



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.

Lucchese Soldier Sentenced for Racketeering Conspiracy and Illegal Gambling

On October 17, 2019, Eugene Castelle was sentenced to 77 months of incarceration. Additionally, Castelle was ordered to pay a \$100,000 fine and more than \$188,000 in forfeiture. The sentencing followed a May 2019 trial during which Castelle was found guilty of racketeering conspiracy and illegal gambling.

Castelle, a soldier in the Lucchese Organized Crime Family of La Cosa Nostra, received thousands of dollars from his participation in a large-scale, illegal gambling operation. As a member of La Cosa Nostra, Castelle protected the gambling operation from other members of organized crime. He also used threats of violence to collect gambling debts and extorted annual tribute payments from bookmakers.

In addition, he benefited from a “no show” job at a construction site from which he collected months of carpenter’s wages without performing any work.

This is a joint investigation with the U.S. Department of Homeland Security’s Homeland Security Investigations (HSI) and U.S. Department of State’s Diplomatic Security Service (DSS). *United States v. Eugene Castelle* (S.D. New York)

Detroit Man Sentenced to 70 Months in Prison for Stealing Unemployment Insurance Benefits

On October 10, 2019, LeRoy Constantine was sentenced to 70 months in prison for his role in an unemployment insurance (UI) benefit fraud scheme. Constantine was also ordered to pay more than \$188,000 in restitution to the State of Michigan Unemployment Insurance Agency. Constantine previously pleaded guilty to wire fraud and aggravated identity theft, relating to his theft of unemployment insurance benefits.

Constantine obtained personally identifying information of unsuspecting victims and submitted false claims to the Michigan Unemployment Insurance Agency in the victims' names for UI benefits. Once Constantine falsely applied for the benefits, he received a prepaid debit card containing more than \$188,000 in stolen UI benefit funds that he used for his personal benefit.

This is a joint investigation with the State of Michigan Unemployment Insurance Agency Fraud Division. *United States v. LeRoy Constantine* (E.D. Michigan)

New York Pharmaceutical Sales Rep Sentenced to Three Years in Prison and Ordered to Pay More Than \$10 Million in Restitution

On October 29, 2019, Scott Trapp, a pharmacy sales representative, was sentenced to 36 months in prison and ordered to pay more than \$10 million in restitution to multiple health care benefit programs. Trapp was sentenced pursuant to his December 2018 guilty plea to conspiracy to commit health care fraud.

Between 2014 and 2016, Trapp marketed compounded medications such as pain patches, pain creams, and scar creams, which were tailored to contain ingredients carrying high reimbursement rates from health insurers, rather than less expensive ingredients, which also provided effective medical treatment. As part of the conspiracy, Trapp and his associates (1) identified patients whose health insurance plans covered the expensive medications, (2) convinced those patients to agree to receive the pharmaceuticals, and (3) in most cases, assisted the patients in obtaining the prescriptions, often without the patients visiting or consulting with prescribing doctors first. Trapp recruited others to market the medications, supervised those he recruited, and received commissions based on the amounts reimbursed for the prescriptions.

As a result of Trapp's actions and the actions of those working under his direction, multiple health care benefit programs, including collectively bargained prescription drug plans, paid more than \$10 million for fraudulently filled compounded medication prescriptions.

This was a joint investigation with the FBI, Defense Criminal Investigative Service, U.S. Food and Drug Administration's Office of Criminal Investigations, and the New York State Department of Financial Services. *United States v. Scott Trapp* (W.D. New York)

Two Chicago Women Sentenced for Falsely Billing the Office of Workers' Compensation Programs for \$1.7 million for 24-7 Service for 7 Years

On November 20, 2019, Chante Carrothers, owner of Caring Hearts Home Healthcare, was sentenced to seven months of home confinement and ordered to pay joint and several restitution of more than \$1.4 million with her co-conspirator, Ella Garner, for her role in a scheme to defraud DOL's Office of Workers' Compensation Programs (OWCP). In addition, on October 2, 2019, Garner, a Caring Hearts employee and home health aide, was sentenced to three years of probation and ordered to pay joint and several restitution for her role in this provider fraud scheme.

As part of their guilty pleas, Carrothers and Garner each admitted that from June 2010 through April 2018, they conspired to defraud OWCP by falsely billing through Caring Hearts for 24-7 care Garner purportedly rendered to a single Federal Employees' Compensation Act (FECA) claimant, when, in fact, Garner did not provide 24-7 care. OWCP paid Caring Hearts approximately \$1.7 million for these

services. In furtherance of the scheme, Carrothers paid Garner approximately \$4,500 per month for her role in the conspiracy.

This is a joint investigation with the FBI and U.S. Postal Service-OIG. *United States v. Carrothers et al.* (N.D. Illinois)

Owner of Long Beach Medi-Spa Sentenced for Defrauding Union Health Benefit Plan

On October 30, 2019, Erica Carey, owner of Long Beach Medi-Spa, was sentenced to three years' probation and ordered to pay more than \$366,000 in restitution for her role in a scheme to defraud the International Longshore and Warehouse Union–Pacific Maritime Association (ILWU-PMA).

Long Beach Medi-Spa's customers were predominantly beneficiaries of a health insurance plan ILWU-PMA offered to union members. Carey allowed physicians to see customers at Long Beach Medi-Spa and prescribe creams Global Compounding Pharmacy manufactured. Global Compounding Pharmacy filled the prescriptions and billed ILWU-PMA for the creams. B. Kabov and D. Kabov, the owners of Global Compounding Pharmacy, paid Carey kickbacks derived from payments received from ILWU-PMA for the prescribed creams. Between January and June 2015, Carey received more than \$366,000 in kickback checks from the Kabovs.

This is a joint investigation with the Drug Enforcement Agency–Diversion Control Division, IRS–Criminal Investigation Division (IRS-CI), and DOL's Employee Benefits Security Administration (EBSA). *United States v. Erica Carey* (C.D. California)

Pennsylvania Businessman Sentenced for His Role in Fraud Schemes

On November 13, 2019, George Retos, Jr., the former president of Prime Plastics, Inc., was sentenced to one year and one day in prison for conspiring to defraud the IRS, filing a false bankruptcy declaration, and defrauding the Commonwealth of Pennsylvania's Unemployment Insurance program.

Retos orchestrated a conspiracy to defraud the IRS by failing to pay more than \$250,000 in payroll and employer taxes related to Prime Plastics, Inc., and Plastic Power, Inc., two companies controlled by Retos. Retos further caused the submission of a false bankruptcy declaration stating there had been no withdrawals from his business outside of the normal course of business when, in fact, Retos had converted thousands of dollars belonging to Prime Plastics, Inc., into his personal use and spent the money at casinos in Las Vegas, Nevada, and elsewhere.

In addition, as part of his guilty plea, Retos accepted responsibility for a charge of wire fraud in connection with a separate scheme to fraudulently obtain UI benefits from the Commonwealth of Pennsylvania for employees of Prime Plastics, Inc., and Plastic Power, Inc. As part of the scheme, Retos reduced the salaries of numerous employees and instructed them to seek UI benefits from the Commonwealth of Pennsylvania to make up the difference, knowing that the employees were ineligible for such UI compensation. During the execution of the UI fraud scheme, Retos continued to siphon company funds for his personal benefit.

This was a joint investigation with the FBI and IRS-CI. *United States v. George Retos, Jr.* (W.D. Pennsylvania)

Jefferson City Woman Sentenced for Embezzling from Employer

On October 22, 2019, Laura Winge was sentenced to one year and one day in federal prison. The court also ordered Winge to pay more than \$65,000 in restitution. Previously, Winge pleaded guilty to one count of bank fraud and one count of theft from an employee benefit plan.

Winge worked as a bookkeeper for Turk's Construction, Inc., a residential construction company, and an affiliated company, from July 2009 until March 2016. Company employees participated in an IRA plan administered by Winge.

Winge admitted she withheld more than \$56,000 of IRA plan deferrals from employees' payroll from January 2013 to March 2016 but never forwarded the money to the employees' individual accounts. Winge also admitted she never forwarded the required employer matching contributions of more than \$38,000 for the same period. Instead, Winge kept those funds in the companies' operating accounts and used the employees' deferrals for her own use and the use of another, including more than \$49,000 for her own personal benefit.

This is a joint investigation with EBSA and Cole County, Missouri, Sheriff's Department. *United States v. Laura Winge* (W.D. Missouri)

Virginia IT Company Official Sentenced for Her Role in Scheme to Defraud H-1B Program

On November 1, 2019, Richa Narang was sentenced to six months in prison for her role in a scheme to defraud the H-1B visa program.

Narang worked as a supervisor for EcomNets, an information technology (IT) company based in northern Virginia. EcomNets was operated by Raj Kosuri, an Indian national and U.S. legal permanent resident. Narang participated in a scheme with Kosuri and others that used EcomNets as well as a variety of shell companies to apply for nearly a thousand fraudulent H-1B temporary foreign worker visas. More than a dozen of these shell companies, which claimed to provide IT services, used the address of a vacant building in Danville, Virginia. Companies that actually employed the visa recipients paid Kosuri millions of dollars once the workers were illegally in the United States. Kosuri previously pleaded guilty and was sentenced to 28 months in prison and ordered to forfeit \$15 million for his role in the scheme.

This is a joint investigation with HSI and DSS. *United States v. Kosuri et al.* (E.D. Virginia)

Managers Sentenced for Conspiring to Obstruct Justice in an OSHA Workplace Death Investigation

On October 15, 2019, and October 22, 2019, respectively, Brian Carder and Paul Love, former managers at Extrudex Aluminum, Inc. (Extrudex), were sentenced for conspiring to obstruct justice during an Occupational Safety and Health Administration (OSHA) death investigation at Extrudex. Carder was sentenced to five months of intermittent confinement and ordered to pay a \$20,000 fine. Love was sentenced to three months of home confinement and ordered to pay a \$1,000 fine.

The sentencings were in connection with a conspiracy to obstruct justice related to an OSHA investigation of a workplace death that occurred when a defective rack transporting hot aluminum fell

onto two employees, pinning them inside an industrial oven. One employee died and the other received severe burns. Carder and Love conspired to obstruct the OSHA investigation by withholding information from an OSHA investigator in an effort to mitigate potential fines. In addition, Carder and Love persuaded two Extrudex employees to draft statements recanting previous e-mails regarding safety issues at Extrudex. Carder and Love suggested their jobs would be in jeopardy if they did not recant their statements. As a result of Carder and Love's efforts, Extrudex's willful violations were reduced from three to one and its fines were reduced from \$175,000 to \$112,000.

United States v. Brian K. Carder, United States v. Paul Love (N.D. Ohio)

Florida Man Sentenced for Making False Statements to OSHA during Employee Death Investigation

On October 18, 2019, Samuel White, Project Manager, Florida Southern Roofing & Sheet Metal, Inc. (Florida Southern), was sentenced to 12 months of probation and 40 hours of community service after entering a plea of guilty to making false, fictitious, and fraudulent statements and representations to an OSHA investigator.

In 2014, White was supervising a Florida Southern residential roofing project in Sarasota, Florida. On site, White decided to terminate operations for the week due to inclement weather. After loading the equipment and tools into the cargo area of a pickup truck, three employees rode in the cargo area, which contained no safety restraints. After traveling a short distance, one employee fell from the cargo area, striking his head on the pavement, which caused traumatic brain injuries that led to his death.

The Florida Highway Patrol (FHP) conducted an investigation and interviewed White, who provided a sworn statement as to what occurred. In his statement to FHP, White said employees routinely rode in the backs of the pickup trucks. An OSHA investigator later interviewed White, who made contradictory statements, including that he never saw anyone riding in the backs of the pickup trucks. Other witnesses interviewed by the OSHA investigator provided statements consistent with White's original statements to the FHP. Florida Southern was cited with a violation for failing to provide a work place free from recognized hazards that cause or are likely to cause death or serious physical harm to its employees.

United States v. Samuel White (M.D. Florida)

Defendants Sentenced in 17-Year Conspiracy to Defraud Customers and Commit Bribery

Between October and November 2019, 4 defendants were sentenced for their roles in a 17-year conspiracy to defraud public and private companies and the U.S. government. David Barteck was sentenced to 8 months of home confinement and fined \$5,000. Michael Valenti was sentenced to 30 months in prison and fined \$5,000. Craig Cinelli was sentenced to 33 months in prison. Frank Aiello was sentenced to 6 months in prison, followed by 6 months of home confinement, and ordered to forfeit more than \$340,000. Barteck, Valenti, and Cinelli previously pleaded guilty to conspiracy to commit wire fraud in the range of \$9,500,000 to \$25,000,000. Aiello previously pleaded guilty to accepting more than \$340,000 in bribes from the Cinelli brothers.

The charges are the result of the defendants' operation of Cinelli Iron & Metal Co. and their collective schemes to defraud programs and organizations funded by the federal government and state governments as well as several private and publicly traded corporations. The fraudulent schemes

perpetrated by members of the conspiracy included the purchasing of scrap metal and other commodities from their victims, using a variety of techniques to misrepresent the true weight and type of the scrap metal. The types of fraud included altering documents to reflect a lower weight, removing scrap metal from a haul before it was weighed, and misrepresenting the types of scrap metal contained in a haul. The defendants used bribery in certain instances to perpetrate the schemes. The Cinelli brothers bribed Aiello to have him steer multi-million-dollar demolition contracts to Cinelli Iron & Metal. The schemes resulted in millions of dollars in ill-gotten gains to the company and its officers in a conspiracy lasting approximately 17 years.

This is a joint investigation with the FBI and U.S. Department of Transportation-OIG. *United States v. Joseph Cinelli Sr.* (D. New Jersey)

Former EDD Employee Pleads Guilty to Unemployment Benefits Fraud Scheme

On December 10, 2019, Pamela Emanuel, former California Employment Development Department (EDD) employee, pleaded guilty for her role in a scheme to defraud the State of California by filing false UI claims. Emanuel pleaded guilty to mail fraud and aggravated identity theft.

On November 5, 2019, Russell White III agreed to pay restitution in excess of \$212,000 for his role in a scheme to defraud EDD. Previously, on September 19, 2019, White was sentenced to 51 months in prison for conspiracy to commit mail fraud.

Between July 2015 and July 2016, White conspired with others, including Emanuel, to defraud the State of California. Emanuel worked as a tax compliance representative for EDD and used her position to access the personally identifiable information of workers throughout the State of California. Emanuel and her co-conspirators used the information to file fraudulent unemployment claims in the names of the unknowing victims. White participated in the scheme by receiving EDD documents at addresses associated with or controlled by him and used at least 12 EDD debit cards issued in the names of identity theft victims to withdraw the fraudulently obtained benefits. In total, the conspirators filed at least 269 false claims, receiving approximately \$900,000 in fraudulent benefits.

This is a joint investigation with the FBI, U.S. Postal Inspection Service, and EDD. *United States v. Emanuel et al.* (E.D. California)