



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.

## **Louisiana Couple Sentenced in \$48 Million Medical Reimbursement Account Program Fraud Scheme**

On March 17, 2022, Denis J. Joachim and his wife, Donna K. Joachim, along with their company, The Total Financial Group, Inc. (TTFG) were sentenced for their roles in creating, marketing, and operating what they claimed to be a Medical Reimbursement Program. Denis Joachim was sentenced to 97 months in prison, followed by 36 months of supervised release. Donna K. Joachim was sentenced to 12 months and 1 day in prison followed by 36 months of supervised release, and TTFG received twelve months of probation and a special assessment fee in excess of \$2,000. As part of their guilty pleas, the defendants have agreed to forfeit assets seized with a collective value of approximately \$6,300,000.

TTFG was a Louisiana business incorporated by Denis and Donna Joachim. TTFG and its owners created and marketed a Medical Reimbursement Account program called "Classic 105" that was subject to the Employee Retirement Income Security Act of 1974 (ERISA). Classic 105 claimed to be a Multiple Employer Welfare Arrangement that was marketed to employers as a supplemental benefits plan to reimburse their employees for medical expenses, such as co-pays and deductibles. In total, TTFG took in more than \$25 million in fees from the employer-clients and employee-participants.

However, TTFG never obtained a single loan or insurance policy for the Classic 105 program, and participants never made any actual contributions. Rather, TTFG arranged for the contribution, loan, and insurance policy to appear as a series of "paper transactions" that, in effect, did nothing more than reduce participants' taxable wages and employers' Federal Insurance Contributions Act (FICA) payments improperly, without their knowledge of the impropriety. Consequently, TTFG and the Joachims caused the underpayment of at least \$23 million in FICA taxes, as well as the underreporting and underpayment of personal federal income taxes, federal unemployment taxes, and state unemployment taxes—amounts for which the employer-clients and employee-participants may be individually responsible.

The only money actually paid to TTFG were the fees, which the Joachims used for personal expenses, including the purchase of a 26-foot boat; a 2016 Grand Design Solitude recreational trailer; a Chevrolet Corvette; a Jeep Wrangler; a Dodge Ram truck; a Mercedes-Benz CL 550 automobile; a GMC Yukon XL Denali; multiple CAN-AM Maverick 1000R off-road vehicles; jet skis; their Covington residence; real property located adjacent to their Covington residence; two residences located in Madisonville, Louisiana; 40 acres of property in Bush, Louisiana; and 125 acres of property in Spring City, Tennessee.

This is a joint investigation with Employee Benefits Security Administration (EBSA), the Federal Bureau of Investigation (FBI), and the Internal Revenue Service - Criminal Investigation Division (IRS-CI). *United States v. Denis John Joachim v. Donna Kennedy Joachim v. The Total Financial Group, Inc.* (E.D. Louisiana)

**Former California Employment Development Department Employee Sentenced to More Than 5 Years in Prison for Fraudulently Obtaining Nearly \$4.3 Million in COVID Relief Funds**



Gabriela Llerenas, a former California Employment Development Department (EDD) employee, who resigned from EDD in 2002, was sentenced to 63 months in prison for causing nearly 200 fraudulent pandemic-related unemployment insurance (UI) benefit claims to be filed in other people’s names, resulting in nearly \$4.3 million in fraud.

Between April and October 2020, Llerenas filed and caused the filing of UI benefit claims asserting claimants were self-employed independent contractors, often identifying them as cake decorators or event attendants who were out of work due to the COVID-19 pandemic. Llerenas obtained many of the names, Social Security numbers, and other identifying information she used to submit the fraudulent claims through her prior work as a tax preparer.

This was a joint investigation with the FBI, U.S. Postal Inspection Service (USPIS), Homeland Security Investigations (HSI), California EDD, U.S. Secret Service, and Social Security Administration-Office of Inspector General (OIG). *United States v. Gabriela Llerenas* (C.D. California)

*During the execution of a UI fraud search warrant, OIG agents recovered approximately 30 UI debit cards, over \$500,000 in cash, and several notebooks containing PII.*

## **Charlotte Man Convicted of Using Stolen Identities to Defraud Government Funded COVID-19 Relief Programs Sentenced to 60 Months in Prison**

On March 10, 2022, Keon Taylor was sentenced to 60 months in prison after pleading guilty to one count of wire fraud and one count of aggravated identity theft. Taylor was also ordered to pay more than \$252,000 in restitution with specific amounts going to state workforce agencies in Arizona, Massachusetts, Nevada, North Carolina, Ohio, Tennessee, and the Small Business Administration (SBA).

The Investigation revealed that from March 2020 through February 2021, Taylor used the stolen personal identifiable information of more than 35 individuals to fraudulently file for pandemic-related UI benefits in numerous states. Additionally, Taylor used false information to submit applications for three loans under the Economic Injury Disaster Loan program administered by the SBA.

This is a joint investigation with the USPIS. *United States v. Keon I. Taylor* (W.D. North Carolina)

## **Maryland Man Sentenced to 39 Months in Prison for Leading Computer Fraud and Identity Theft Ring that Targeted State Workforce Computers**

On March 3, 2022, Jason "JR" Trowbridge was sentenced to 39 months in prison and fined \$30,000 pursuant to his November 2021 guilty plea to conspiracy to misuse Social Security numbers, misuse of a Social Security number, and aggravated identity theft.

Trowbridge owned and operated Paymerica Corporation located in Frederick, Maryland. Paymerica researched where purported debtors worked and sold their employer information—called place-of-employment information or "POE"—to debt collectors and companies selling information to debt collectors. In the debt collecting industry, the process is known as "skiptracing."

To obtain the place-of-employment information, Trowbridge directed members of the conspiracy to pretend to be debtors and create thousands of false online UI applications in the unknowing debtors' names and with the debtors' personal identifiers, including Social Security numbers, and to complete the applications to the point where each debtor's last known place of employment appeared. After confirming that the debtors worked for the relevant employers, Paymerica sold the place-of-employment information for approximately \$90 per debtor. Over the course of approximately 3 years, Paymerica made nearly \$1 million selling the stolen place-of-employment information.

This is a joint investigation with the New York State Department of Labor, Office of Special Investigations. *United States v. Jason "JR" Trowbridge, aka Ted Frost*. (N.D. New York)

## **Former Mail Carrier Sentenced for Role in Pandemic Unemployment Insurance Fraud Scheme**

On March 10, 2022, former United States Postal Service (USPS) mail carrier Jordyn Merriewether was sentenced for her role in an UI fraud scheme aimed at defrauding multiple states and the U.S. Government of funds earmarked for pandemic unemployment assistance during the COVID-19 pandemic. Merriewether was sentenced to time served, followed by 36 months of supervised release, and restitution of more than \$22,000.

Merriewether was paid by a co-conspirator to steal UI mailings, including debit cards, from residences along Merriewether's assigned mail delivery route. Merriewether removed the associated UI mailings

and debit cards from the mail and provided them to the co-conspirator in exchange for cash at approximately \$75 per card.

This is a joint investigation with the USPIS and the USPS-OIG. *United States v. Jordyn Merriewether (E.D. Michigan)*

### **Houston Man Sentenced for Unemployment Insurance Fraud Scheme in Nevada**

On February 4, 2022, Alan Ray was sentenced to 20 months in prison for his role in a conspiracy to use the stolen identities of more than 100 individuals to submit fraudulent UI benefit claims, totaling over \$934,000.

From March 2020 to late October 2020, Ray conspired with others to submit fraudulent UI claims, using stolen identities with the Nevada Department of Employment, Training, and Rehabilitation (DETR), California EDD, and other state workforce agencies. In furtherance of the fraud scheme, Ray had the state workforce agencies mail debit cards in the names of the stolen identities that contained the fraudulent UI benefits to addresses he could access. In total, more than \$934,000 in UI benefits were approved by the state workforce agencies, and approximately \$699,000 was withdrawn by Ray. The fraud was discovered when Ray attempted to ship fraudulently-obtained UI debit cards from Las Vegas to his residence in Houston, Texas.

This is a joint investigation with FBI, California EDD, and the Nevada DETR. *United States v. Alan Ray (D. Nevada)*

### **Former Postal Employee Sentenced for Role in Unemployment Insurance Fraud Scheme in California**

On February 24, 2022, former USPS employee Armand Legardy was sentenced to 12 months home detention for his role in a California EDD unemployment fraud scheme.

Legardy and his co-defendant used the fraudulently obtained California EDD debit cards to purchase or cash money orders from the USPS and withdrew thousands of dollars in cash from bank ATMs. The defendants also deposited multiple fraudulently purchased postal money orders directly into their bank accounts. Legardy was ordered to pay restitution in excess of \$160,000.

This was a joint investigation with the USPS-OIG, IRS-CI, and California EDD. *United States v. Armand Caleb Legardy (C.D. California)*

### **Maryland Man Pled Guilty to Orchestrating COVID-19 Unemployment Insurance and Aggravated Identity Theft Schemes**

On March 9, 2022, Idowu Raji pled guilty to conspiracy to commit access device fraud, access device fraud, and aggravated identity theft in relation to multiple financial fraud schemes, including pandemic-related UI fraud.

In 2020, Raji conspired with other individuals to traffic and use unauthorized access devices to fraudulently obtain more than \$900,000 in UI and other COVID-19 related benefits. In furtherance of the UI fraud scheme, Raji arranged for the delivery of fraudulent UI debit cards to his co-conspirators,

provided instructions on the use of the cards, and then obtained a portion of the fraudulent UI benefits. Raji also fraudulently used mailing addresses in Maryland to receive UI debit cards funded from various states and directed the use of the fraudulently obtained UI debit cards to engage in point of sale and ATM transactions. In total, Raji admitted that he was involved in the filing of fraudulent UI claims that used the identities of more than 50 people and caused more than \$900,000 in losses to the UI program.

Moreover, in a separate fraud conspiracy from October 2018 to November 2020, Raji conspired with multiple individuals charged in the District of Maryland in a scheme to defraud several businesses, individuals, and financial institutions of more than \$750,000. Raji's co-conspirators used fake identification documents to open bank accounts, which Raji then used to receive proceeds of the various fraud schemes. Additionally, in July 2020, Raji received and used funds from the submission of a fraudulent Paycheck Protection Program loan.

This is a joint investigation with HSI, the Diplomatic Security Service, and the USPIIS. *United States v. Idowu Raji* (D. Maryland)

### **Tampa Man Pled Guilty to Federal Charges in Scheme to Fraudulently Obtain Unemployment Insurance Benefits**

On February 10, 2022, Christopher Kenneth Guy, of Tampa, Florida, pled guilty in Maryland to conspiracy to commit wire fraud and mail fraud, and aggravated identity theft, for his role in a pandemic-related UI fraud scheme.

Beginning in May 2020, Guy and his co-conspirators submitted fraudulent applications to multiple state workforce agencies (SWAs), using the personal information of identity theft victims, claiming UI benefits to which they were not entitled. Based on the fraudulent applications, the SWAs disbursed UI benefits through debit cards issued in the names of the identity theft victims. The debit cards were mailed to addresses in Maryland and elsewhere that were accessible to Guy and other co-conspirators. Guy and his co-conspirators then used the debit cards to withdraw money and conduct retail transactions for their own personal benefit. Guy's scheme was discovered when he used a debit card in the name of an identity theft victim to purchase a laptop computer. In total, Guy used the identities of 16 identity theft victims to file fraudulent UI claims, which caused an actual loss of over \$175,000.

This is a joint investigation with USPIIS and the Howard County (MD) Police Department. *United States v. Christopher Guy* (D. Maryland)

### **Texas Woman Sentenced for Role in Defrauding the Office of Workers' Compensation Programs of More Than \$5 Million**

On March 3, 2022, Latosha Morgan was sentenced to 48 months of probation and ordered to pay \$475,000 in restitution to the Office of Workers' Compensation Programs (OWCP) stemming from her July 2019, guilty plea to one count conspiracy to commit health care fraud.

From January 2011 to March 2017, Morgan along with co-conspirators, engaged in an "upcoding" scheme to bill OWCP for more expensive services than those that were actually performed, if any. Morgan and her co-conspirators worked at clinics in Temple and Fort Worth, Texas, which treated OWCP patients almost exclusively. Morgan and her co-conspirators routinely billed for higher reimbursable services in order to earn bonuses based on the percentage that their clinics billed. As a

direct result of this scheme, OWCP was defrauded of more than \$5.3 million through fraudulent worker's compensation claims.

This was a joint investigation with the U.S. Department of Justice-OIG, USPS-OIG, U.S. Department of Veterans Affairs-OIG, and Army Criminal Investigation Division. *United States v. Latosha Morgan* (N.D. Texas)

### **Missouri Tax Attorney Sentenced to 6 Months in Prison for Tax and Labor Violations**

On February 10, 2022, Missouri attorney Meagan Howe was sentenced to 6 months in prison, and was ordered to pay the remaining restitution owed to victims of more than \$5,000. In August of 2021, Howe pled guilty to one count of failure to pay employment tax and one count of making a false representation related to an ERISA covered employee benefit plan.

During 2018 and 2019, Howe owned Just Ask Howe Tax Advocacy Services, under which she also operated under the names of Garner and Howe Law Firm and Missouri Law Firm, LLC. Howe exercised control over the law firms' business affairs, including approving all payments made by the company and controlling all of the company's bank accounts. Howe withheld federal taxes from her employees' paychecks at Garner and Howe Law Firm and Missouri Law Firm, LLC in 2019, but failed to turn them over to the IRS. In addition, she failed to pay in excess of \$10,000 in employment taxes. Howe then failed to transmit more than \$3,000 in contributions to an employee pension plan and while falsely reporting she had transmitted the contributions to the plan. Additionally, Howe also falsely prepared and submitted 2018 tax returns for herself and her husband.

This was a joint investigation with the U.S. Attorney's Office, IRS-CI and EBSA. *United States v Meagan M. Howe aka Meagan M. Hasty* (W.D. Missouri, Southern Division)

### **New York Business Owner Pled Guilty to Labor Trafficking**

On March 11, 2022, Piyamas Demasi pled guilty to one count of labor trafficking after forcing a foreign national employee at her restaurant to pay her thousands of dollars under the guise of green card sponsorship.

Piyamas Demasi hired a female foreign national from Thailand to work in her restaurant, Thai Thai Bistro located in Niskayuna, NY. After the victim began working, she was duped into paying the defendant thousands of dollars so the defendant would sponsor the victim as an expert Thai chef through a foreign labor certification process that would eventually provide the victim with permanent lawful status in the United States. However, the defendant would only maintain sponsorship of the victim if the victim paid for all the costs the defendant claimed to be associated with the visa process and if the victim agreed to continue working for the defendant for an additional 2 years after the visa process was completed.

After the victim made initial payments, the defendant made her work as a server (not as a chef as the defendant had represented in the visa application) and stopped paying wages to the victim altogether, forcing her to live off of tips alone. The defendant then made the victim pay for legal bills related to the visa process and demanded an additional \$10,000 for the defendant's efforts in sponsoring the visa application.

This is a joint investigation with HSI. *The People of the State of New York v. Piyamas Demasi* (Superior Court, Schenectady County)

### **Illinois Politician Pled Guilty to Fraud Related to Union Employment**

On March 8, 2022, former Illinois State Senator Thomas E. Cullerton pled guilty to embezzlement of union funds in connection to his employment with Teamsters Joint Council 25.

Cullerton was hired in early 2013 as a purported union organizer and remained on the payroll until February 2016. During his Teamsters employment, Cullerton received a salary commensurate with other full-time organizers, monthly car and telephone allowances, and annual bonuses. The union also paid for Cullerton's participation in union-sponsored pension, health and welfare benefit programs.

As part of the plea agreement, Cullerton admitted that he did little-to-no work as an organizer during his employment with the Teamsters. Cullerton also admitted that he routinely ignored requests from supervisors that he perform the job functions of an organizer. Cullerton received approximately \$249,000 in salary, benefit plan contributions, and reimbursed medical claims during his employment. Cullerton was first elected to the Illinois Senate in November 2012. He resigned from his Senate post in February 2022.

This is a joint investigation with the FBI. *United States v. Thomas E. Cullerton* (N.D. Illinois)

### **Houston Physician Pled Guilty to Soliciting and Receiving Health Care Kickbacks for His Role in a Scheme Defrauding Millions of Dollars from Government Healthcare Programs**

On February 16, 2022, Dr. Jerry Keepers, a doctor licensed in the states of Oklahoma and Texas, pled guilty to one count of soliciting and receiving health care kickbacks for his role in a healthcare fraud scheme where he wrote and referred compounded drug prescriptions in return for illegal kickback payments, in partnership with the pharmacy OK Compounding.

Keepers admitted that OK Compounding solicited and paid him to write prescriptions for his patients that would be filled by OK Compounding. The kickback payments were disguised through various sham business arrangements, including contracts where several physicians purported to serve as "medical directors" or "consulting physicians" for the pharmacy. Keepers and OK Compounding represented that Keepers had been paid for his services as a national spokesperson, medical director, or national marketing director.

Keepers was charged with receiving over \$860,000 in illegal bribe and kickback payments while conspiring to commit healthcare fraud. The fulfillment of prescriptions written by Keepers in furtherance of the kickback scheme generated false claims that were filed by OK Compounding and those medications in turn, were paid for by various federal health care programs, to include those administered by the OWCP.

This is a joint investigation with the FBI, Defense Criminal Investigative Service, U.S. Attorney's Office, IRS-CI, USPS-OIG, and the U.S. Department of Health and Human Services-OIG. *United States v Jerry May Keepers* (N.D. Oklahoma)

## Owner of California Med Spa Pled Guilty for Her Role in Defrauding Union Health Plan

On February 8, 2022, Roshanak Khadem, owner of R&R Med Spa pled guilty to charges related to her involvement in a multi-million dollar scheme that defrauded health care programs, to include, the International Longshore and Warehouse Union Health and Welfare Plan and other private insurance providers.

Khadem and her co-conspirators induced patients to visit her clinics to receive free cosmetic procedures – including facials, laser hair removal, and Botox injections – which were not covered by insurance. Co-conspirators then obtained the insurance information from the patients and fraudulently billed insurance companies for unnecessary medical services or for services that were never provided, which included the International Longshore Warehouse Union Health and Welfare Plan. Using the fraudulent proceeds from the insurance companies, Khadem and co-conspirators calculated a “credit” that patients could use to receive “free” or discounted cosmetic procedures.

Between January 2012 and April 2016, Khadem and her co-conspirators submitted claims totaling more than \$20,000,000 to health care programs, which included false and fraudulent claims for which those companies paid out more than \$1,000,000.

This is a joint investigation with the EBSA and the U.S. Office of Personnel Management-OIG. *United States v. Khadem et al. – Roshanak Khadem* (C.D. California)