowa Farmer Sentenced to More Than 15 Years in Cattle Theft, Bankruptcy Fraud, and Foreign Labor Scheme

On October 10, 2024, Michael Butikofer was sentenced to serve 188 months in prison, pay restitution of more than \$5.7 million, forfeit approximately \$500,000, and repay approximately \$5,000 in attorney fees.

Between 2018 and 2023, Butikofer was involved in various schemes to defraud several government programs. The fraud schemes targeted DOL's H-2A visa program; the U.S. Department of Agriculture's (USDA) Packers and Stockyard Act of 1921 (P&S Act) as well as the Coronavirus Food Assistance Program; and the Small Business Administration's (SBA) Economic Injury Disaster Loan (EIDL) program.

Butikofer, who operated a large farm in northeast Iowa, employed and recruited H-2A agricultural workers from South Africa. The H-2A workers raised and cared for cattle owned by investors and other individuals at Butikofer's cattle-feeding business. The cattle would subsequently be sold to a Wisconsin slaughterhouse. At no time was Butikofer or his farm registered with the USDA as a dealer under the P&S Act.

In 2018, Butikofer used forced labor for his own financial gain. He assaulted workers, pushing one worker towards a corn auger and tying the hands of another worker with cable ties. In 2020, three H-2A workers obtained a civil judgment in federal court of approximately \$247,000 against Butikofer for violations of the Fair Labor Standards Act and the Trafficking Victims Protective Reauthorization Act.

Between July 2020 and February 2022, Butikofer converted the proceeds of investor-owned cattle sales, totaling more than \$2.5 million, for his own use. In July 2020 and August 2020, he defrauded the USDA of more than \$1.2 million in emergency assistance funds intended to assist livestock producers during the COVID-19 pandemic. In February 2022, Butikofer also received more than \$1.5 million from the SBA as part of an EIDL application in which he made false representations about his financial condition and intended use of the SBA loan funds.

As a part of his plea agreement, Butikofer agreed to voluntarily terminate and cease any current or future participation in DOL Foreign Labor Certification programs.

This is a joint investigation with Homeland Security Investigations (HSI), the SBA-OIG, the USDA-OIG, and the Federal Deposit Insurance Corporation-OIG. *United States v. Michael Wayne Butikofer* (N.D. Iowa)

Owner of Boston Pizzeria Chain Sentenced to More Than 8 Years in Prison for Forced Labor

On October 25, 2024, Stavros Papantoniadis was sentenced to 102 months in prison and ordered to pay a \$35,000 fine after being convicted at trial of three counts of forced labor and three counts of attempted forced labor.

Papantoniadis, the owner and operator of a pizza restaurant chain in Massachusetts, forced or attempted to force at least five men and one woman to work for him through violent physical abuse,

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threats of abuse, and repeated threats of deportation. He also understaffed his pizza shops 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 workers, Papantoniadis threatened to physically harm them or have them deported. For example, when he became aware that a worker planned to quit, he violently choked the victim. In another instance, Papantoniadis chased an employee out of the restaurant and made a false report to the police to pressure the victim to return to work. He also monitored workers with surveillance cameras, which he accessed from his cell phone, and constantly demeaned, insulted, and harassed the victims.

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

Massachusetts Men Pled Guilty to Migrant Smuggling Conspiracy

On November 14, 2024, Jesse James Moraes and Hugo Giovanni Moraes pled guilty to conspiracy to encourage and induce an undocumented worker to come to, enter, and reside in the United States for commercial advantage or private financial gain in circumvention of DOL's H-2B visa program. Jesse Moraes also pled guilty to conspiracy for his role in laundering the proceeds of the migrant smuggling conspiracy.

The conspiracy involved the recruitment of undocumented migrants in Brazil to unlawfully enter the United States through Mexico for fees of between \$12,000 and \$22,000 per person. The migrants were encouraged to make fraudulent claims of asylum as well as familial relationships in the United States. The migrants were also given fraudulent information about points of contact in the United States to provide to immigration authorities if they were caught.

Once migrants were in the United States, Jesse Moraes and Hugo Moraes helped them secure long-term housing, including apartments owned by Hugo Moraes' relatives. The defendants also arranged for some of the migrants to work at restaurants they owned. Jesse Moraes and Hugo Moraes paid the migrants either entirely or partly in cash until the migrants obtained identification documents, at which point they would be paid at least in part by check. The defendants encouraged the migrants working for them to obtain false identification documents and referred them to a co-defendant to obtain such false documents. The co-conspirators allowed some of the migrants to pay off part of their smuggling fee once they reached the United States. The smuggling fees were collected by the withholding of wages or by collection by relatives and other associates within and outside the United States.

The money laundering conspiracy, to which Jesse Moraes pled guilty, involved transferring funds into and out of the United States with the intent to promote the migrant smuggling conspiracy and conduct financial transactions with the proceeds of the smuggling conspiracy designed to conceal the ownership and control of the proceeds.

This is a joint investigation with HSI, the Internal Revenue Service-Criminal Investigation (IRS-CI), and the Woburn Police Department. *United States v. Jesse James Moraes et al.* (D. Massachusetts)

Knoxville Nurse Pled Guilty to Home Health Care Fraud Scheme

On November 8, 2024, Lois Hamby pled guilty to one count of health care fraud for her role in submitting false claims to the DOL-Division of Energy Employees Occupational Illness Compensation (DEEOIC), which resulted in a loss of more than \$480,000 in DEEOIC benefits.

Hamby, who was a licensed practical nurse in Tennessee, had a DOL provider number that allowed her to submit payment claims directly to DOL. While caring for an approved DEEOIC beneficiary, Hamby prepared false nursing assessments documenting that she provided nursing services to the beneficiary in his home when, in fact, she had not provided such care. She then used the false assessments to support fraudulent payment claims. For these claims, DOL paid Hamby more than \$480,000.

Hamby also provided nursing care to DEEOIC beneficiaries while employed by Camm Care, LLC. She submitted false nursing assessments claiming she provided in-home nursing services while she was on vacation, traveling out of state, or otherwise not at the patient's home. Camm Care used these false assessments to request and receive payment from DOL.

This is a joint investigation with the FBI. *United States v. Lois Hamby* (E.D. Tennessee)

Florida Man Pled Guilty to Conspiracy in Connection with Occupational Safety and Health Administration Outreach Training Program

On November 1, 2024, Rogelio Vargas pled guilty to conspiracy for making false statements to the DOL's Occupational Safety and Health Administration (OSHA).

Vargas was certified by OSHA to provide a 30-Hour Outreach Training Program (OTP) course that was developed with the intent to assist employers in training and introducing employees to the basic practices of identifying, reducing, eliminating, and reporting work hazards. Generally, after completing the OSHA 30-Hour OTP, workers receive OSHA 30-Hour cards, which allow them to work on job sites that require OSHA certification. As an OSHA training instructor, Vargas was required by OSHA to sign a Statement of Compliance form, which required him to certify that he would ensure the requirements of the OSHA OTP regulations and procedures were acknowledged and followed.

From March 2019 through January 2024, Vargas submitted and caused the submission of hundreds of Statement of Compliance forms, which contained false information regarding the attendance of individuals at his OSHA 30-Hour OTP, in exchange for fees. As a result, OSHA issued certification cards to more than 400 individuals who had not completed the required training.

United States v. Rogelio Vargas (S.D. Florida)

Georgia Woman Sentenced to 144 Months in Prison for \$30 Million Pandemic-Related Unemployment Insurance Fraud Scheme and Firearms Charge

On October 24, 2024, Tyshion Hicks was sentenced to 144 months in prison for her role in a scheme to defraud the Georgia Department of Labor (GA DOL) of tens of millions of dollars in pandemic-related unemployment insurance (UI) benefits and for illegal possession of a machine gun.

From March 2020 through November 2022, Hicks and her co-conspirators caused more than 5,000 fraudulent UI claims to be filed with GA DOL, resulting in the disbursement of at least \$30 million in stolen benefits. To execute the scheme, she and her co-conspirators created fictitious employers and lists of purported employees by using the personal identifiable information (PII) of thousands of identity theft victims. They then used the stolen PII and fictitious companies to file fraudulent UI claims on the GA DOL website. The co-conspirators obtained the PII from a variety of sources, including by paying an employee of a Georgia-based health care and hospital network to steal patients' PII from hospital databases and by purchasing PII from online sources. In addition, Hicks paid a U.S. Postal Service (USPS) carrier to unlawfully divert mail containing debit cards loaded with more than \$512,000 in UI fraud proceeds to her.

This is a joint investigation with the United States Secret Service (USSS), HSI, the U.S. Department of Homeland Security (DHS)-OIG, the IRS-CI, the United States Postal Inspection Service (USPIS), and the USPS-OIG. *United States v. Tyshion Hicks* (M.D. Georgia)

Detroit Residents Pled Guilty in CARES Act Fraud Scheme

On November 25, 2024, Deangelo Jackson-Portwood, Anton Greenwood, Adartha Tillman, Taurean Davis, and Christopher Lindsay pled guilty to conspiracy to commit wire fraud for their roles in a Coronavirus Aid, Relief, and Economic Security (CARES) Act fraud scheme. Jackson-Portwood also pled guilty to aggravated identity theft.

Between February 2020 and May 2021, Jackson-Portwood and his co-conspirators obtained the PII of identity theft victims, without their knowledge or consent. They then used the PII to file fraudulent claims in various states for Pandemic Unemployment Assistance (PUA) benefits, Paycheck Protection Program (PPP) loans, and EIDL funds. In other instances, the co-conspirators used their own identities to submit fraudulent PPP and EIDL applications in the names of businesses that were fictitious or dormant. The PUA benefits were often deposited onto debit cards that were sent to addresses controlled by the co-conspirators.

As a result, Jackson-Portwood and his co-conspirators obtained more than \$6 million in fraudulently obtained PUA benefits, PPP loans, and EIDL funds.

This is a joint investigation with the FBI and the SBA-OIG. *United States v. Deangelo Jackson-Portwood et al.* (E.D. Michigan)

Michigan Fraudsters Sentenced for Conspiracy to Steal Pandemic Unemployment Insurance Benefits

On December 3, 2024, Daniel Holt was sentenced to 24 months in prison for his involvement in a pandemic-related UI fraud scheme. In October 2024, co-conspirators Jaylin Qualls, Daveontae White, and Cheikh Sene were sentenced to 12 months, 24 months, and 36 months in prison, respectively. All four defendants were ordered to pay restitution, jointly and severally, of more than \$4.8 million.

Between approximately April 2020 and August 2021, Holt, Qualls, White, Sene, and their co-conspirators filed nearly 700 fraudulent UI claims in more than nine states—primarily Michigan, California, and Arizona. They used the stolen PII of identity theft victims to file the UI claims. As a result, the co-conspirators fraudulently obtained more than \$4.8 million in UI benefits that were loaded onto pre-paid debit cards and mailed to addresses controlled by the defendants. To access the stolen 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)

Two Miami Men Pled Guilty to Conspiracy to Fraudulently Obtain More Than \$4.4 Million in Pandemic-Related Unemployment Insurance Benefits

On November 19, 2024, and December 9, 2024, Kenneth Dikari Stevens Jr. and Giovanni Kymani Paul Matthews pled guilty, respectively, to conspiracy to commit bank fraud, wire fraud, and mail fraud for their roles in a scheme to defraud the California Employment Development Department (California EDD) of pandemic-related UI benefits.

Between approximately August 2020 and January 2022, Stevens, Matthews, and their co-conspirators used the PII of identity theft victims to submit fraudulent UI applications to the California EDD. To successfully file a claim with California EDD, applicants had to pass an identity verification process, which required them to upload a driver's license, among other steps. The photo of Stevens' face was on 262 falsified driver's licenses used to obtain the stolen benefits. Of the 262 claims, the California EDD approved 220 and disbursed more than \$4.4 million in UI benefits.

This is a joint investigation with the DHS-OIG, the USPIIS, and the FBI as part of the Southern District of Florida Miami COVID-19 Strike Force. *United States v. Kenneth Dikari Stevens, Jr., United States v. Giovanni Kymani Paul Matthews* (S.D. Florida)

Florida Woman Pled Guilty to Role in \$3.2 Million Pandemic-Related Unemployment Insurance Fraud Conspiracy

On November 13, 2024, Tiia Woods pled guilty to conspiracy to commit wire fraud and aggravated identity theft for her role in a scheme to defraud the Maryland Department of Labor (MD DOL) that resulted in more than \$3.2 million in actual losses to the UI program.

From June 2020 through approximately May 2021, Woods and her co-conspirators submitted to MD DOL fraudulent UI applications that contained the addresses, employment status, work history,

occupation, and benefit eligibility of unsuspecting identity theft victims. Using email and other electronic communications, Woods fraudulently applied for UI benefits, modified UI claims within the MD DOL online system, and checked the status of the claims. Once MD DOL disbursed the UI benefits via pre-paid debit cards, she used various financial transactions, including ATM withdrawals and point-of-sale transactions, to obtain the stolen funds.

In total, Woods and her co-conspirators submitted at least 150 fraudulent UI claim applications, which resulted in a loss of more than \$3.2 million.

This is a joint investigation with the FBI. *United States v. Tiia Woods et al.* (D. Maryland)

Former Arizona Department of Economic Security Program Services Evaluator Pled Guilty to Bribery Charges

On November 6, 2024, Brandilyn Lorenzen, a former program services evaluator for the Arizona Department of Economic Security (DES), pled guilty to bribery for her role in a pandemic-related UI fraud scheme.

Between May 2020 and April 2022, Lorenzen accepted bribe payments in exchange for approving pandemic-related UI claims that were not properly adjudicated and were sent to recipients not entitled to such benefits. In addition to accepting bribes to process claims, she also embezzled and misapplied DES funds for her financial benefit and the benefit of others.

In total, Lorenzen embezzled or misapplied more than \$2.4 million in DES UI claims that were not properly or legally processed.

This is a joint investigation with the Arizona DES-OIG and the DHS-OIG. *United States v. Brandilyn Lorenzen* (D. Arizona)

Maryland Defendant Sentenced to More Than 8 Years in Prison for Scheme to Fraudulently Obtain \$1.9 Million in Unemployment Insurance Benefits

On October 1, 2024, Jonathan Henry was sentenced to 97 months in prison and ordered to pay restitution of almost \$1.9 million for his role in a scheme to fraudulently obtain pandemic-related UI benefits.

From March 2020 through approximately June 2021, Henry and two other convicted co-conspirators were inmates at the Federal Correctional Institution, Fort Dix in New Jersey. He and his co-conspirators submitted fraudulent online applications for UI benefits to Maryland and other states. They also used the PII of identity theft victims in many applications. Based on the information provided in the fraudulent applications, the MD DOL issued pre-paid debit cards in the names of the applicants and mailed them to addresses that the conspirators controlled. Henry's co-conspirators then used the pre-paid debit cards to make cash withdrawals at ATMs as well as retail purchases.

Henry used the PII of identity theft victims to submit approximately 191 fraudulent claims, primarily in Maryland, but also in Washington, D.C., Virginia, and North Carolina. Of the fraudulent claims submitted, 152 claims were paid, resulting in an actual loss of approximately \$1.9 million to the UI program.

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

Former California Employment Development Department Employee Pled Guilty in Unemployment Insurance Fraud Scheme

On November 5, 2024, Regina Brice, a former program representative for the California EDD, pled guilty to mail fraud charges for her role in an UI fraud scheme.

From July 2020 to May 2021, Brice used her insider access at the California EDD to manipulate and file fraudulent UI claims on behalf of her co-conspirators. As a result, she caused a financial institution to mail California EDD debit cards loaded with UI benefits to her co-conspirators, who then withdrew the stolen proceeds. In furtherance of the scheme, Brice instructed her co-conspirators as to how they could slowly withdraw the proceeds, so it would not trigger a flag in the UI system or otherwise lock the account. She then charged her co-conspirators thousands of dollars to assist in filing the false UI applications.

Through their scheme, Brice and her co-conspirators caused a loss of more than \$800,000.

This is a joint investigation with the California EDD, the DHS-OIG, the USPIS, and the California Department of Corrections and Rehabilitation. *United States v. Regina Brice* (S.D. California)

Wisconsin Fraudster Sentenced in Unemployment Insurance Fraud Scheme

On November 12, 2024, Marcus Malbro was sentenced to 33 months in prison and ordered to pay more than \$594,000 in restitution for his involvement in a conspiracy to defraud pandemic-related UI programs in multiple states.

Malbro was a member of the “Wild 100s,” a street gang based in Milwaukee, Wisconsin. The gang members regularly engaged in various criminal activities, including: violent crime; illegal firearms possession; drug distribution; conspiracy; and fraud.

Between approximately August 2020 and February 2022, Malbro and other co-conspirators paid a fee to use the PII of third parties, as well as the PII of identity theft victims, to file fraudulent UI claims in various states. As a result, several states provided debit cards loaded with fraudulently obtained UI funds to the defendants. They then made cash withdrawals from ATMs to purchase, among other things, firearms, controlled substances, jewelry, clothing, vacations, and to solicit murder for hire.

This is a joint investigation with the FBI and the Bureau of Alcohol, Tobacco, Firearms, and Explosives. *United States v. Ronnell Bowman et al.* (E.D. Wisconsin)