



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

OIG Investigations Newsletter

August 1, 2022–September 31, 2022
Volume XLII

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.

Former Virginia State Government Employee Sentenced to 70 Months in Prison for \$1.8 Million COVID-19 Fraud Scheme

On September 13, 2022, Sadie Mitchell, a former employee of the Virginia Motor Vehicle Dealer Board, was sentenced to 70 months in prison and ordered to pay over \$1.2 million in restitution for defrauding the unemployment insurance (UI) and Pandemic Unemployment Assistance (PUA) programs, the Paycheck Protection Program (PPP), and the Economic Injury Disaster Loan (EIDL) program. Mitchell used victims' personally identifiable information (PII) that she obtained from her state government employment to fraudulently obtain benefits.

From May 2020 to August 2021, Mitchell and a co-conspirator executed a scheme to defraud the Virginia Employment Commission (VEC) by filing at least 20 fraudulent UI or PUA applications using inmates' PII. These applications included: false physical addresses; false employers; and false certifications that the inmates were ready, willing, and able to work once employment became available. Mitchell further defrauded the VEC by filing at least 30 fraudulent UI or PUA applications in the names of other individuals whose PII was obtained, in part, by Mitchell using a government database she had access to as an employee of the Virginia Motor Vehicle Dealer Board. Through this scheme, the conspirators fraudulently obtained approximately \$1 million in UI and PUA benefits.

Additionally, from June 2020 to June 2021, Mitchell devised and executed a scheme to defraud the PPP and EIDL programs. She submitted five PPP applications containing false statements, false representations, or false certifications to a financial institution. Mitchell also submitted several fraudulent EIDL applications to the Small Business Administration (SBA) for companies that did not have customers, employees, or business activity. In those applications, Mitchell made false statements, false representations, and false certifications.

This is a joint investigation with the U.S. Department of Homeland Security-Office of Inspector General (DHS-OIG) and the U.S. Postal Inspection Service (USPIS). *United States v. Sadie Mitchell* (E.D. Virginia)

Illinois Man Sentenced to 55 Months in Prison for Defrauding Government of Nearly \$1 Million in an Unemployment Insurance Fraud Scheme

On September 8, 2022, Martae Patton was sentenced to 55 months in prison and ordered to pay more than \$936,000 in restitution for his role in a scheme to defraud the federal government and several states of UI benefits.

Between May 2020 and April 2021, Patton participated in a UI fraud scheme in which he and others utilized the identities and PII of unsuspecting individuals without their knowledge or consent in order to apply for UI benefits in Arizona, Pennsylvania, and Illinois. The fraudulently obtained benefits were then deposited onto UI debit cards, which were mailed to addresses associated with Patton and others in and around northern Indiana. Then, they retrieved the debit cards and drained the funds through the purchase of money orders at post offices and ATM withdrawals.

This is a joint investigation with the USPIS. *United States v. Martae Patton* (N.D. Illinois)

Maryland Man Sentenced for Computer Fraud and His Role in Identity Theft Ring that Targeted State Governments

On August 11, 2022, Guy Cuomo, who is also known as “John Monaco,” was sentenced to 45 months in prison for computer fraud, misuse of a Social Security number, aggravated identity theft, and related conspiracy charges for his role in a scheme to sell information unlawfully obtained from the State of New York’s DOL and other SWAs. In September 2022, co-defendants Sarah Bromfield, Rebecca Fogle, and Shamair Brison were sentenced to time served and terms of supervised release for their roles in this case.

The evidence at Cuomo’s trial demonstrated that Cuomo worked for and managed companies owned by Jason “J.R.” Trowbridge in Frederick, Maryland, including Paymerica Corporation. Paymerica researched where purported debtors worked and sold their employer information, which was known as place-of-employment (POE) information, to debt collectors and companies selling this information to debt collectors. In the debt-collecting industry, the process is known as “skiptracing.”

To obtain the POE, Cuomo and other members of the conspiracy pretended to be the debtors, created thousands of false online UI applications in the debtors’ names and with the debtors’ PII, including Social Security numbers, and completed the applications to the point where each debtor’s last known place of employment appeared. After confirming the debtors worked for the relevant employers, Paymerica sold the POE for approximately \$90 per debtor. In approximately 3 years, Paymerica made nearly \$1 million selling the stolen POE.

The fraud scheme involved attempts to obtain the POE for as many as 200,000 people from all 50 states, and Paymerica sold the POE of at least 12,000 individuals. Trowbridge was previously sentenced to 39 months in prison and fined \$30,000 for his role in the fraud scheme.

This is a joint investigation with the State of New York’s DOL, Office of Special Investigations. *United States v. Guy Cuomo, aka John Monaco* (N.D. New York)

California Man Sentenced for Fraudulently Obtaining More Than \$500,000 in Pandemic-Related Unemployment Insurance Benefits

On August 4, 2022, Bonifacio Marinas was sentenced to 12 months of home detention, 24 months of supervised release, and ordered to pay more than \$1 million in restitution to the California Employment Development Department (EDD) for his involvement in a scheme to fraudulently obtain pandemic-related UI benefits, including PUA from the EDD.

From April 2020 to August 2020, Marinas filed approximately 85 UI claims with the EDD, falsely asserting the named claimants were self-employed real-estate agents in Los Angeles County whose jobs had been adversely impacted by the COVID-19 pandemic. He often listed his own real-estate business, Vintage Realty & Finance Inc., which is located in West Covina, as the purported workplace of the named claimants. In actuality, the named claimants: resided in Saipan or the Philippines; were not registered as real-estate agents in Los Angeles County; had no employment history in California; and were not eligible for benefits.

Debit cards, which contained UI benefits, were issued in the names of the claimants as a result of the fraudulent UI claim submissions. Furthermore, Marinas listed his residence as the mailing address for each of the named claimants, and the debit cards were mailed to him so he could withdraw the fraudulently obtained benefits. The loss to EDD amounted to more than \$500,000.

This is a joint investigation with the Internal Revenue Service Criminal Investigation, the USPIS, the U.S. Secret Service (Secret Service), and the California EDD. *United States v. Bonifacio Jastilana Marinas* (C. D. California)

Virginia Woman Sentenced for Role in Fraudulently Obtaining Pandemic Unemployment Insurance Benefits for Virginia Inmates

On August 11, 2022, Rochelle Noel was sentenced to 27 months in prison and ordered to pay more than \$469,000 in restitution to the Virginia Employment Commission (VEC) for her role in a UI fraud scheme.

Between May 2020 and February 2021, Noel filed fraudulent PUA applications on behalf of at least 22 inmates at the Hampton Roads Regional Jail who were not eligible for PUA benefits. Noel provided false information on the initial claim applications, as well as the weekly re-certifications that she submitted to VEC to continue the claims. Noel had the UI debit cards loaded with PUA benefits mailed to her residence and used the debit cards to withdraw cash at local financial institutions. She typically received a portion of the benefits paid out with each claim. In total, Noel admitted she was involved in filing fraudulent PUA claims that resulted in more than \$469,000 in losses to VEC.

United States v. Rochelle Noel (E.D. Virginia)

Michigan Man Sentenced for Role in \$400,000 Unemployment Insurance Fraud Scheme

On September 8, 2022, Michael James was sentenced for his role in a UI fraud scheme aimed at defrauding multiple states of pandemic-related UI benefits. James was sentenced to 61 months in prison and forfeiture of more than \$213,000.

From May 2020 through October 2020, James devised and executed a scheme to unlawfully obtain state and federal UI benefits. Specifically, James used stolen PII to file more than 60 fraudulent applications for UI benefits in multiple states. As a result, more than \$200,000 in state and federal UI benefits were disbursed and later deposited into bank accounts and onto debit cards possessed and/or controlled by James.

This is a joint investigation with the FBI Violent Gang Task Force. *United States v. Michael James* (E.D. Michigan)

Michigan Man Sentenced to 5 Years in Prison for Using Stolen Identities to Obtain \$400,000 in Pandemic Aid Funds

On August 24, 2022, Samuel Baker was sentenced to 60 months in prison for wire fraud and aggravated identity theft in connection with a scheme to fraudulently obtain more than \$350,000 in UI benefits from the states of Michigan and Pennsylvania. In addition to the 60 month prison sentence, he was ordered to pay more than \$415,000 in restitution.

From May 2020 until July 2020, Baker filed more than 30 fraudulent UI benefit claims in the names of identity theft victims. He subsequently directed the benefits to be deposited onto debit cards in his possession that were obtained in the names of the victims. Baker then repeatedly withdrew the fraudulent UI benefits using ATMs throughout the Detroit metropolitan area. At the time of his arrest, federal agents seized \$187,000 in cash, four Rolex watches, and ten gold coins. Baker also successfully obtained more than \$40,000 in a fraudulent Economic Injury Disaster Loan from the SBA for fictitious businesses purportedly located in Nevada.

This is a joint investigation with the FBI. *United States v. Samuel George Baker* (E.D. Michigan)

Former Arizona State Employee Sentenced for Her Role in Unemployment Insurance Fraud Scheme

On September 7, 2022, Lashon Ball, formerly an unemployment claims adjudicator with the Arizona Department of Economic Security (AZ-DES), was sentenced to 24 months of probation and ordered to pay more than \$24,000 in restitution to AZ-DES.

In June 2020, Ball submitted a UI claim certifying she was unemployed and had no earnings while employed full time at AZ-DES. Based upon her fraudulent submission, Ball received UI benefits from the state of Arizona, as well as a federal supplement. Although employed and not entitled to UI benefits, she continued to submit fraudulent UI claims on a weekly basis until May 2021, receiving more than \$24,000.

This was a joint investigation with the U.S. DHS-OIG and the Arizona Department of Economic Security. *United States v. Lashon Ball*, (D. Arizona)

Former Washington State Employee Sentenced for Stealing Unemployment Assistance Benefits in Exchange for Kickbacks

On September 16, 2022, Reyes De La Cruz, a former employee of State of Washington's Employment Security Department (Washington ESD), was sentenced to 60 months in prison for his role in a scheme to exploit the Washington ESD and to fraudulently distribute more than \$300,000 in pandemic-related UI benefits. De La Cruz previously pled guilty to charges of wire fraud, bribery by an agent of an organization receiving federal funds, and aggravated identity theft.

Between July 2020 and March 2021, De La Cruz used his access to the Washington ESD UI claims database to defraud the benefits system in multiple ways. In at least 10 instances, he accepted bribes in exchange for fraudulently facilitating UI benefits payments for his friends, family, or acquaintances by making false entries into the claims database. In many cases, the individual did not qualify for UI benefits, but De La Cruz manipulated the claims database so the claimants received lump-sum retroactive payments that sometimes amounted to tens of thousands of dollars. The claimants then paid him a portion of the lump sum ranging from \$500 to \$6,500. In total, De La Cruz received approximately \$20,000 in kickback payments.

This is a joint investigation with the FBI. *U.S. v. De La Cruz* (W.D. of Washington)

Michigan Woman Sentenced in Unemployment Insurance Fraud Scheme

On August 10, 2022, Mykia King was sentenced to 34 months in prison after having pled guilty to wire fraud and aggravated identity theft charges in a pandemic-related UI fraud scheme executed to defraud the state of Michigan and the U.S. Government. In addition to the prison sentence, King was ordered to pay more than \$280,000 in restitution.

King filed over 30 fraudulent claims seeking PUA benefits in the names of identity theft victims. When filing the fraudulent claims, she submitted adulterated identification documents as proof of identification. King used identical driver's license photos and Social Security cards for multiple claims, while utilizing different names and addresses for the claims. The benefits associated with the fraudulent claims were typically loaded onto debit cards that were mailed to addresses under King's control. She then withdrew the funds at ATMs located throughout Michigan.

King's fraudulent activities were identified during the federal investigation of a co-defendant, Jermaine Rose, who was a former claims examiner for the Michigan UI Agency. Rose had previously pled guilty and was sentenced for abusing his position as a claims examiner to improperly approve fraudulent claims, including those submitted by King.

This is a joint investigation with the Secret Service and the Michigan UI Agency. *United States v. Mykia King* (E.D. Michigan)

Tampa Man Sentenced to More Than 5 Years for Conspiracy to Commit Access Device Fraud and Aggravated Identity Theft Related to COVID Unemployment Insurance Benefits

On August 1, 2022, subsequent to his guilty plea, Devaris McClain was sentenced to 37 months for conspiracy to commit access device fraud and 24 months for aggravated identity theft, to run consecutively, for a total of 61 months in federal prison. McClain was also ordered to pay restitution of approximately \$92,000.

From January 2015 through August 2016, McClain and his co-conspirators made counterfeit debit and credit cards by obtaining prepaid gift cards, embossing them with their names and stolen PII, and obliterating the magnetic strips on the backs of the cards to ensure the information would need to be keyed in by hand by retail employees. Additionally, McClain also participated in a scheme to fraudulently obtain UI benefits from various state workforce agencies (SWA) during the COVID-19 pandemic. These UI benefits were transferred to bank accounts or loaded onto debit cards issued in the names of identity theft victims.

This was a joint investigation with the FBI and the Tampa Police Department. *United States v. Devaris McClain* (M.D. Florida)

Former New York State Department of Labor Employee Pleads Guilty in Unemployment Insurance Fraud Case

On August 25, 2022, Wendell Giles, a former New York State Department of Labor (NYDOL) employee, pled guilty to mail fraud and aggravated identity theft for his role in a UI fraud scheme.

As part of his guilty plea, Giles admitted he and former NYDOL employee, Carl J. DiVeglia III, abused their access to state computer systems to create and approve fraudulent UI applications from 2020 to 2021, including applications for assistance through the federal PUA program.

Giles recruited relatives, friends, and others to submit false benefits applications over the phone to DiVeglia after Giles had instructed them to lie in response to eligibility questions. Giles and DiVeglia then took a share of the benefits paid by NYDOL on the fraudulent claims. Giles used his share to enrich himself, including the purchase of a three-wheeled motorcycle. In text messages, DiVeglia suggested a vanity license plate for Giles' new vehicle, "TY PUA," which Giles understood to mean "Thank You Pandemic Unemployment Assistance."

Giles admitted responsibility for more than \$826,000 in losses to pandemic-related UI benefits programs administered by the state and has agreed to pay full restitution to NYDOL. DiVeglia previously pled guilty to mail fraud and aggravated Identity theft charges and is awaiting sentencing.

This is a joint investigation with the FBI. *United States v. Wendell Giles* (N.D. New York)

Doctor and Office Manager Convicted of Health Care Kickback Conspiracy

On September 21, 2022, Dr. Steven J. Valentino, an orthopedic surgeon operating out of the greater Philadelphia area, and his office manager, Michele Miller, were convicted by a federal jury of conspiracy to pay and receive health care kickbacks in exchange for the referral of prescription medications, including medications prescribed under OWCP.

Evidence presented at trial demonstrated that Valentino and Miller participated in an incentivized prescribing scheme involving injured federal workers and Medicare beneficiaries. Valentino and Miller received kickbacks for referring, ordering, and arranging for medications—including expensive compound medications—to be filled by a Houston pharmacy. Between May 2013 and July 2017, the pharmacy billed OWCP and Medicare approximately \$2.5 million and was paid approximately \$1.1 million for prescriptions referred, ordered, and arranged by Valentino and Miller in exchange for illegal health care kickbacks.

This is a joint investigation with USPS-OIG and the U.S. Department of Health and Human Services-OIG. *United States v. Valentino, et al.* (E.D. Pennsylvania)

Guatemalan National Pleads Guilty to Forced Labor of Two Minors

On August 23, 2022, Olga Choc Laj pled guilty to two counts of forced labor for her involvement in the labor trafficking of two minors.

From February 2019 through February 2020, Choc Laj, along with a co-conspirator, devised a scheme to unlawfully enter the United States with minors to facilitate entry into the United States. Choc Laj and the co-conspirator, who are both Guatemalan citizens, coordinated with smugglers and third parties to locate two minors in Guatemala and used those children to facilitate their entry into the United States.

Additionally, Choc Laj and the co-conspirator obtained fraudulent identity documents for one of the minors, falsely representing the minor as an adult. The minor was made to work at businesses and as a domestic servant from 2019 to February 2020; the other minor worked as a domestic servant from 2019 to February 2020. Choc Laj and the co-conspirator did not pay the minors for their domestic work or permit them to attend school or leave the residence. They made the children work extended hours with the threat of physical harm if they did not comply.

This is a joint investigation with FBI and HSI. *United States v. Santos Teodoro Ac-Salazar and Olga Choc Laj* (N.D. Illinois)