

N E W S R E L E A S E

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Date: April 12, 2022

News Release No.: 22-15

Employment Development Department and California Office of Emergency Services Announce More Unemployment Insurance Fraud Crackdowns

SACRAMENTO—The California Employment Development Department (EDD) and California Governor’s Office of Emergency Services (Cal OES) today issued updates on the “monumental effort” to investigate and prosecute criminals who defrauded federal emergency unemployment benefit programs in 2020—work that involves over 1,400 active investigations and at least 130 criminal convictions.

EDD and Fraud Special Counsel McGregor W. Scott also recently identified and referred to federal authorities 30 more major fraud cases involving \$54 million in benefits – mainly associated with the federal Pandemic Unemployment Assistance program. These 30 investigations involved fraud schemes crossing state or international boundaries, as well as some schemes within California.

“Fraudsters attacked California and every state in the country with unprecedented criminal activity in 2020,” said Fraud Special Counsel McGregor W. Scott. “These criminals defrauded taxpayers and stole benefits from workers in need. California responded aggressively with new anti-fraud measures that blocked billions of dollars in fraud attempts. We are now engaged in a monumental effort to uncover these complex fraud schemes and deliver investigations to law enforcement and prosecutors across California.”

As Fraud Special Counsel, Scott aids the state’s work with law enforcement to combat fraud—including supporting state, federal, and local investigations and prosecutions. Working with EDD, Scott has leveraged his experience to deliver leads and evidence to aid prosecutions and strengthen ongoing investigations. Hundreds of investigations have opened and scores of suspects have been arrested, criminally charged and convicted.

From January 2021 to January 2022, the [California Task Force on Pandemic Unemployment Assistance Fraud](#) has led to at least 370 arrests, 130 convictions, and 1,400 active investigations. These cases include a great variety of fraud schemes ranging from international crime rings to domestic organized and individual criminal activity. Efforts continue to recover any remaining funds seized during these investigations, including funds held on frozen debit cards pending the investigation or prosecution.

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EDD and Scott have also helped boost data sharing agreements with law enforcement partners to expedite investigations. Similarly, EDD established an information sharing program that helps California agencies to access EDD data more quickly.

Fraud investigations are labor intensive criminal investigations because of the complexity of the schemes and the extensive efforts criminals undertake to conceal their activity. In response, EDD created law enforcement investigative guides and offers technical assistance to law enforcement partners who are working these cases. EDD set up designated regional contacts for each division of the state and works with any agency that needs assistance with an unemployment insurance fraud case.

Law enforcement has arrested, convicted and imprisoned scores of individuals who defrauded the State—and continues to do so. Examples of this work include:

- A 37 month prison sentence in April 2021 in the Central District of California for a fraudster who obtained more than \$500,000 in fraudulent unemployment benefits.
- Sentencing in April 2021 following an investigation by the U.S. Department of Justice National Unemployment Insurance Fraud Task Force conducted by US DOL, IRS, USPS, Murrieta PD, and EDD into a suspect who stole identities and obtained \$500,000 in unemployment benefits.
- Guilty pleas in a federal prosecution of two inmates in Chowchilla in April 2021 following a joint investigation by the FBI, CDCR, the US Attorney, and EDD into \$103,000 in fraud.
- A guilty plea in federal court in April 2021 following an investigation by U.S. Department of Labor, FBI, and EDD into attempts to file 100 phony claims using stolen identities and 10 payments worth nearly \$200,000.
- Arrests in April 2021 by federal authorities following an investigation by Department of Labor, FBI, U.S. Postal Service, and EDD into 3 people who filed \$345,000 in fraudulent benefit applications on behalf of inmates.
- Arrests in Placer County in April 2021 in connection with a criminal organization that filed \$4.5 million in fraudulent unemployment claims.
- Indictments by a grand jury in California in June 2021 following an investigation by the U.S. Department of Justice and EDD into three people who stole \$1.4 million in unemployment benefits.
- Two defendants convicted in July 2021 and imprisoned for 5 years for obtaining more than \$74,000 in fraudulent unemployment benefits following an investigation by the FBI, the California Department of Corrections and Rehabilitation Investigative Services Unit, and EDD.
- Guilty pleas in August 2021 in Los Angeles following an investigation into 200 fraudulent benefit claims totaling \$1.6 million.

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- Charges filed in August 2021 in Sacramento County against suspects linked to more than \$500,000 in fraudulent claims.
- Criminal sentences against three Florida residents in November 2021 for fraudulently obtaining unemployment benefits in California.
- Criminal sentencing in San Diego in December 2021 of a fraudster sentenced to two years in prison for unemployment benefit fraud.
- Guilty pleas in San Diego County in February 2022 following an investigation by the San Diego District Attorney into a \$1 million theft of unemployment insurance.
- A five-year prison sentence in February 2022 following an investigation by the U.S. Attorney, U.S. Department of Labor, Homeland Security, U.S. Postal Service, FBI, Social Security Administration and EDD into \$4.3 million in stolen unemployment insurance benefits.
- Criminal charges filed in Sacramento in January 2022 following an investigation by EDD and the Sacramento County District Attorney into multiple suspects stealing \$2.75 million in unemployment insurance benefits.
- Federal indictments in Sacramento in January 2022 following an investigation by EDD and federal authorities into a New Jersey resident who filed 78 fraudulent unemployment insurance claims in California.
- A guilty plea in federal court in January 2022 following an investigation by the U.S. Attorney and EDD into \$132,000 in stolen unemployment insurance benefits.
- Guilty pleas in San Diego County in February 2022 following an investigation by the San Diego District Attorney into a \$1 million theft of unemployment insurance.
- A five-year prison sentence in February 2022 following an investigation by the U.S. Attorney, U.S. Department of Labor, Homeland Security, U.S. Postal Service, FBI, Social Security Administration and EDD into \$4.3 million in stolen unemployment insurance benefits.
- Eight defendants indicted in Fresno in February 2022 following an investigation by the U.S. Attorney for the Eastern District, FBI, U.S. Department of Labor, CDCR, and EDD into identity theft and mail fraud and \$5 million in unemployment insurance fraud.
- A defendant sentenced to 30 months in prison in February 2022 following an investigation by the U.S. Department of Justice into approximately \$170,000 in stolen unemployment benefits.
- Seventeen people charged in Bakersfield in March 2022 following an investigation by EDD, the Kern County District Attorney and others into a \$394,000 unemployment insurance fraud scheme.

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- Indictment in March 2022 in Las Vegas following an investigation by the Department of Labor-Office of Inspector General (DOL-OIG), U.S. Attorney, Department of Homeland Security-Office of Inspector General (DHS-OIG), Federal Bureau of Investigation, and EDD into \$1.1 million in fraudulent claims.

While arrest, prosecution, and imprisonment remains a major avenue for holding fraudsters accountable, EDD will seek restitution through the judicial system whenever possible. Court-ordered restitution to EDD as a crime victim occurs after a criminal conviction. This can also include funds seized during a criminal investigation and held as evidence.

Other actions California has taken to strengthen its fraud fighting include:

- Stopping \$125 billion in attempted fraud by deploying a new identity verification system, ID.me, in 2020 and partnering with Thomson Reuters to help detect and prevent UI and PUA fraud.
- Setting up the 1099-G call center to help victims of identity theft deal with any tax related questions—work that answered 24,000 calls. Fraud can be reported by selecting [Form 1099G](#) in Ask EDD or calling 1-866-401-2849.
- No longer printing Social Security numbers on mailed documents to reduce the risk of identity theft.
- Working with Bank of America to issue chip-enabled debit cards that enhance security and to strengthen fraud-prevention strategies.
- Working with the California Office of Emergency Services Fraud Task Force on over a thousand active investigations, arrests, and prosecutions across California.
- Delivering multiple customer alerts about text message and other phishing schemes.

With identity theft remaining a pervasive threat nationwide and globally, EDD has continued to issue consumer scam alerts throughout the pandemic that warn about cell phone and email phishing schemes designed to steal personal information. Californians who receive suspicious cell phone or email phishing communications can report those scam attempts to the [Federal Trade Commission \(FTC\)](#). Phishing emails can be forwarded to the FTC's Anti-Phishing Working Group at reportphishing@apwg.org and phishing text messages can be forwarded to the FTC at 7726. EDD posts information to help prevent fraud on its [Help Fight Fraud](#) webpage.

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