



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

OIG Investigations Newsletter

February 1 – March 31, 2020

Volume XXVII

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.

California Woman Sentenced to More Than 3 Years in Prison for Running \$11.5 Million Sleep Study Scam, Bilking Union and Private Healthcare Plans

On March 5, 2020, Anna Vishnevsky, the former owner of Atlas Diagnostic Services, Inc., was sentenced to 37 months in federal prison for causing more than \$11.5 million to be submitted for reimbursement to health care benefit programs for unnecessary—and sometimes nonexistent—sleep studies, primarily for employees of United Parcel Service, Inc., and Costco Wholesale Corp. Vishnevsky was ordered to pay more than \$2.5 million in restitution.

From March 2014 until June 2016, Vishnevsky participated in a scheme to defraud health care benefit plans. Vishnevsky and others working at her direction recruited patients and offered them money to participate in medically unnecessary sleep study testing at Atlas. She offered them additional money to bring in other sleep study participants, including their co-workers and relatives.

Vishnevsky submitted insurance claims for sleep study testing performed on the recruited patients, listing physicians who had never treated the patients. She billed not only for the one night of sleep study testing that the patients had purportedly undergone, but also for an additional, consecutive night of sleep study testing that was never performed.

In total, Vishnevsky submitted more than \$11.5 million in fraudulent insurance claims to health care benefit plans. She received more than \$2.5 million on those claims.

This was a joint investigation with the Employee Benefits Security Administration (EBSA), the FBI, and the Office of Personnel Management (OPM)—OIG. *United States v. Vishnevsky et al.* (C.D. California)

New Jersey Woman Sentenced to 70 Months in Prison for Enslaving Sri Lankan Woman for More than 9 Years

On March 10, 2020, Alia Al Hunaity was sentenced to 70 months in prison and 3 years of supervised release and was ordered to pay more than \$1.2 million in restitution for her conviction on charges of forced labor, alien harboring for financial gain, and marriage fraud.

Al Hunaity brought the victim, a Sri Lankan national, to the United States on a temporary visa in 2009 to perform domestic work. Al Hunaity caused the victim to overstay her visa and illegally remain in the United States for more than 9 years. Al Hunaity forced the victim to cook and clean Al Hunaity's homes in Woodland Park and Secaucus, New Jersey, and to care for her three children, all without pay. Al Hunaity required the victim to sleep on beds in public spaces in Al Hunaity's homes, including in the kitchens. Al Hunaity limited the interactions the victim had outside of her homes. In addition, the victim was forced to marry Al Hunaity to obtain legal residence so Al Hunaity could continue forcing her to work without fear of the victim's being deported.

This was a joint investigation with the Department of Homeland Security (DHS)–Homeland Security Investigations (HSI). *United States v. Alia Al Hunaity* (D. New Jersey)

Former Harrisburg Businessman Sentenced to 37 Months In Prison for Defrauding College Faculty Union

On February 26, 2020, Michael Timothy Buchanan, the former owner/operator of a Harrisburg, Pennsylvania–based dental and vision claims processing business, was sentenced to 37 months in prison and ordered to pay more than \$1.4 million in restitution for a scheme that defrauded a trust fund established by the Association of Pennsylvania State College and University Faculties.

Buchanan was the owner/operator of Actuaries, Consultants, and Administrators, Inc. (ACA), which had a contractual relationship with the Pennsylvania Faculty Health and Welfare Fund (the Fund) to process dental and vision claims submitted by members of the Association of Pennsylvania State College and University Faculties Union. Buchanan executed a scheme to defraud the Fund by submitting invoices that artificially inflated the number of claims ACA allegedly processed. Between 2007 and 2017, Buchanan's scheme caused the Fund to overpay ACA more than \$1.4 million, of which more than \$500,000 was ultimately deposited into Buchanan's personal financial accounts.

This was a joint investigation with the FBI. *United States v. Michael Timothy Buchanan* (M.D. Pennsylvania)

Former Senior International UAW Official in the General Motors Division Sentenced to 28 Months in Prison for Accepting More Than \$1.5 Million in Bribes and Kickbacks

On February 19, 2020, Michael Grimes, a former senior official in the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America's (UAW's) General Motors (GM) Division, was sentenced to 28 months in prison for conspiring with other UAW officials to engage in honest services fraud by taking more than \$1.5 million in bribes and kickbacks from UAW vendors and contractors and for conspiring to launder the proceeds of the scheme. Grimes also was ordered to pay more than \$1.5 million in forfeiture.

Grimes engaged in a conspiracy with other UAW officials, wherein they demanded a vendor give them a \$300,000 kickback on a \$6 million contract to purchase 50,000 jackets emblazoned with “Team UAW-GM.” In another scheme to defraud, they demanded kickbacks on a \$3.9 million contract for the UAW/GM Center for Human Resources to buy 58,000 watches for all UAW members employed by GM. Grimes conspired to launder the proceeds of the kickback scheme by using a series of complicated schemes, including funneling the money through a sham consulting company run by a relative, to conceal and disguise the bribes and kickbacks. This pay-to-play scheme, which began in 2006 and lasted more than 12 years, reaped Grimes more than \$1.5 million, which he spent on property, houses, cosmetic surgery for a relative, and a host of other items that never benefited the UAW membership.

This was a joint investigation with the FBI, IRS, and the Office of Labor-Management Standards. *United States v. Michael Grimes* (E.D. Michigan)

Kentucky Man Sentenced to 70 Months in Prison for Wage and Hour Offenses and Receiving Child Pornography

On March 3, 2020, Fei Guo Tang was sentenced to 70 months in prison for knowingly failing to pay required overtime and minimum wages and knowingly receiving child pornography. Tang was ordered to pay restitution of more than \$60,000 in required overtime and minimum wages to five employees and pay a \$20,000 civil penalty to the Wage and Hour Division.

During the execution of a federal search warrant, Tang’s cellular telephone was seized. A forensic examination of Tang’s telephone revealed five videos containing depictions of minors engaged in sexually explicit conduct.

This was a joint investigation with the Wage and Hour Division, Department of State–Diplomatic Security Service (DSS), Social Security Administration–OIG, and the Kentucky Office of the Attorney General. *United States v. Fei Guo Tang* (E.D. Kentucky)

New Jersey Pension Fund Trustee Sentenced to 30 Months in Prison for Embezzling Funds

On February 18, 2020, Howard Preschel, former trustee of the CMG Vending Inc. Pension Trust Fund, was sentenced to 30 months in prison and ordered to pay restitution of more than \$460,000 to the Fund. Preschel also agreed to a debarment that prohibits him from serving as a fiduciary on behalf of any employee benefit plan for a period of 13 years.

CMG Vending, Inc., operated, leased, and rented vending machines throughout New Jersey and New York. As trustee of the Fund, Preschel was a fiduciary and was required to act solely in the interest of the Fund’s participants and beneficiaries. Between November 2010 and April 2018, Preschel embezzled more than \$365,000 from the Fund.

This was a joint investigation with the EBSA. *United States v. Howard Preschel* (D. New Jersey)

Nebraska OSHA Inspector Sentenced for Filing False Safety Inspection Reports

On March 2, 2020, Ricardo Peacock, former OSHA Compliance Safety and Health Officer, was sentenced to 36 months of supervised release and ordered to pay more than \$5,500 in restitution to OSHA.

The investigation focused on “In-Compliance” inspections conducted by Peacock during a 2 year period. It was determined Peacock fabricated numerous OSHA Inspection Reports of Nebraska employers to make it appear that he visited and conducted on-site safety inspections. In December 2019, Peacock pleaded guilty to making a materially false, fictitious, and fraudulent statement and representation when he submitted an OSHA inspection report wherein he claimed to have conducted an inspection that he did not conduct.

United States v. Ricardo D. Peacock (D. Nebraska)

Former New York Labor Union President Sentenced to 24 Months in Prison for Demanding and Accepting Bribes

On February 12, 2020, Glenn Blicht, the former president of a labor union, was sentenced to 24 months in prison and ordered to forfeit approximately \$150,000 in criminal proceeds for violating the Taft-Hartley Act by demanding and accepting approximately \$150,000 in bribe payments from an employer (the Employer). In addition, Blicht was served a debarment letter, which prohibits him from, among other things, being employed by a labor union or employee benefit plan for 13 years.

From 2009 through 2019, Blicht served as an officer of the Union, including serving as its president for many years. In that role, Blicht had a duty to act in the best interests of the Union and its members, which included avoiding personal financial conflicts of interest with the union. Nevertheless, Blicht demanded and received cash payments from the Employer, which employed a number of members of the union. For instance, on July 26, 2019, Blicht received a \$10,000 cash bribe from an official of the Employer at a restaurant in New York. Blicht was arrested outside the restaurant, in possession of the \$10,000 bribe.

In exchange for these bribes, Blicht repeatedly declined to represent the union members’ interests, for example, declining to pursue arbitration claims on their behalf. Blicht used the monies he received to purchase luxury items, such as designer watches, custom clothing, tickets to sporting events, meals at expensive restaurants, and cigars.

This was a joint investigation with the FBI, IRS – Criminal Investigation Division (CI) and EBSA. *United States v. Glenn Blicht* (S.D. New York)

Former Union Business Manager and Retirement Plan Trustee Sentenced to Prison for Embezzlement and Wire Fraud

On March 5, 2020, Melvin Fishburn was sentenced to 15 months in prison and ordered to pay more than \$80,000 in restitution for an embezzlement and wire fraud scheme that defrauded the International Brotherhood of Electrical Workers; AFL-CIO; Local Union 743 (IBEW Local 743); and National Electrical Contractors Association Penn-Del-Jersey Chapter, Reading Division Retirement Plan (Retirement Plan).

Fishburn was a business manager for IBEW Local 743 and trustee of the Retirement Plan. From July 2010 to June 2014, Fishburn stole more than \$80,000 from the Retirement Plan and its participants by creating a shell company that he used to submit disbursement requests to the Retirement Plan for services that were never provided to, and expenses that were never incurred by, the Retirement Plan.

Then, in his capacity as a trustee of the Retirement Plan, Fishburn authorized illegal payments of plan assets to the shell entity and caused the payments to be mailed to a Post Office Box under his control.

This was a joint investigation with the EBSA. *United States v. Melvin Fishburn* (E.D. Pennsylvania)

Northern California Man Sentenced for Defrauding Union and Federal Employee Health Plans

Haichao Huang, a health care provider who offered acupuncture, physical therapy, massage, and other services to patients in and around San Francisco, California, was sentenced to 12 months in prison for committing health care fraud and making false statements relating to health care matters.

Beginning no later than February 2013 and continuing through at least June 2018, Huang executed a scheme to defraud programs provided through federal government and labor union healthcare plans. Huang included false and inaccurate billing codes that artificially inflated both the type of service the patient received and the time he spent with the patient. Huang submitted requests for reimbursement for acupuncture treatment when, in fact, the patient had received much shorter periods of treatment, no acupuncture treatment, or no care of any kind at all. Huang also submitted claims for services rendered on days when patients had not been seen by him at all—including days when Huang was not in California. Further, to continue receiving improper reimbursements, after a patient reached the limit of acupuncture sessions allowed by the relevant insurance program or plan, Huang falsely and inaccurately billed for other types of treatments and services that were not provided, or billed under the health plan of a patient's family member who never received treatment through his practice.

This was a joint investigation with OPM-OIG, with assistance from the San Mateo County District Attorney's Office—Bureau of Investigation. *United States v. Huang* (N.D. California)

Texas Jury Convicts “Compound King” in \$21 Million Health Care Fraud Scheme

In March 2020, following a 6-day jury trial, Houston pharmacist George Phillip Tompkins was convicted of conspiracy to pay and receive kickbacks, conspiracy to commit health care fraud, and conspiracy to commit money laundering as well as 11 counts of health care fraud and 3 counts of wire fraud.

Tompkins, a pharmacist known as the “Compound King”, owned Piney Point Pharmacy, a compounding pharmacy in Houston, Texas, which dispensed compounded prescription medications to injured federal workers. Between 2009 and 2016, Tompkins and others billed DOL's OWCP more than \$21 million for medically unnecessary compound gels and creams. These illegitimate prescriptions were predicated on illegal kickback payments. Evidence introduced at trial showed that Tompkins and his co-conspirators sought to disguise illicit kickback payments as legitimate “marketing” expenses and continued to ship compound gels and creams to patients even after the patients repeatedly complained they did not want them. As part of the scheme, Tompkins and co-conspirator Anoop Chaturverdi created a separate entity, Wellington Advisors, to receive payments from OWCP.

Tompkins conspired with his wife Marene Tompkins, Chaturverdi, and pharmacy employee Ligia Gutierrez to carry out the fraud. In January 2020, Marene Tompkins pleaded guilty to one count of conspiracy to pay kickbacks and is awaiting sentencing. In February 2020, Gutierrez pleaded guilty to

one count of conspiracy to pay kickbacks and is awaiting sentencing. Chaturvedi is considered a fugitive and a warrant remains outstanding for his arrest in connection with the charges.

This is a joint investigation with the United States Postal Service–OIG, DHS–OIG, IRS-CI, and the Department of Veterans Affairs–OIG. *United States v. George Tompkins* (S.D. Texas)

Puerto Rico Senator Found Guilty of False Statements and Wire Fraud in Connection to a Wage and Hour Investigation

On March 21, 2020, Abel Nazario-Quiñones, a Puerto Rico Senator and former mayor of Yauco, Puerto Rico, was convicted of making false statements and wire fraud in connection with a WHD investigation.

In May 2013, during a routine audit of the Municipality of Yauco's records, the Puerto Rico Comptroller's Office discovered that municipal employees were required to work 2 voluntary hours per day. This issue was referred to WHD, which determined that this voluntary work requirement was a violation of the Fair Labor Standards Act.

In February 2015, Nazario-Quiñones, as the mayor of Yauco, agreed to pay back wages of more than \$588,000 to 177 municipal employees. During a subsequent audit of the municipality's records in 2016, the Puerto Rico Comptroller's Office learned that, although employees had been receiving lump sum payments, the municipality had their regular pay withheld for certain periods of time at the direction of Nazario-Quiñones while he provided various explanations to the employees as to why they were receiving the lump sum checks.

During the trial, the Government was able to prove that Nazario-Quiñones falsely certified to WHD that he had paid back wages to the employees and was able to prove that he had retaliated against the employees for accepting the payment by directing the payroll department to withhold future earnings of these employees for varying lengths of time, despite their continued work for the municipality. The government also was able to prove that Nazario-Quiñones committed wire fraud as some of the forms used to certify the payments to WHD were sent via email.

This was a joint investigation with the FBI and the Puerto Rico Comptroller's Office. *United States v. Abel Nazario-Quiñones* (D. Puerto Rico)

Virginia Men Plead Guilty to Unlawfully Employing Unauthorized Immigrants, Defrauding Goodwill

On February 6, 2020, Alaa Garada and his brother, Rafik Moheyeldin, who together operated WTC2, Inc. (WTC2), pleaded guilty to unlawfully employing undocumented immigrants and defrauding Goodwill of Greater Washington. Garada also pleaded guilty to filing a false tax return in an effort to hide the fact that WTC2 largely employed unauthorized workers. As part of their plea agreements, Garada and Moheyeldin agreed to forfeit approximately \$3.9 million, including more than \$2 million previously seized during the investigation.

WTC2 specialized in purchasing and reselling used goods, primarily clothes and shoes. From 2012 until 2016, the WTC2 workforce comprised primarily unauthorized immigrants for whom no payroll taxes were remitted, and no employment benefits were available or paid, including when an employee was injured due to a forklift accident. WTC2's reliance on labor of unauthorized immigrants provided a

competitive advantage and resulted in significant financial gains for Garada and Moheyeldin. In 2014, WTC2 employed approximately 50 unauthorized immigrants and had a gross income of approximately \$8 million. In furtherance of the scheme, Garada falsified tax returns by stating that WTC2 employed only one employee, when in fact WTC2 employed approximately 50 unauthorized immigrants from 2013 to 2016.

In addition to their employment fraud scheme, Garada and Moheyeldin defrauded Goodwill of Greater Washington, with whom WTC2 had a contract to collect donations from Goodwill collection bins. Under the contract, WTC2 was not permitted to keep donations deposited into the bins if Goodwill retail stores needed them. Without Goodwill's permission, Garada and Moheyeldin instructed WTC2 workers to remove Goodwill's logo from collection bins and replace it with a logo belonging to a charity supporting military families, also without that organization's permission. Garada and Moheyeldin then kept all donations deposited into those bins, sold some of the items in bulk lots to customers along the United States–Mexico border, and exported some items to customers in Africa, Asia, and South America.

This was a joint investigation with DSS, HSI, IRS-CI, United States Citizenship and Immigration Services, and the Department of Treasury-OIG. *United States v. Alaa Nimr Garada*; *United States v. Rafik Moheyeldin* (E.D. Virginia)