



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.

## **Maryland Company Executive Sentenced to Prison and Ordered to Pay More Than \$30 Million for Fraud Schemes**

On December 3, 2015, Joanne Tucker was sentenced to a year and a day in prison and ordered to pay more than \$1.6 million in restitution to more than 1,000 victims of an employee benefit fraud scheme. The court also ordered Tucker to forfeit more than \$20 million.

Tucker and her husband and co-conspirator, Shaun Tucker, previously pled guilty for their roles in a complex, multiyear scheme to steal employee benefit contributions required under the McNamara-O'Hara Service Contract Act (SCA), defrauding the United States by fraudulently obtaining small business set-aside government contracts and tax evasion. Shaun Tucker was sentenced in November 2015 to 8 years in prison, ordered to pay more than \$2 million in restitution, and ordered to forfeit more than \$30 million.

From 2007 to 2010, the Tuckers were controlling officers and majority shareholders of Quantell, Inc. and Intaset Technologies Corporation. Quantell and Intaset provided labor services to federal government agencies. In 2010, the Tuckers sold Intaset, but continued to have influence over its operations. From 2007 through 2013, the Tuckers and their co-conspirators fraudulently obtained more than \$30 million in federal contracts by falsely representing the eligibility of Quantell and Intaset as service-disabled and veteran-owned businesses. The service contracts awarded by the United States to Quantell and Intaset, as well as by the SCA, required them to provide health and welfare benefits to the service contract employees hired to do the work for the federal government. From 2008 through 2012, the Tuckers stopped making benefit contributions to a health and welfare plan. Instead, the Tuckers and their co-conspirators created multiple shell entities that they used to divert more than \$1.4 million in SCA contributions for their own personal benefit. The Tuckers also attempted to evade the income tax due on the diverted funds.

This is a joint investigation with the Internal Revenue Service - Criminal Investigation (IRS-CI), the Employee Benefits Security Administration (EBSA), the Defense Criminal Investigative Service,

the Small Business Administration-OIG (SBA-OIG), and the Air Force Office of Special Investigations. *United States v. Tucker et al.* (D. Maryland)

### **New York Construction Company to Pay More Than \$20 Million For Defrauding Clients**

On December 10, 2015, Tishman Construction Corporation (Tishman) was charged with mail and wire fraud conspiracy for improperly billing its private- and public-sector clients approximately \$5.6 million over a 10-year period. In connection with these charges, Tishman entered into a deferred prosecution agreement with the government in which Tishman admitted to overbilling clients and agreed to pay more than \$20 million in restitution and penalties.

Tishman, a New York-based construction firm, managed many high-profile projects in New York City, including a number of major publically-funded construction projects. As part of the overbilling scheme, Tishman would bill for hours not worked by its union employees and at pay rates higher than those outlined in collective bargaining agreements. Tishman would also submit false certified payrolls and time sheets to its clients, inflating hours worked by labor foremen of Mason Tenders' District Council Local 79. Tishman agreed to pay up to \$5.6 million in restitution and a \$14.5 million financial penalty.

This was a joint investigation with the General Services Administration–OIG, the Federal Bureau of Investigation (FBI), the Port Authority of New York and New Jersey–OIG, and the New York City Department of Investigation. *United States v. Tishman Construction Corporation* (E.D. New York)

### **Chicago-Area Businessman Sentenced for Billing Scheme That Defrauded Medicare and Private Insurance Plans**

On January 6, 2016, Chicago businessman Akash Patel was sentenced to 30 months in prison for his role in a health care fraud scheme that defrauded Medicare and another health care insurance provider of more than \$2.5 million. Patel was also ordered to pay, jointly and severally with co-defendants, more than \$2.5 million in restitution to victims of the fraud scheme.

Patel and his two co-defendants who were previously convicted and sentenced, Ankur Roy and Dipen Desai, owned Selectcare Health, Inc., an outpatient physical and respiratory therapy practice located in the greater Chicago area. Between March and May 2011, Patel and his co-defendants submitted approximately \$4 million in false and fraudulent health insurance claims for respiratory therapy services that were never provided to patients, including patients whose purported services were partially paid through union health and welfare funds. As a result of these false claims, Patel and his co-defendants took more than \$2.5 million in fraudulent proceeds, including at least \$761,000 directly traceable to Patel.

This was a joint investigation with the FBI and the U.S. Department of Health and Human Services–OIG (HHS-OIG). *United States v. Roy et al.* (N.D. Illinois)

## **Georgia Mother Sentenced and Sons Plead Guilty for Stealing Unemployment Insurance Benefits**

On January 5, 2016, Vicky Sue Cohran was sentenced to 51 months in prison and ordered to pay \$120,000 in restitution for orchestrating a fictitious employer scheme to fraudulently obtain unemployment insurance (UI) benefits. Cohran was assisted in the fraud scheme by her two sons, Christopher and Nathan Cohran, who each pled guilty to one count of conspiracy to commit wire fraud on January 5, 2016, and January 6, 2016, respectively.

Cohran fraudulently registered businesses that had no employees and no business operations; she then filed wage reports for 27 fictitious employees, using the Social Security numbers of 27 unwitting individuals whose identities had been stolen. She then filed false claims for UI benefits under the identities of those individuals. Cohran defrauded or intended to defraud the UI programs of Connecticut, Massachusetts, Minnesota, New Jersey, Oregon, Pennsylvania, and Washington.

This is a joint investigation with the Social Security Administration–OIG (SSA-OIG), the U.S. Postal Inspection Service, and the Office of the Chief State’s Attorney for the State of Connecticut. *United States v. Vicky Sue Cohran* (D. Connecticut)

## **Connecticut Construction Company Sentenced for Underfunding Employee 401(k) Retirement Plan**

On December 4, 2015, Cherry Hill Construction, Inc., (Cherry Hill) was sentenced to 36 months of probation and fined \$200,000 for underfunding its employee retirement plan and filing a false tax return. Cherry Hill previously pled guilty to charges of making false statements in documents required by the Employee Retirement Income Security Act of 1974 and of filing a false tax return.

Cherry Hill performs site development, demolition, and trucking services throughout Connecticut. Some of the work Cherry Hill performed was pursuant to government-funded construction projects, which required that Cherry Hill pay its employees specified wage rates and fringe benefits based on their job classifications.

Cherry Hill deducted fringe benefits from its employees’ paychecks and reported that it deposited the money into employees’ individual 401(k) accounts, when, in fact, the company failed to deposit approximately \$950,000 into the plan. Cherry Hill then filed a false corporate tax return that overstated its deposits into the 401(k) account, thereby increasing the amount of its tax deductions. As a result of the investigation, Cherry Hill funded its employees’ 401(k) retirement plans in full and paid \$193,000 in back taxes, interest, and penalties to the IRS.

This was a joint investigation with the IRS-CI, EBSA, and the U.S. Department of Transportation–OIG (DOT-OIG). *United States v. Cherry Hill Construction, Inc.* (D. Connecticut)

### **Illinois Chiropractor Sentenced for Defrauding Health Insurance Plan**

On December 14, 2015, Dr. Tracey Scott Yoder, an Illinois chiropractor, was sentenced to 1 year in prison for his role in a health care fraud scheme. In addition to the prison term, Yoder was also ordered to pay more than \$956,000 in restitution and a \$1 million forfeiture judgment.

From 2008 to 2014, Dr. Yoder defrauded a health insurance plan by using the provider number of another chiropractor to bill for chiropractic services that he performed on himself and his family members. Dr. Yoder also inflated billings by adding services that he did not actually render to patients. In addition, Dr. Yoder submitted some claims for services not rendered because he never saw the patient.

This was a joint investigation with the FBI. *United States v. Tracey Scott Yoder* (N.D. Illinois)

### **California Woman Sentenced to Prison for Her Role in UI Fraud Scheme**

On January 6, 2016, Dena Peterman was sentenced to 1 year in prison and ordered to pay more than \$221,000 in restitution to the California Employment Development Department (EDD) for her role in an UI fraud scheme that sought to defraud the EDD out of nearly \$300,000.

From 2006 through 2014, Peterman participated in a fictitious employer scheme that used stolen identities of senior citizens to fraudulently obtain UI benefits from the EDD. Peterman and others registered fictitious companies with the EDD, filed fraudulent employee wage reports, and ultimately sought and collected UI benefits by posing as alleged former employees of the fictitious companies. Many of the identities used in the scheme belonged to senior citizens who had been targeted by Peterman and others and coaxed into providing their personal information.

This was a joint investigation with the California EDD. *United States v. Dena Peterman* (C. D. California)

### **New Jersey Union Member Sentenced for Selling Fraudulent OSHA Cards**

On December 3, 2015, George Bello, a member of Local 253 of the United Brotherhood of Carpenters and Joiners of America (UBCJA), was sentenced to 4 months of home confinement and 36 months of probation and was ordered to pay a \$1,000 fine for his role in a conspiracy to sell more than 100 fraudulent Occupational Safety and Health Administration (OSHA) 30-Hour Construction Safety and Health Certification Cards to tradesmen who did not complete the required training. Bello conspired with Frederick Prinz, a certified OSHA Outreach Training instructor and UBCJA member, who was previously convicted and sentenced in this case.

*United States v. George Bello* (D. New Jersey)

## **Former CEO of Massey Energy Found Guilty of Conspiracy to Willfully Violate Mine Health and Safety Standards**

On December 3, 2015, a federal jury in Charleston, West Virginia, found former Massey Energy (Massey) chief executive officer Donald L. Blankenship guilty of conspiracy to willfully violate mine health and safety standards in connection with the fatal 2010 Upper Big Branch (UBB) Mine explosion that killed 29 miners. Blankenship was acquitted on other charges of securities fraud and fraud against the Securities and Exchange Commission.

Blankenship, who closely managed the UBB Mine for Massey, perpetuated health and safety violations at the mine despite being aware that doing so could likely result in accidents and fatalities. Massey personnel, under Blankenship's leadership, engaged in organized efforts to routinely interfere with U.S. Mine Safety and Health Administration inspections of the UBB Mine.

This is a joint investigation with the FBI. *United States v. Donald L. Blankenship* (S.D. West Virginia)

## **Nevada Family Members Convicted in Benefits Fraud Case**

On January 15, 2016, a federal jury convicted Fredrick Williams, Jacqueline Gentle, Denise Williams and Carolyn Willis-Casey of multiple felony charges relating to a scheme to fraudulently collect almost \$300,000 in government benefits, including more than \$218,000 in UI funds from the Nevada Department of Employment, Training, and Rehabilitation.

Fredrick 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, sister Willis-Casey, and Gentle then conspired to submit fraudulent claims and collect more than \$218,000 in UI benefits. Williams and Gentle were also convicted on charges relating to their fraudulent receipt of nearly \$100,000 from other government programs, including Social Security, Food Stamps, Pell Grants, and Medicaid.

This was a joint investigation with the U.S. Diplomatic Security Service, Homeland Security Investigations, SSA–OIG, U.S. Department of Agriculture–OIG, U.S. Department of Education–OIG, and HHS–OIG. *United States v. Fredrick Williams et al.* (D. Nevada)

## **Rhode Island Executive Convicted of Union Benefit Fund Fraud and Unemployment Insurance Fraud**

On January 28, 2016, Steven Pagliarini, a landscaping executive, pled guilty to fraud charges related to a scheme to avoid paying contractually obligated union benefits for employees who worked on federally funded projects, which resulted in more than \$170,000 in losses. In addition, Pagliarini pled guilty to a mail fraud charge for providing false information to the State of Rhode Island that resulted in the improper payment of UI benefits to his employees.

Pagliarini was the executive vice president of a union company, Central Landscape Construction Company, Inc. and a non-union company, Central Nurseries, Inc. Pagliarini submitted certified payroll

reports to the government that underreported hours worked by his employees on two federally funded projects. He also submitted false remittance forms to union benefit funds to avoid paying full benefit contributions as required under the Employee Retirement Income Security Act. In addition, Pagliarini mailed false UI claim notices to the Rhode Island Department of Labor and Training, which allowed his employees to collect UI benefits while actively working for him.

This is a joint investigation with the EBSA, DOT–OIG, U.S. Department of Housing and Urban Development–OIG, and the Fraud Unit of the Rhode Island Department of Labor and Training. *United States v. Steven F. Pagliarini* (D. Rhode Island)

### **OWCP Employee and Others Enter Guilty Pleas to Bribery and Conspiracy in a Multi-million Dollar Health Care Fraud Scheme**

On January 12, 2016, 7 of 28 previously charged individuals pled guilty to charges related to their involvement in a large-scale health care fraud scheme to fraudulently bill OWCP. Larry Washington, Dr. Robert Mandell, Henrietta Price, David Banda, and Willie Atkins each pled guilty to conspiracy to commit health care fraud. OWCP claims examiner Perry Rowell and OWCP claimant representative, and former claims examiner, Ifeany Egbuchunam pled guilty to bribery charges related to their quid pro quo arrangement to illegally use Rowell's position within OWCP for the scheme. Actual losses to the government in this case exceed \$8 million.

From January 2009 to September 2014, Washington ran Mind Spa, Inc., a Desoto, Texas–based clinic that purportedly provided OWCP claimants with counseling, pain management, chiropractic services, physical therapy, and massage services. Even though most of his OWCP patients had once suffered a work-related injury, Washington knew their injuries were not severe enough to warrant continued OWCP payments.

Washington enlisted the assistance of others to carry out a scheme to fraudulently bill OWCP on a continuing basis. He recruited Dr. Mandell, who submitted to OWCP medical reports that fabricated claimant medical conditions so as to establish claimant eligibility for long-term treatment. Washington also recruited licensed professional counselors Price and Atkins to provide counseling services to OWCP claimants. Washington, Dr. Mandell, Price, and Atkins all routinely billed OWCP for services not rendered to patients. Banda, the office administrator at Mind Spa, was responsible for sending all bills to OWCP and did so, despite knowing that services being billed were never actually rendered.

Washington also enlisted the help of Egbuchunam, paying him \$10,000 a month to use his position as an OWCP claimant representative to direct claimants to seek their treatment at Mind Spa. Egbuchunam in turn paid cash to OWCP claims examiner Rowell to perform unauthorized case queries of OWCP claimant data, falsify claimant records, and expedite payments.

Twenty-one OWCP claimants benefited from the scheme, as Washington kept them out of work, paid them kick-backs from fraudulent claim reimbursements, and provided them with the fraudulent service dates so they could submit corresponding fraudulent travel vouchers to OWCP.

This is a joint investigation with USPS-OIG and the Veterans Administration-OIG. *United States v. Larry Washington et al.* (N.D. Texas)

## Sacramento Dentist Pleads Guilty to Health Care Fraud Scheme

On January 11, 2016, David Lewis, a Sacramento dentist, pled guilty to health care fraud charges in connection with a scheme to defraud the Northern California General Teamsters Security Fund (the Fund) of more than \$1 million.

Lewis defrauded the Fund by submitting false statements regarding the health of his patients' teeth and billing for services not rendered. Lewis would routinely drill patients' healthy teeth and conduct unwarranted root canals and, in turn, bill the Fund for the work. Lewis's criminal conduct resulted in injury to his patients, whose teeth sustained protracted and obvious disfigurement as a result of unnecessary dental procedures. As part of the scheme, Lewis recruited United Parcel Service employees, who had 100% coverage with no annual limits, to use his dental practice by offering cash and other incentives.

This is a joint investigation with the EBSA and the California Dental Board. *United States v. David Lewis et al.* (E.D. California)