



Office of Inspector General for the U.S. Department of Labor

# OIG Investigations Newsletter

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## **Two Members of “Robles Park” Criminal Enterprise Sentenced for Roles in Racketeering Conspiracy that Included Pandemic-Related Unemployment Insurance Fraud**

On June 6, 2023, Keaujay Hornsby, aka “Plug”, was sentenced to 201 months in prison in connection with his May 2022 guilty plea to numerous charges, including racketeering conspiracy in furtherance of a criminal enterprise known as “Robles Park”; assault with a dangerous weapon in aid of racketeering; and aggravated identity theft. On the same date, Kareem Spann, aka “Reem”, was sentenced to 130 months in prison in connection with his February 21, 2023 guilty plea to numerous charges, including racketeering conspiracy in furtherance of Robles Park, assault with a dangerous weapon in aid of racketeering, and conspiracy to commit fraud.

Robles Park is a criminal organization whose members and associates engaged in acts involving murder, assault, intimidation, narcotics trafficking, access device fraud, identity theft, obstruction of justice, and other crimes. In addition to committing violent and drug crimes, Hornsby and Spann obtained the personal identifiable information (PII) of others to submit fraudulent applications for UI benefits. More than \$420,000 in UI benefits were paid to Robles Park members in the form of bank debit cards issued in the names of identity theft victims who did not provide their PII, or permission to use their PII, to Robles Park members.

This is a joint investigation with the FBI and Tampa Police Department. *United States v. Keaujay Hornsby* (M.D. Florida), *United States v. Kareem Spann* (M.D. Florida)

## **Georgia Man Sentenced to 7 Years in Prison for Role in Money Laundering Proceeds Derived from the Submission of Fraudulent Unemployment Claims in Multiple States**

On June 14, 2023, Oluwagbemiga Otufale was sentenced to 84 months in prison after pleading guilty for his role in a money laundering conspiracy. He was also ordered to pay almost \$500,000 in restitution

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.

to various state workforce agencies that administer unemployment insurance (UI) claims.

Otufale laundered money obtained from the submission of fraudulent UI claims filed in multiple states by other individuals using stolen PII of more than 50 identity theft victims. He also laundered proceeds from a business email compromise scheme targeting two Georgia companies.

Otufale created multiple aliases and sham business entities to open financial accounts in which he deposited fraudulent proceeds and withdrew cash. In total, he laundered approximately \$2.6 million in fraud proceeds through at least six bank accounts.

This is a joint investigation with the FBI, U.S. Postal Inspection Service (USPIS), and Homeland Security Investigations (HSI). *United States v. Oluwagbemiga Otufale* (N.D. Georgia)

### **Virginia Man Sentenced to 7 Years in Prison for Role in Pandemic–Related Unemployment Insurance Fraud, Mail Theft, and Bank Fraud Schemes**

On June 14, 2023, Eric Wilhoit II was sentenced to 84 months in prison for conspiring to fraudulently obtain pandemic UI benefits and for his role in his sister’s mail theft and bank fraud scheme. He was also ordered to pay more than \$1.7 million in restitution to the Virginia Employment Commission jointly with his co-conspirators.

From May 2020 through January 2022, Wilhoit conspired with family members and others to fraudulently obtain more than \$1.7 million in pandemic-related UI benefits by applying for benefits in the names of identity theft victims and others who were ineligible to receive such benefits. He instructed his co-conspirators on how to make the fraudulent UI claims. The group then used virtual private networks and false or anonymized email addresses in an attempt to hide the fraud. Each member of the conspiracy recruited others to use their physical addresses to receive prepaid debit cards that contained UI benefits. Wilhoit and his co-conspirators then used the debit cards to make significant cash withdrawals. The UI benefits were used to purchase luxury goods and at least one firearm. Specifically, Wilhoit and his sister purchased a diamond ring, a high-end purse and shoes, and many other items.

Additionally, Wilhoit was involved in a separate mail and bank fraud scheme led by his sister and another co-conspirator. The co-conspirator stole checks from U.S. Postal Service (USPS) collection boxes and provided the checks or personal information from the checks to Wilhoit’s sister, who then used the information to create counterfeit checks or for use in furtherance of other fraudulent activity. Wilhoit recruited individuals to provide their bank accounts for the fraudulent checks to be deposited into.

This is a joint investigation with the FBI. *United States v. Wilhoit et al.* (E.D. Virginia)

## Convicted Murderer Who Ran \$1.5 Million COVID Unemployment Insurance Fraud from Behind Bars Sentenced to 7 Years in Federal Prison

On July 10, 2023, Natalie Le Demola, who is currently serving a life sentence in state prison for murder, was sentenced to 84 months in federal prison, to be served consecutively, and ordered to pay more than \$933,000 in restitution for leading a pandemic-related relief scheme from behind bars, involving more than \$1.5 million in California UI benefits.

From June 2020 until April 2021, Demola and her co-conspirators acquired the PII of individuals ineligible for UI benefits as they were either employed, retired, or incarcerated. They then used the PII to file fraudulent online applications for UI benefits with the California Employment Development Department (EDD). Demola also obtained the PII of identity theft victims and filed fraudulent UI applications in their names. Once the fraudulent applications were approved by EDD, members of the conspiracy received EDD-funded debit cards that allowed them to withdraw money from ATMs across Southern California.

This is a joint investigation with the El Camino Real Financial Crimes Task Force, a multi-agency task force led by HSI that includes federal and state investigators who are focused on financial crimes in Southern California. *United States v. Natalie Le Demola et al.* (C.D. California)

## Maryland Man Sentenced to 7 Years in Prison for Conspiracy to Obtain More Than \$1 Million in COVID-19 Unemployment Insurance Benefits and Other Pandemic Relief Loans



During the execution of a UI fraud search warrant, OIG agents recovered a ballistic vest, UI debit cards, and deadly weapons, including three ghost guns, which are privately made, non-serialized firearms that are untraceable”

On June 26, 2023, Jerry Phillips was sentenced to 84 months in prison for his role in a federal wire fraud conspiracy, aggravated identity theft, and illegal possession of a machine gun. Phillips and his co-conspirators fraudulently obtained more than \$1 million in COVID-19 Coronavirus Aid, Relief, and Economic Security (CARES) Act benefits, including UI benefits and loans related to the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) program. Phillips was also ordered to pay restitution totaling more than \$1.2 million. Additionally, his brother, Jaleel Phillips, who previously pled guilty for his role in the wire fraud conspiracy, was sentenced on June 22, 2023, to 30 months in federal prison and was ordered to pay restitution in the amount of approximately \$1.1 million.

From March 2020 to February 2022, the Phillips brothers conspired with a least one other person to fraudulently obtain COVID-19 related benefits through falsified PPP loan applications, EIDL loan applications, and UI claims. Jerry Phillips and his co-conspirators created aliases, used the PII of identity theft victims, and used defunct corporate entities or new business entities with no actual business operations

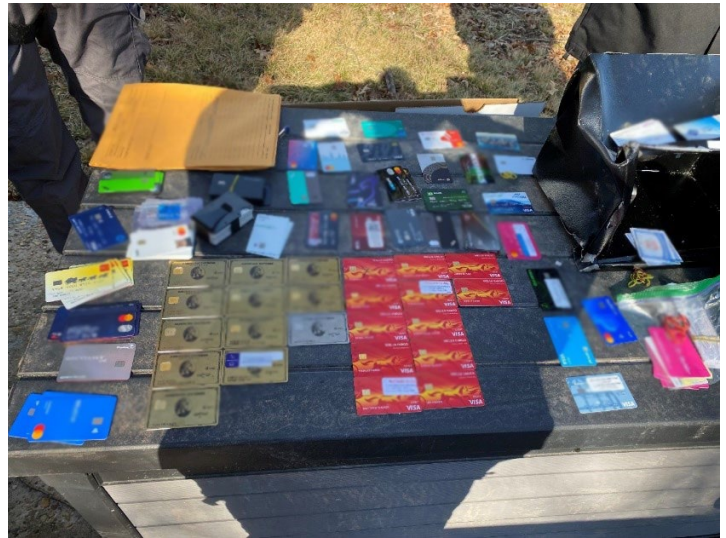
Report allegations of fraud, waste, and abuse concerning DOL programs and operations to the  
OIG hotline via 800-347-3756 or [www.oig.dol.gov](http://www.oig.dol.gov).



to fraudulently apply for UI benefits and various PPP and EIDL loans. Among other purchases, Jerry Phillips used more than \$65,000 of the fraudulently obtained funds to purchase a 2020 Chevrolet Camaro.

A search of Jerry Phillips' residence recovered more than 25 fake driver's licenses from multiple states and multiple identification documents from different jurisdictions with the same alias. Law enforcement also recovered four "ghost guns," which Jerry Phillips purchased online using an alias. A ghost gun is a personally made firearm that was purchased in individual parts and assembled after purchase. Jerry Phillips illegally modified one of the ghost guns into a machine gun capable of firing multiple rounds with one pull of the trigger.

This is a joint investigation with the Internal Revenue Service–Criminal Investigation (IRS-CI), Federal Deposit Insurance Corporation–OIG, and the U.S. Small Business Administration–OIG. *United States v. Jerry Phillips* (D. Maryland)



Various access device cards and fraudulent identity documents seized from a safe during the execution of a residential search warrant. The cards and IDs were in the names of false identities created for the purpose of filing for COVID-19 benefits.

### **California Woman Sentenced to 2½ Years in Prison for Using Inmates' Information to Illegally Obtain More Than \$500,000 in Pandemic-Related Unemployment Insurance Benefits**

On June 26, 2023, Cynthia Ann Hernandez, aka. "Cynthia Roberts," was sentenced to 30 months in prison and ordered to pay more than \$515,000 in restitution for her role in a pandemic-related UI fraud scheme.

During the summer of 2020, Hernandez filed fraudulent applications for UI benefits with the California EDD in the names of persons incarcerated in the California state prison system who were ineligible to receive UI benefits. She falsely stated on the UI benefit applications that the named claimants were individuals whose employment had been negatively affected by the COVID-19 pandemic and were eligible for Pandemic Unemployment Assistance under the CARES Act. The applications also falsely stated that the named claimants resided and worked in Los Angeles and Orange counties, when in reality they were incarcerated. Based on the fraudulent applications, EDD authorized a financial institution to issue debit cards in the claimants' names that were mailed to Hernandez' home address.

In furtherance of the scheme, Hernandez utilized the debit cards containing UI funds to conduct financial transactions, including cash withdrawals at various ATMs. In total, she caused at least 29 fraudulent applications to be filed with EDD, resulting in losses to the state of more than \$500,000 in pandemic-related UI benefits.

Report allegations of fraud, waste, and abuse concerning DOL programs and operations to the  
OIG hotline via 800-347-3756 or [www.oig.dol.gov](http://www.oig.dol.gov).

This is a joint investigation with the EDD Investigation Division, HSI, USPIA, U.S. Department of Homeland Security (DHS)-OIG, California Department of Corrections and Rehabilitation, and U.S. Customs and Border Protection-Special Response Team. *United States v. Cynthia Ann Hernandez aka “Cynthia Roberts”* (C.D. California)

## **Two Michigan Women Pled Guilty for Their Role in Pandemic Unemployment Insurance Fraud Scheme**

Evelyn Vanderbilt and Francisca Juarez pled guilty to conspiracy to commit wire fraud on June 21, 2023 and July 7, 2023, respectively, for their role in a scheme to defraud the State of Michigan of pandemic-related UI funds. Along with other co-conspirators, Vanderbilt and Juarez filed, or assisted others in filing, claims for individuals who were ineligible for the benefits.

As part of the scheme, Vanderbilt would notify Juarez of fraudulent UI claims that needed assistance in being approved for payment and to ensure the necessary documentation was submitted. Juarez’ mother, a UI Examiner for the State of Michigan, facilitated the scheme by abusing her access to UI claim processing systems to clear claims that the system flagged as potentially fraudulent, ensuring the claims were paid. Shortly after the fraudulent claims were processed, Vanderbilt and a co-conspirator would personally receive the proceeds and distribute them to Juarez and other conspirators in the form of cash or electronic payment services.

This scheme to defraud resulted in a theft of approximately \$1 million in pandemic-related UI benefits from the State of Michigan Unemployment Insurance Agency (MUIA).

This is a joint investigation with the DHS-OIG and MUIA. *United States v. Evelyn De-Maya Vanderbilt, f/k/a Kwamaine Dejaun Trice* (W.D. Michigan)

## **Michigan Man Pled Guilty in Pandemic Unemployment Insurance Fraud Scheme**

On July 11, 2023, William Haynes pled guilty to conspiracy to commit wire fraud for his role in a pandemic-related UI fraud scheme.

Haynes conspired with a claims examiner from the MUIA to fraudulently obtain pandemic-related UI benefits. In furtherance of the fraud scheme, Haynes accessed UI claims without authorization, altered direct deposit information, and completed false and fraudulent certifications for UI benefits in the names of identity theft victims. Haynes also opened unauthorized bank accounts using the PII of the identity theft victims that both he and a co-conspirator had access to, conducted cash withdrawals and other financial transactions using the UI funds, and received non-cash benefits for his involvement in the conspiracy.

As a direct result of this scheme, the State of Michigan paid out more than \$550,000 in fraudulent benefits, of which more than \$448,000 is attributable to Haynes.

This is a joint investigation with the FBI and MUIA. *United States v. William Haynes* (E.D. Michigan)

## Construction Executives Sentenced for Embezzling from Union Benefit Funds

On June 30, 2023, Donal O'Sullivan was sentenced to 6 months in prison and Helen O'Sullivan was sentenced to 2 years of probation and ordered to pay a \$5,000 fine. Both Helen and Donal O'Sullivan were also ordered to complete 100 hours of community service. On July 13, 2023, co-defendant Padraig Naughton was sentenced to 6 months in prison.

The O'Sullivans and Naughton were executives for Navilus Tile, one of New York City's largest construction firms. Navilus was a signatory to multiple collective bargaining agreements that required the company to make contributions into union-affiliated benefit funds for all covered work performed by its workers at construction sites. Between 2011 and 2017, the O'Sullivans and Naughton engaged in a scheme to avoid making these required contributions by placing some Navilus workers on the payroll of another company, which then issued paychecks to the Navilus workers. The defendants then caused fraudulent invoices to be issued from the second company to Navilus. This was done in order to conceal the fact that the funds Navilus issued to the company were made to reimburse the payments of wages to Navilus workers.

In October 2021, after a 3-week trial, Donal O'Sullivan, Helen O'Sullivan, and Naughton were found guilty on all 11 charged counts, including wire fraud, mail fraud, theft from an employee benefit plan, and conspiracy.

This is a joint investigation with the FBI; DOL–Employee Benefits Security Administration (EBSA); Port Authority of New York and New Jersey–OIG; and HSI. *United States v. Donal O'Sullivan, Helen O'Sullivan, and Padraig Naughton* (E.D. New York)

## Former Union President Admits Filing False Report to Hide Embezzlement

On June 15, 2023, Felix Luciano, the former president of American Federation of Government Employees (AFGE) Local 2805, who is also a former DHS officer, pled guilty to false statements, admitting to filing a false report to conceal his embezzlement of thousands of dollars in union dues.

From January of 2016 to December of 2018, Luciano used some of AFGE Local 2805's funds for a variety of personal expenses, including shopping, travel reimbursements, groceries, dining, and dry cleaning. He did this by writing checks from the AFGE Local 2805's checking account and using AFGE Local 2805's debit and credit cards to directly pay for personal expenses. As a result of his actions, he caused a loss of approximately \$36,000 to the union.

By underreporting the amount of money that he received from AFGE Local 2805 on the 2018 annual Form LM-3 financial report, Luciano attempted to conceal his embezzlement from the DOL, his fellow union officers, as well as the union membership whose dues were the source of the embezzled funds.

This is a joint investigation with the DOL–Office of Labor Management Standards, DHS-OIG, and USPIA. *United States v. Felix Luciano* (S.D. California)

## Oklahoma Man Pled Guilty to Paying Health Care Kickbacks

On June 27, 2023, Christopher R. Parks pled guilty to one count of conspiracy to offer and pay health care kickbacks in a scheme involving the referral of compounding prescriptions to compounding pharmacies in Oklahoma of which he was an owner and operator.

Parks was a joint owner and operator of OK Compounding, LLC, and One Stop RX, LLC, both located in Oklahoma. From November 2012 through June 2019, he paid physicians' remuneration or kickbacks to refer their patients' compounding prescriptions to OK Compounding, LLC and One Stop RX, LLC. He was aware that some of the compounding prescriptions were paid by federal health care programs, including the Federal Employees Compensation Act (FECA) program. Specifically, the FECA program was billed more than \$1.18 million in claims involving compounded medication creams, of which more than \$550,000 was paid out. In furtherance of the scheme, Parks paid the prescribing physicians through bank accounts he controlled and attempted to disguise the kickback payments by entering into agreements with physicians for purported medical studies.

This is a joint investigation with the FBI, Defense Criminal Investigative Service (DCIS), IRS-CI, USPS–OIG, U.S. Department of Veterans Affairs–OIG, and the U.S. Department of Health and Human Services–OIG. *United States v. Christopher R. Parks* (N.D. Oklahoma)

## Florida Woman Convicted of Conspiracy to Commit Theft of Government Funds

On July 7, 2023, Sirce Rodriguez pled guilty for her involvement in a conspiracy to commit theft of government funds by diverting federal funds for her personal benefit and the benefit of her co-conspirators. The funds were diverted from Transition, Inc., a not-for-profit organization that received Workforce Innovation and Opportunity Act (WIOA) funds which are administered by the DOL and Improved Reentry Project Grant funds which are administered by the U.S. Department of Education. The WIOA funds were supposed to be used for job training and placement services.

Rodriguez conspired with a former employee of Transition, Inc., and others, to divert WIOA funds to her personal account and the personal and corporate accounts of co-conspirators. To steal the funds, a co-conspirator created fraudulent employee files and wage records showing that individuals were employed at specific companies when they were not. Rodriguez provided the PII of others in order to create the employee files. She also referred others to a co-conspirator to receive wages for work they did not perform. The information of these individuals was inputted into a web-based program run by Transition's payroll processor, which then paid wages to the purported employees, with the money often being deposited into bank accounts controlled by Rodriguez and her co-conspirator.

This is a joint investigation with the Miami-Dade County–OIG. *United States v. Salado Garcia et al.* (S.D. Florida)

## Former Acting Executive Director of Jersey City Employment and Training Program Pled Guilty to Embezzlement and Fraud

On June 21, 2023, Sudhan Thomas, the former president of the Jersey City Board of Education (JCBOE) and former acting executive director of the Jersey City Employment and Training Program (JCETP), pled guilty to two counts of an indictment charging him with embezzling funds from JCETP and wire fraud for embezzling money from his 2016 JCBOE campaign.

Thomas served as JCETP's acting executive director from January 2019 until his resignation in July 2019. JCETP was a nonprofit organization that assisted Jersey City residents to prepare for and enter the workforce. JCETP received substantial amounts of funding in the form of federal grants from the DOL and the U.S. Department of Housing and Urban Development. Using his access to JCETP funds and control of JCETP's bank accounts, he embezzled more than \$45,000 from JCETP from March 2019 through July 2019. Thomas caused checks to be drawn from JCETP accounts that were made payable to others, but ultimately he received or used the funds to pay his debts and expenses. He embezzled JCETP funds by issuing JCETP checks that he either cashed or which were made payable to an entity of which Thomas was a director, that were deposited into a bank account for his personal use.

Additionally, Thomas was elected in 2016 to a seat on the JCBOE, ultimately serving as vice president and then president. In his capacity on the JCBOE, he collected campaign contributions and caused them to be deposited into a bank account opened for his 2016 campaign that he controlled. Under the guise of collecting repayments for loans to the campaign or reimbursement for other purported campaign-related expenses, Thomas embezzled more than \$8,000 from his 2016 campaign for his own personal use.

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