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,* presenting a bimonthly summary of selected investigative accomplishments.

The OIG conducts criminal, civil, and administrative investigations relating to violations of federal laws, rules, or regulations, including those performed by DOL contractors and grantees; as well as investigations of allegations of misconduct on the part of DOL employees. In addition, the OIG has an external program function to conduct criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions. We conduct labor racketeering investigations in three areas: employee benefit plans, labor-management relations, and internal union affairs.

Texas Chiropractor Sentenced to 14 Years in Prison for His Role in a Multimillion-Dollar Kickback and Money Laundering Scheme

On June 10, 2016, Garry Wayne Craighead, former chiropractor and former owner of Union Treatment Centers (UTC), was sentenced to 168 months in prison and ordered to pay approximately $18 million in restitution for receiving kickbacks resulting from his referral of patients covered by the Federal Employees' Compensation Act (FECA). Craighead was also ordered to forfeit property consisting of land located in Williamson County, Texas, and a Mooney M20J aircraft.

In 2007, Craighead formed and began operating UTC. From 2011 through 2014, Craighead formed clinics in Dallas–Fort Worth, San Antonio, Austin, Corpus Christi, Killeen, and Weslaco, Texas, under various names, including GreenTree Health, Creekside Surgical, Creekside Diagnostics, New Help, and CCM&D Consulting, LLC. In January 2007, UTC began referring patients to doctors, hospitals, and pharmacies throughout Dallas, Austin, Houston, Beaumont, Corpus Christi, and other surrounding Texas areas in exchange for monthly kickbacks. All of the kickbacks were processed through Craighead's consulting company, CCM&D Consulting.

Craighead, individually and through his various clinics, courted FECA claimants who were employees of numerous federal agencies, including the Bureau of Prisons, the Department of the Army, the Department of Veterans Affairs, the U.S. Postal Service, and Customs and Border Protection. He also built relationships with union leaders within these federal agencies and encouraged their membership to use UTC clinics. As a result, the clinics developed and maintained a substantial flow of injured federal employees who were covered by FECA. Craighead's influence with the clinics empowered him to refer these claimants to other health care providers of his choosing, including surgical clinics, doctor specialists, pharmacies, and hospitals. Craighead devised a scheme to defraud the Office of Workers' Compensation Programs (OWCP) by knowingly and willfully soliciting and receiving illegal remuneration from health care providers in return for referring FECA claimants for goods, services, and items that would be paid for by OWCP.

From January 2007 through July 2014, UTC and its various entities owned by Craighead billed OWCP for more than $203 million, of which OWCP paid UTC in excess of $98 million.

This is a joint investigation with the United States Postal Service–OIG, the FBI, the IRS Criminal Investigation Division, and the Army Criminal Investigation Division. *United States* v. *Garry Wayne Craighead* (W.D. Texas)

Eight Conspirators Sentenced to Prison for Stealing Nearly $1.5 Million in Unemployment Benefits

Between July 7, 2016, and July 18, 2016, eight defendants were sentenced to prison terms and ordered to pay forfeiture and restitution for their participation in a conspiracy to defraud the Maryland and Pennsylvania unemployment programs of nearly $1.5 million:

- Wilfred Mendez, of the Bronx, New York, was sentenced to 33 months in prison and ordered to pay restitution and forfeiture of approximately $195,000;
- Yaw Bempa-Boateng, of Silver Spring, Maryland, was sentenced to 30 months in prison and ordered to pay restitution and forfeiture of approximately $800,000;
- Ferny Moreno Puente, of Silver Spring Maryland, was sentenced to 30 months in prison and ordered to pay restitution and forfeiture of approximately $270,000;
- Wilfredo Torres, of Alexandria, Virginia, was sentenced to 20 months in prison and ordered to pay restitution and forfeiture of approximately $173,000;
- Carmen Benitez, of Scranton, Pennsylvania, was sentenced to 18 months in prison and ordered to pay restitution and forfeiture of approximately $390,000;
- Tawana McClain, of Washington, D.C., was sentenced to 18 months in prison and ordered to pay restitution and forfeiture of approximately $205,000;
- Dulce Oleo, of the Bronx, New York, was sentenced to 18 months in prison and ordered to pay restitution and forfeiture of approximately $190,000; and
- Eric Gonzalez, of Alexandria, Virginia, was sentenced to 12 months in prison and ordered to pay restitution and forfeiture of approximately $173,000.

From approximately 2012 to 2015, the conspirators registered fictitious companies in Maryland and Pennsylvania and filed fraudulent reports falsely indicating that the fictitious companies collectively employed and paid hundreds of individuals. The “employees” listed on false reports were, in fact, a combination of stolen identities, conspirators’ family members and friends, and conspirators themselves. The conspirators then filed, or caused to be filed, Unemployment Insurance (UI) benefit applications by posing as individuals who had been laid off by the fictitious companies. As a result, hundreds of UI debit cards were mailed to various commercial and residential addresses controlled by conspirators and/or their friends and family in Maryland, Virginia, New York, Pennsylvania, and the District of Columbia. The conspirators and others subsequently used those debit cards to withdraw cash and make personal purchases.

This is a joint investigation with the U.S. Postal Inspection Service. *United States v. Diameter Akala et al., United States v. Dulce Oleo, United States v. Yaw Bempa-Boateng, and United States v. Carmen Benitez* (D. Maryland)

Nevada Family Members Sentenced in Benefits Fraud Case

On July 18, 2016, Frederick Williams was sentenced to 87 months in prison and ordered to pay more than $297,000 in restitution, including more than $218,000 to the Nevada UI program, for his role in a scheme to defraud various federal benefit programs. Frederick Williams along with his wife, Denise Williams, and two of his sisters, Jacqueline Gentle and Carolyn Willis-Casey, conspired to fraudulently collect government benefits.

On June 29–30, 2016, Gentle, Willis-Casey, and Denise Williams were sentenced for their roles in the scheme. Gentle and Willis-Casey were sentenced to terms of incarceration of 65 and 30 months, respectively, and Williams was sentenced to 24 months of probation. Gentle, Willis-Casey, Denise Williams, and Frederick Williams were each ordered to pay joint and several restitution of $218,000 to the Nevada Department of Employment, Training, and Rehabilitation.

Frederick Williams and his sister Jacqueline Gentle, both citizens of Belize, registered fictitious companies with the State of Nevada and filed fraudulent wage information indicating that the fictitious companies employed and paid numerous individuals. The “employees” were, in fact, Williams’s family and friends. Williams, along with his wife, Denise Williams, and sisters, Willis-Casey and Gentle, then conspired to submit fraudulent claims and collect more than $218,000 in UI benefits. Frederick Williams and Gentle were also convicted on charges relating to their fraudulent receipt of more than $79,000 from other government programs, including Social Security, Food Stamps, Pell Grants, and Medicaid.

This was a joint investigation with the Diplomatic Security Service, Homeland Security Investigations, the Social Security Administration–OIG, the U.S. Department of Agriculture–OIG, the U.S. Department of Education–OIG, and the U.S. Department of Health and Human Services–OIG. *United States of America v. Frederick Vernon Williams* (D. Nevada)

New Jersey Man Sentenced to 9 Years in Prison for Fictitious Employer Scheme

On June 7, 2016, Ricardo Santiago was sentenced to 9 years in prison and ordered to pay more than $215,000 in restitution to the New Jersey Department of Labor and Workforce Development (NJLWD) for his role in a fictitious employer scheme that defrauded the NJLWD of more than $215,000 in UI benefits.

Between January 2013 and February 2015, Santiago filed or facilitated the filing of numerous fraudulent UI claims with NJLWD for purported former employees of DLS & Associates Consulting, LLC (DLS), a fictitious company, and The Taper’s Club, a barbershop located in Union City, New Jersey. In addition to being involved with the submission of these UI claims, Santiago further supported the claims by engaging in an affidavit process whereby he reported false wages to NJLWD, and provided false documents that he manufactured, including Forms W-2 and paystubs.

This was a joint investigation with the Essex County (New Jersey) Prosecutor's Office and NJLWD. *State of New Jersey v. Ricardo Santiago*

Three New York Residents Sentenced to Prison for Unemployment Benefit Fraud Scheme

Between June 7, 2016, and July 14, 2016, George Padilla, Tyson Edouard, and Alyssa Torres were sentenced to prison terms of 54, 54, and 12 months, respectively, for their roles in a scheme that sought to defraud the New York State Unemployment Insurance fund of more than $365,000. Each of the three defendants was also ordered to pay joint and several restitution of $23,000.

Torres, a Montefiore Medical Center employee, provided Padilla and Edouard with stolen identities of Montefiore patients and employees, which they in turn used to file more than 60 fraudulent UI claims and collect the resulting benefits for themselves.

This was a joint investigation with the New York State Department of Labor and the U.S. Department of Housing and Urban Development–OIG. *United States v. Torres et al.* (S.D. New York)

Connecticut Man Found Guilty in Multimillion-Dollar Stranger-Originated Life Insurance Scheme

On June 6, 2016, a federal judge in Hartford, Connecticut found Daniel Carpenter guilty of 57 counts of conspiracy, mail and wire fraud, money laundering, and illegal monetary transaction offenses. Carpenter schemed to defraud insurance companies by having them issue insurance policies on the lives of elderly people for the benefit of the defendant and other investors, also known as a stranger-originated life insurance scheme. The verdict followed a five-week long bench trial.

Carpenter controlled a series of companies that developed the Charter Oak Trust (the Trust), an employee welfare benefit plan and trust whose primary objective was to secure insurance policies on the lives of elderly individuals that could be held by Carpenter's companies as investments or resold on the life insurance settlement market, a third party market for life insurance policies. Carpenter, working with insurance agents, caused to be submitted to several insurance providers numerous insurance applications that contained several material misrepresentations, including falsely denying that third-parties were paying the premiums for the insurance, falsely denying discussions about the resale of the policies, falsely inflating the net worth and/or income of the insured, and falsely claiming that the insurance was being purchased for legitimate estate planning–related needs. Two of the insurance policies had a combined death benefit of $30 million, which the insurer paid to the Trust in May 2009.

Based on the false applications that were submitted to the insurance providers, the Trust procured 84 insurance policies that had a total aggregate death benefit of more than $459 million on the lives of 76 different straw insureds. In addition, another company controlled by Carpenter received more than $12 million in commissions from the insurance providers, who would not have paid the commissions had they known about the false representations on the insurance applications and the true nature of the Trust.

This is a joint investigation with the Employee Benefits Security Administration (EBSA) and the Special Inspector General for the Troubled Asset Relief Program. *United States v. Daniel Carpenter* (D. Connecticut)

Labor Recruiter and Farm Owner Convicted in a Minnesota Visa Fraud Scheme

On June 16, 2016, and July 14, 2016, respectively, John Svihel and Wilian Socrate Cabrera pled guilty to conspiracy to commit fraud in foreign labor contracting for their roles in a scheme to use DOL's H-2A visa program to obtain illegal fees and kickbacks from foreign workers.

From 2010 through 2015, Cabrera operated an unregistered business called "Labor Listo," which he used to recruit employers such as Svihel, who operated Svihel Vegetable Farm in Foley, Minnesota, to hire seasonal workers from the Dominican Republic on H-2A visas. The H-2A visa program requires employers to pay for workers' housing and travel expenses to and from their home country, and prohibits employers from collecting recruitment fees or wage kickbacks. Nevertheless, Cabrera and Svihel devised and executed a scheme to collect cash kickbacks, including a wage kickback for every hour worked at Svihel Vegetable Farm, and a kickback equal to the cost of workers' flights to and from the United States. In total, workers were forced to pay illegal fees in excess of $198,000. As part of his plea agreement, Svihel agreed to pay more than $570,000 in civil monetary penalties for unpaid wages to Svihel Vegetable Farm H-2A workers.

This is a joint investigation with the Wage and Hour Division, Diplomatic Security Service (DSS), and Homeland Security Investigations (HSI). *United States v. Cabrera* (D. Minnesota)

Illinois Concrete Contractor Officials Plead Guilty to Defrauding Workers of More Than $2.5 Million

On June 3, 2016, A Lamp Concrete Contractors, Inc. (A Lamp) vice president and part-owner Joseph Lampignano and superintendent Giovanni "John" Traversa pled guilty to mail fraud and making false statements, respectively, for their roles in a scheme to defraud workers of more than $2.5 million in wages and required pension fund contributions.

From approximately 2008 to 2013, Lampignano violated collectively bargained agreements with the Construction and General Laborers' District Council of Chicago & Vicinity by failing to pay the union wage rate to certain laborers, underpaying them by a total of more than $1.5 million. Over the same time period, Lampignano also submitted false reports to the union's pension and welfare funds that underreported the number of hours worked by certain laborers, thereby underfunding pension and welfare fund contributions by more than $1 million.

Lampignano and Traversa further solicited and collected cash kickbacks from certain laborers who had received settlement proceeds from A Lamp in resolution of a 2011 civil lawsuit. In 2013, A Lamp paid approximately $540,000 to 24 employees to satisfy unpaid wages and resolve the lawsuit brought by the union. Subsequently, Lampignano directed Traversa to recoup approximately $140,000 by approaching certain laborers and asking them to repay a portion of the money they had received pursuant to the settlement agreement. In doing so, Lampignano and Traversa used their positions of authority to induce certain laborers to pay cash kickbacks of at least $64,000.

This is a joint investigation with the FBI, EBSA, and the Cook County Sheriff's Office. *United States v. Lampignano et al.* (N.D. Illinois)

New York Husband and Wife Plead Guilty to H-1B Visa Fraud Scheme

On June 9, 2016, husband and wife Loreto Kudera and Hazel Kudera pled guilty to conspiring to defraud DOL's H-1B visa program. In doing so, the Kuderas also agreed to pay joint forfeiture of $1 million.

Hazel Kudera owned and operated two health care staffing companies, NYC Healthcare Staffing and LHK Consulting, which provided registered nurses (RNs) and certified nursing assistants (CNAs) to various medical facilities in and around New York. She and her husband, New York attorney Loreto Kudera, utilized the H-1B visa program to obtain workers to provide to Hazel Kudera's clients. Because neither RNs nor CNAs are H-1B qualified positions, the Kuderas conspired to falsify job titles, job duties, and/or work locations on H-1B visa applications and petitions. As a result, they were able to obtain more than 100 approved H-1B visas for immigrant nurses to staff out to medical facilities in and around New York, as well as to fulfill New York State Department of Education contracts.

This is a joint investigation with DSS and HSI. *United States v. Kudera et al.* (D. Vermont)