



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 Sentenced for Role in \$3.8 Million Pandemic Unemployment Insurance Fraud Scheme**

On October 28, 2021, Brandi Hawkins was sentenced for her role in a multi-million dollar unemployment insurance (UI) fraud scheme aimed at defrauding the State of Michigan and the U.S. government of funds earmarked for unemployment assistance during the COVID-19 pandemic. Hawkins was sentenced to 58 months in prison and ordered to pay restitution of almost \$3.8 million.

Hawkins was a State of Michigan Unemployment Insurance Agency contract employee hired as a UI examiner. Hawkins's duties included reviewing, processing, and verifying the legitimacy of UI claims. In spring 2020, Hawkins worked with outside actors who entered numerous false claims into the State of Michigan's Unemployment Insurance Agency system, many of which were filed using stolen identities. Once the claims were filed, the outside actors signaled Hawkins, who then released payment on the claims in exchange for bribes. Hawkins used her insider access to fraudulently release payment on more than 700 claims, resulting in the fraudulent disbursement of more than \$3.7 million of federal and state funds intended for unemployment assistance during the pandemic. If every fraudulent claim released by Hawkins had been disbursed in full, the resulting loss of federal and state funds would have exceeded \$12 million.

This is a joint investigation with the FBI, the IRS Criminal Investigations Division (IRS–CI), U.S. Secret Service, and the U.S. Postal Inspection Service (USPIS). *United States v. Brandi Hawkins* (E.D. Michigan)

## **Michigan Resident Pleads Guilty to Identity Theft and Wire Fraud for Fraudulently Receiving More Than \$1.6 Million in UI Benefits**

On November 10, 2021, Jordan Armstrong pleaded guilty to identity theft and wire fraud for his role in a scheme to defraud numerous states out of more than \$1.6 million in UI benefits.

Between approximately May 2020 and October 2020, Armstrong filed for pandemic-related UI benefits using personal identifying information

(PII) fraudulently obtained from victims. In total, Armstrong filed or attempted to file over 300 claims for unemployment benefits in 17 states and received more than \$1.6 million in fraudulent UI benefits.

This is a joint investigation with the FBI and multiple state workforce agencies. *United States v. Jordan Armstrong* (E.D. Michigan)

### **Melrose Man Sentenced to 87 Months in Prison for UI Scam**

On October 13, 2021, Alan Scott was sentenced to 87 months in prison and more than \$340,000 in restitution to the Massachusetts Department of Unemployment Assistance (DUA).

Over the course of 6 years, Scott submitted numerous fraudulent UI claims with the Massachusetts 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 Pandemic Unemployment Assistance claims in the names of others.

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

### **Las Vegas Man Sentenced to Prison for Filing Fraudulent UI Claims Totaling More Than \$250,000**

On October 27, 2021, Antwine Hunter was sentenced to 49 months in federal prison for filing two dozen fraudulent UI claims, which were approved for more than \$250,000 in unemployment benefits from the Nevada Department of Employment, Training, and Rehabilitation (DETR) and California Employment Development Department (EDD).

From June to September 2020, Hunter and co-conspirators used PII belonging to victims to submit 24 false unemployment claims to DETR and EDD. As part of the scheme, Hunter had DETR and EDD mail debit cards containing unemployment benefits to addresses he had access to. In total, more than \$250,000 in unemployment benefits was approved, and at least \$189,000 was withdrawn by Hunter.

*U.S. v. Antwine Hunter*. (D. Nevada)

### **Former Postal Employee Sentenced to Home Detention for Using Fraudulently Obtained Unemployment Insurance Debit Cards to Illegally Purchase Thousands of Dollars in Postal Money Orders**

On October 7, 2021, former United States Postal Service (USPS) Sales, Services, and Distribution Associate (SSDA) Christian Jeremyah James was sentenced to 12 months home detention and ordered to pay more than \$142,000 in criminal restitution for his role in a UI fraud scheme.

James was involved in a UI fraud scheme that entailed fraudulently obtaining EDD UI debit cards issued in the names of identity theft victims. James utilized the EDD-issued debit cards both to purchase USPS money orders and to withdraw funds in cash from bank ATMs. James then deposited the fraudulently

purchased USPS money orders directly into his own bank account. Additionally, James used his position as a USPS SSDA to circumvent established USPS procedures pertaining to money orders, thereby concealing the fact that he was the purchaser of the money orders.

This is a joint investigation with IRS–CI, and USPS–OIG. *U.S. v. Christian James* (C.D. California)

### **Northern California Man Sentenced to 15 Months in Prison and Ordered to Forfeit More Than \$533,000 in Visa Fraud Scheme**

On November 22, 2021, Kishore Kavuru was sentenced to 15 months of prison and ordered to forfeit more than \$533,000 for his role in orchestrating a work visa fraud scheme.

Kavuru, the owner and chief executive officer of four IT consulting companies, which specialized in obtaining H-1B visas for foreign skilled workers, engaged in a scheme from 2009 through at least 2017 to obtain H-1B visas from government agencies by submitting H-1B applications that contained false and fraudulent statements. Kavuru admitted to submitting more than one hundred applications that falsely described available H-1B positions and falsely stated that the H-1B workers were to be placed at specific companies. Kavuru admitted he knew at the time he submitted the applications that the companies did not have the named jobs and that he did not intend to place the workers at those companies. None of those foreign skilled workers were ever placed at those companies.

Kavuru further admitted that he required the H-1B foreign skilled workers to pay him thousands of dollars in cash for the cost of preparing and submitting their H-1B visa petitions, which is a violation of DOL regulations. He also admitted to requiring his H-1B visa recipients to go unpaid for months while he looked for legitimate H-1B positions for them, violating DOL regulations by failing to pay H-1B workers while they were “benched” in this manner.

This is a joint investigation with HSI. *U.S. v. Kishore Kavuru* (N.D. California)

### **New Jersey Employer Sentenced to Five Years’ Probation and Ordered to Pay Restitution to the Estate of Deceased Employee**

On October 7, 2021, Trustworthy LLC, through its representative, president and owner, Derico Ferreira, was sentenced to 5 years’ probation and ordered to pay restitution of more than \$300,000 to the estate of a deceased employee who died while working for Trustworthy LLC.

In October 2016, Ferreira and four employees began installing of a new roof on a two-story residential home located in New Jersey. Trustworthy LLC, who was previously cited by the Occupational Safety and Health Administration (OSHA) for failing to provide fall protection to its employees, once again failed to provide fall protection to employees, which caused the death of an employee who fell off the roof during the installation of an ice and water shield.

This is a joint investigation with OSHA and Office of the Solicitor. *United States v. Trustworthy LLC* (D. New Jersey)

## **Union Attorney Found Guilty of Obstruction of Proceedings**

On November 4, 2021, following a four day bench trial, Charles Johnston, former attorney for the Plumbers and Pipefitters Labor Union Plans, was convicted of obstruction of proceedings before departments, agencies, and committees related to his role in obstructing a DOL investigation.

Johnston was the legal counsel to the Plumbers and Pipefitters Local 520 Health and Welfare, Pension, and Annuity Plans when, in 2014, DOL served a subpoena for records on the union's pension plan in connection with an investigation it was conducting into the pension plan's financial activities. Johnston contacted the DOL investigator assigned to the investigation and informed them that as the attorney for the pension plan, he would be producing the records. Johnston concealed and withheld from DOL emails and documents related to an internal audit of the union's pension plan. The audit findings, which Johnston received, reported miscalculations of both pension and health and welfare benefits. When asked by DOL whether he had produced all the requested documents, Johnston lied and stated he had done so.

This is a joint investigation with the Employee Benefits Security Administration (EBSA) and the FBI. *United States v. Charles Johnston* (M.D. Pennsylvania)

## **IBEW Local 98 Business Manager and Philadelphia City Councilmember Found Guilty of Public Corruption**

On November 15, 2021, John Dougherty, business manager of Local 98 of the International Brotherhood of Electrical Workers (IBEW Local 98), and Robert Henon, City of Philadelphia councilmember, were convicted at trial of multiple crimes involving public corruption including conspiracy to commit honest services fraud, and Henon was convicted of bribery.

Evidence presented during the trial demonstrated that Henon received a salary from IBEW Local 98 and other things of value from Dougherty and, in exchange, Henon used his position as a member of the City of Philadelphia's City Council to serve Dougherty's interests, thereby defrauding the City of Philadelphia and its citizens of the right to Henon's honest services as a member of the City Council.

This is a joint investigation with the IRS–CI, FBI, the Office of Labor- Management Standards (OLMS), and EBSA. *United States v. John Dougherty et al.* (E.D. Pennsylvania)

## **Former International Labor Union Official Sentenced to 24 Months in Prison for Health Care Fraud and Union Embezzlement**

On October 14, 2021, Roderick Bennett, the former chief of staff for the Laborers' International Union of North America (LIUNA), headquartered in Washington, DC, was sentenced to 24 months in federal prison and ordered to pay more than \$155,000 in restitution to LIUNA.

In July 2021, a jury found Bennett guilty of health care fraud for fraudulently placing his girlfriend on the union health care plan designed for LIUNA headquarters employees when he knew she was ineligible to participate in the plan. Bennett previously pleaded guilty to three counts of theft or embezzlement from a labor organization in November 2018 stemming from unauthorized personal purchases that he made using his LIUNA-issued credit card, which exceeded \$150,000.

This was a joint investigation with OLMS and EBSA. *United States v. Roderick Bennett* (D. District of Columbia)

### **Middlefield Man Pleads Guilty to Defrauding State Jobs Programs**

On November 15, 2021, David Kania pleaded guilty to offenses stemming from his fraud against several state-run wage subsidy and job training programs.

Kania was the owner and operator of three small businesses, principally in the dietary supplement and beverage industry. Between 2013 and 2018, through his companies, Kania applied for and received state subsidies for employing unemployed jobseekers, including veterans, and for providing training to employees. A portion of these state subsidies were funded through the DOL Ready-to-Work Partnership initiative, which was formed to expedite the employment of Americans struggling with long-term unemployment. In order to receive funds, Kania submitted false documents to the Connecticut Department of Labor and the state Workforce Investment Board, which administer wage subsidy programs, showing that he had hired certain workers and that they worked for his businesses for a certain period of time, when he knew that to be false. Kania also submitted false invoices to the Manufacturing Innovation Fund (“MIF”) Program for training that was never provided. Through this scheme, Kania caused more than \$940,000 in loss to the wage subsidy programs and \$115,000 in loss to the MIF Program.

Kania also underreported his total income on his 2014 through 2018 federal tax returns by failing to account for almost \$300,000 in business funds that he used for personal expenses.

This is a joint investigation with the IRS–CI. *United States v. David Kania* (D. Connecticut)

### **Vermont Woman Pleads Guilty to Nonprofit Embezzlement**

On November 10, 2021, Louise Larivee, the former Abenaki Self-Help Association (ASHAI) grant director, pleaded guilty in United States District Court to a federal fraud charge. The guilty plea came on the third day of a jury trial.

ASHAI functioned as the service arm of the Abenaki Nation, promoting economic and social development through programmatic efforts in education, employment, and economic development. Each year, ASHAI received tens of thousands of dollars in grant money from the U.S. Department of Labor.

Between 2013 and 2017, Larivee and a co-conspirator embezzled more than \$100,000 from ASHAI. At Larivee’s request, a co-conspirator issued checks and provided cash to Larivee that significantly exceeded Larivee’s authorized compensation. Larivee also received travel reimbursement checks based on fraudulently inflated mileage claims. The co-conspirator covered up this fraud by sending tax forms to the IRS that concealed the true amount of ASHAI funds that were being paid to Larivee.

*United States v. Louise Larivee* (D. Vermont)