



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.

Former Texas School District Executive Sentenced to Prison for Visa Fraud Conspiracy

On October 23, 2017, Victor Leos, former executive director of human resources for the Garland Independent School District (GISD), was sentenced to 24 months in prison and ordered to pay more than \$315,000 in restitution for his leading role in an employment-based visa fraud conspiracy.

Leos was responsible for recruiting teachers from Mexico, Central and South America, and the Philippines to fill open teaching positions at GISD. From around 2007, to around 2012, Leos engaged in a criminal conspiracy with outside recruiters to recruit and hire foreign teachers that GISD did not necessarily need. Leos benefited by receiving kickbacks in the form of inflated fees to teach orientation classes, as well as travel and other forms of remuneration. After the foreign teachers were employed at GISD on H-1B temporary visas, Leos knew they were unlikely to qualify for legal permanent residence in the United States based on their H-1B employment. To further the conspiracy, Leos knowingly signed and filed 38 falsified Forms 9089 (Applications for Permanent Employment Certification) with DOL to sponsor the teachers for employment-based permanent resident applications.

This was a joint investigation with U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI), the FBI, and the U.S. Department of Education–OIG. *United States v. Victor Leos* (N.D. Texas)

New Jersey Business Owner Sentenced for Stealing \$2.8 Million from Veterans Program

On October 23, 2017, Elizabeth Honig, owner of Eatontown-based Computer Insight Learning Center, was sentenced to 24 months in prison and ordered to forfeit and pay restitution of more than \$1.27 million and \$2.8 million, respectively. Honig previously pled guilty to stealing \$2.8 million from the Veterans Retraining Assistance Program (VRAP).

The now-defunct VRAP, administered jointly by DOL and the Department of Veterans Affairs, was designed to provide job training benefits for unemployed veterans between the ages of 35 and 60. Between April 2013, and March 2014, Honig applied for VRAP benefits on behalf of 182 veterans, a majority of whom were not eligible to receive benefits. Honig admitted to logging on to the VRAP applications system more than 100 times and fraudulently certifying that she was the actual veteran who was applying for benefits. She then allowed enrollees to attend fewer than the required hours of training, to stop attending prior to program completion, or, in many cases, to never attend at all. Honig did not report the nonattendance to the government, as required by law, as long as the veterans continued to pay her a monthly fee. Honig's monthly fee of approximately \$750 resulted in overpayments by veterans far in excess of the VRAP-approved tuition cost.

This was a joint investigation with the Department of Veterans Affairs–OIG. *United States v. Elizabeth Honig* (D. New Jersey)

Former Florida Farm Labor Contractor Sentenced to Prison, Subject to Deportation, for H-2A Visa Fraud

On October 17, 2017, Emmanuely Germain, a former farm labor contractor, was sentenced to 18 months in prison for conspiring to defraud DOL's H-2A visa program. The court also ordered that Germain surrender to the U.S. Department of Homeland Security at the conclusion of his prison sentence to face removal proceedings from the United States.



Emmanuely Germain's residence and business location, North Miami Beach, Florida

Through his company, International Easy Labor, Inc., Germain filed numerous H-2A applications and petitions with DOL and the Department of Homeland Security, respectively, requesting H-2A workers on behalf of a South Georgia farmer. In each case, however, Germain requested a number of H-2A visas that far exceeded the number of workers needed by the farmer. Germain then collected thousands of dollars in illegal "recruitment fees" from foreign nationals who sought to enter and work in the United States. Even after their business relationship had ended, Germain continued to use the farm operator's

business to petition for H-2A visas without the farmer's knowledge, including one instance in 2015 when Germain applied for 120 H-2A visas.

This was a joint investigation with the U.S. Department of State – Diplomatic Security Service (DSS) and ICE–HSI. *United States v. Emmanuely Germain* (S.D. Florida)

Florida Man Pleads Guilty to Defrauding H-2A Visa Program

On November 15, 2017, Alfonso Marquez, the president of USA Specialty Services Corporation, pled guilty to defrauding DOL's H-2A nonimmigrant visa program by fraudulently seeking 300 H-2A nonimmigrant visas from the U.S. Departments of Labor and Homeland Security.



USA Specialty Services Corporation, Hollywood, Florida

In December 2016, Marquez submitted an H-2A visa application requesting to bring 300 unnamed H-2A nonimmigrant workers from Mexico and Guatemala into the United States, purportedly to harvest tomatoes, squash, cucumbers, and peppers. Marquez filed the application on behalf of Gargiulo, Inc., a Naples, Florida, farm business with which Marquez purported to have a labor contract. In fact, however, Marquez never had a contract with Gargiulo Inc., and applied for the H-2A visas without the knowledge or consent of Gargiulo, Inc.

This is a joint investigation with DSS. *United States v. Alfonso Marquez* (S.D. Florida)

Tennessee Woman Pleads Guilty for Role in Large-Scale Health Care Fraud Scheme

On November 9, 2017, Angela Posey pled guilty to concealing a felony of money laundering, for her role in a nationwide health care scheme that defrauded more than 17,000 victims of more than \$28 million.

Posey and her co-conspirators set up numerous entities to market and sell unauthorized health insurance plans that intentionally evaded state and federal regulatory requirements. One such entity was Smart Data Solution, LLC (SDS), a Springfield, Tennessee–based company, where Posey served as a partner/secretary. Posey and her co-defendants used numerous entities like SDS to market and sell sham health care plans to individuals across the United States, ultimately collecting more than \$28 million in premiums. In furtherance of the scheme, Posey and co-conspirators circumvented state regulations by falsely claiming that SDS and related entities were labor organizations under the jurisdiction of DOL, thus exempting them from state regulatory authority. The specific charge to which Posey pled guilty involved a particular instance where she stole more than \$12,000 in premiums paid by victim insurance enrollees, which was then put toward the purchase a Harley–Davidson motorcycle.

This is a joint investigation with the Employee Benefits Security Administration (EBSA), the FBI, the U.S. Postal Inspection Service (USPIS), the U.S. Secret Service, and IRS Criminal Investigation (CI). *United States v. Posey et al.* (M.D. Tennessee)

California Business Owner Pleads Guilty to Defrauding Union Health Plan

On October 18, 2017, Erica Carey, former owner of Long Beach Medi-Spa, pled guilty to her role in a scheme to defraud the International Longshore & Warehouse Union–Pacific Maritime Association Health and Welfare Plan.

Carey allowed co-conspirators Berry Kabov and Dalibor Kabov, who owned and operated Global Compounding Pharmacy, to use Long Beach Medi-Spa as office space to, purportedly, provide prescriptions for compounded skin creams to plan members visiting the location as patients. In fact, and as Carey would become aware during the course of the scheme, the Kabovs submitted billings to the plan in the names of plan members who did not know of or otherwise authorize the prescriptions, and who often did not receive the prescribed creams. In addition to allowing the use of her office space, Carey further facilitated the scheme by providing blank prescription forms to the Kabovs to use in generating prescriptions that would be billed to the plan. In return for her assistance, the Kabovs issued kickback checks to Carey, which represented a portion of the scheme’s fraudulent proceeds. Between January and July 2015, Carey accepted more than \$366,000 in kickback payments from the Kabovs.

The Kabovs were convicted at trial in January 2017, of operating a multi-year narcotic drug trafficking, money laundering, and tax fraud conspiracy where prescription narcotics were illegally sold to black market customers across the United States.

This is a joint investigation with EBSA, the Drug Enforcement Administration, and the IRS–CI. *United States v. Erica Carey, United States v. Kabov et al.* (C.D. California)

Illinois Businessman Pleads Guilty to Causing Union Benefit Funds to Make False Statements and Failing to Pay Federal FICA Taxes

On October 16, 2017, Thomas Manning, president of T. Manning Concrete, Inc., in Huntley, Illinois, pled guilty to causing false statements to be made on forms required by the Employee Retirement Income Security Act of 1974 (ERISA), and failure to collect and pay Federal Insurance Contributions Act (FICA) taxes.

Since 2007, Manning served as president of T. Manning Concrete, and through his position, he hired laborers and cement masons from various unions throughout northern Illinois. The unions provided their members with certain employee health care and pension benefits through several benefit plan funds. The funds were subject to ERISA requirements, which mandated annual reports detailing the total amount of received contributions. Additionally, T. Manning Concrete was required by collective bargaining agreements with unions to submit monthly remittance reports representing the company's required contribution to the funds based upon the number of hours covered employees had worked.

Manning defrauded the funds by underreporting the number of hours worked by the company's covered employees, thus underpaying fund contributions by nearly \$2 million. In order to perpetuate his fraud scheme, Manning caused covered employees to be paid "under the table," via checks drawn from non-payroll bank accounts under Manning's control, for the additional work hours not represented in the monthly reports. Manning also admitted he failed to collect, account for, and pay more than \$600,000 in FICA taxes between 2007 and 2010 owed to the IRS from the "under the table" checks issued to employees.

This is a joint investigation with EBSA, USPIA, and the IRS-CI. *United States v. Thomas Manning* (N.D. Illinois)

Two California Residents Plead Guilty for \$1.3 Million Unemployment Insurance Fraud Scheme

On October 2, 2017, Raul Oropeza Lopez and Ana Maria Oropeza each pled guilty to mail fraud charges for their roles in a scheme to fraudulently obtain \$1.3 million in unemployment insurance (UI) benefit funds from the California Employment Development Department.



UI benefit debit cards and related mailings found in dining room table at Oropeza residence

Lopez obtained Social Security numbers, names, and other identifying information of United States citizens and legal residents and then fraudulently used the personally identifiable information to provide undocumented workers with false identities that enabled them to work in the United States as farm laborers. Then, when the undocumented workers were laid off at the end of the growing season, Lopez and Oropeza filed fraudulent applications for UI benefits in the names of the assumed identities, fraudulently relying on the work performed by the undocumented workers to claim UI benefits for their

own enrichment. Together, Lopez and Oropeza submitted more than 520 UI claims using the personal information of more than 70 identity theft victims to collect \$1.3 million.



Oropeza residence where he operated the UI scheme



Cash and weapons found by OIG agents while executing search warrant

This is a joint investigation with ICE–HSI; the Social Security Administration (SSA)–OIG; the Bureau of Alcohol, Tobacco, Firearms and Explosives; USFIS; and the California Employment Development Department. *United States v. Lopez et al.* (E.D. California)

Houston Woman Pleads Guilty to Unemployment Insurance Fraud

On October 24, 2017, Trenecia Moore pled guilty to conspiracy to commit access device fraud, for her role in a scheme to fraudulently obtain more than \$360,000 in UI funds from the Texas Workforce

Commission. Moore and her co-conspirators obtained personally identifiable information (PII) of hundreds of individuals and then used the PII to file fraudulent UI benefit claims.

This is a joint investigation with the FBI, IRS–CI, USPIS, U.S. Postal Service–OIG, and the SSA–OIG. *United States v. Trenecia Moore* (S.D. Texas)

New Jersey Man Found Guilty for Role in “No-Show” Job Scheme

On October 31, 2017, following a 10 day trial, a jury convicted Paul Moe on all 14 counts of an indictment charging him with conspiracy and wire fraud, for fraudulently collecting nearly \$500,000 annually in salary, primarily for work he never performed.



A plastic rat was left on the doorstep of a trial witness, seemingly in an attempt at intimidation

Moe was a member of the International Longshoremen's Association and a general foreman for a Port Elizabeth terminal operator. From late 2015, through early 2017, Moe participated in a “no-show” job scheme that paid him almost \$500,000 annually despite the fact that he showed up at his job site for as little as 8 hours per week. Moe conspired with others to ensure that false timesheets were submitted daily on his behalf, and he was credited with up to 16 hours of overtime a day. In some instances, Moe was paid for time when he was out of state or out of the country.

This is a joint investigation with EBSA and the Office of Labor Management Standards (OLMS), as well as the Waterfront Commission of New York Harbor. *United States v. Paul Moe, Sr.* (D. New Jersey)

Former Union Comptroller Pleads Guilty to Embezzlement

On October 3, 2017, Glenn Robert Smith, former comptroller for the Michigan Regional Council of Carpenters (MRCC), pled guilty to embezzling more than \$534,000 from the MRCC.

From 2010, to 2013, Smith embezzled more than \$499,000 from the MRCC by stealing union members' cash dues payments; issuing unauthorized checks to third parties; making fraudulent charges on the union's credit cards; hiring an individual without the knowledge or authorization of the union; and issuing himself an inflated salary, insurance, and other personal reimbursement by union check. In addition, Smith also stole nearly \$35,000 in cash destined for a charity administered by the MRCC.

This is a joint investigation with OLMS and the IRS–CI. *United States v. Glenn Robert Smith* (E.D. Michigan)

Former IBEW Local 876 Employee Pleads Guilty to Embezzlement

On October 27, 2017, Stephanie Marie DeBoer, a former bookkeeper and office manager for the International Brotherhood of Electrical Workers (IBEW) Local 876, pled guilty to embezzlement of union funds, for her involvement in a scheme that defrauded IBEW Local 876 of more than \$307,000.

From at least 2012, through September 2015, DeBoer used her positions with IBEW Local 876 to write unauthorized checks against the IBEW Local 876 safety clothing fund to pay her personal rent and to make payments on several personal credit accounts. She also wrote unauthorized checks to herself from IBEW Local 876's general checking account, which she then endorsed and deposited into personal bank accounts.

This is a joint investigation with the OLMS. *United States v. Stephanie Marie DeBoer* (W.D. Michigan)