



1 2. The Employment Development Department ("EDD") for the State
2 of California was the administrator of the unemployment insurance
3 ("UI") benefit program in California.

4 3. On March 13, 2020, the President of the United States
5 declared COVID-19 an emergency under the Robert T. Stafford Disaster
6 Relief and Emergency Assistance Act. As a result, Congress passed
7 the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"),
8 which the President signed into law on March 27, 2020. The CARES Act
9 provided over \$2 trillion in economic relief protections to the
10 American people from the public health and economic impacts of COVID-
11 19.

12 4. Prior to the enactment of the CARES Act, to be eligible for
13 UI administered by EDD, a person had to have been employed and worked
14 in California and received at least a certain amount of wages from an
15 employer in the 18 months preceding his/her UI benefits claim.
16 Because of this requirement, self-employed workers, independent
17 contractors, and employees with insufficient earnings were not
18 eligible to receive regular UI benefits.

19 5. The CARES Act established a new program -- Pandemic
20 Unemployment Assistance ("PUA") -- to provide unemployment benefits
21 during the COVID-19 pandemic to people who did not qualify for
22 regular unemployment insurance benefits, including business owners,
23 self-employed workers, independent contractors, and those with a
24 limited work history who were out of business or had significantly
25 reduced their services as a direct result of the pandemic. UI
26 benefits provided under the PUA program are sometimes referred to as
27 PUA benefits.

1 6. Under the PUA provisions of the CARES Act, a person who was
2 a business owner, self-employed worker, independent contractor, or
3 gig worker could qualify for PUA benefits administered by EDD if
4 he/she previously performed such work in California and was
5 unemployed, partially unemployed, unable to work, or unavailable to
6 work due to a COVID-19-related reason.

7 7. Persons applying for PUA benefits between April 2020 and
8 November 2020 did not need to submit any supporting documents to EDD
9 with their applications. Claimants entered their total income for
10 the 2019 calendar year on the application. The stated income was
11 used to pay the minimum benefits of \$167 per week. EDD could request
12 documentation to provide proof of the stated income.

13 8. A PUA claimant was required to answer various questions to
14 establish his/her eligibility for PUA benefits. The claimant was
15 required to provide his/her name, Social Security Number, and mailing
16 address. The claimant was also required to identify a qualifying
17 occupational status and COVID-19 related reason for being out of
18 work.

19 9. After it accepted a UI claim, including a claim submitted
20 pursuant to the PUA program, EDD typically deposited UI funds every
21 two weeks to an Electronic Bill Payment ("EBP") debit card
22 administered by Bank of America ("BofA"), which the claimant could
23 use to pay for his/her expenses. The EBP card was mailed via the
24 United States Postal Service to the claimant at the address the
25 claimant provided in his/her UI application.

26 B. THE SCHEME TO DEFRAUD

27 10. Beginning no later than July 2020 and continuing through at
28 least September 2020, in Los Angeles County, within the Central

District of California, and elsewhere, defendant MCCLAIN, together with others known and unknown to the Grand Jury, knowingly and with the intent to defraud, devised, participated in, and executed a scheme to defraud EDD and the United States Treasury as to material matters, and to obtain money and property from EDD and the United States Treasury, namely, UI benefits, including PUA benefits, by means of material false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

11. The fraudulent scheme operated, in substance, as follows:

a. Defendant MCCLAIN and his co-schemers filed and caused to be filed with EDD fraudulent applications for UI benefits including PUA benefits (the "fraudulent UI benefit applications") in their own names; the names of other persons, including players on the University 1 football team and other friends and associates; and the names of persons who had not authorized defendant MCCLAIN and/or his co-schemers to file such applications on their behalf (the "named claimants").

b. In one part of the scheme, defendant MCCLAIN and his co-schemers obtained and caused to be obtained, and listed and caused to be listed on the fraudulent UI benefit applications, personal identification information of the named claimants.

c. Defendant MCCLAIN and his co-schemers listed and caused to be listed email addresses for the named claimants that, in at least some instances, did not belong to the named claimants but had been created and caused to be created by defendant MCCLAIN and his co-schemers and that defendant MCCLAIN and his co-schemers controlled.

1 d. Defendant MCCLAIN and his co-schemers falsely
2 represented, and caused to be falsely represented, on the fraudulent
3 UI benefits applications that the named claimants were self-employed
4 workers, including athletic trainers and tutors, whose employment had
5 been negatively affected by the COVID-19 pandemic. In fact, as
6 defendant MCCLAIN then knew, the named claimants were not self-
7 employed workers whose employment had been negatively affected by the
8 COVID-19 pandemic.

9 e. Defendant MCCLAIN and his co-schemers also falsely
10 represented, and caused to be falsely represented, on the fraudulent
11 UI benefits applications that the named claimants resided and worked
12 in California, and that they had lost work in California as a result
13 of the COVID-19 pandemic. In fact, as defendant MCCLAIN then knew,
14 the named claimants had not worked or planned to work in California,
15 nor had they lost work in California as a result of the COVID-19
16 pandemic.

17 f. Defendant MCCLAIN and his co-schemers also falsely
18 represented, and caused to be falsely represented, on the fraudulent
19 UI benefits applications that the named claimants were seeking work
20 but unable to find work in California. In fact, as defendant MCCLAIN
21 then knew, the named claimants were not seeking work in California
22 and were not unable to find work in California.

23 g. By falsely stating that the named claimants had worked
24 and planned to work in California, that they had lost work in
25 California as a result of the COVID-19 pandemic, and that they were
26 seeking work but unable to find work in California, defendant MCCLAIN
27 and his co-schemers falsely represented, and caused to be falsely
28 represented, that the named claimants were eligible for UI benefits

1 administered by EDD when, as defendant MCCLAIN then knew, they were
2 not eligible for such benefits.

3 h. As a result of the fraudulent UI benefits applications
4 that defendant MCCLAIN and his co-schemers filed and caused to be
5 filed, EDD authorized BofA to issue EBP debit cards in the names of
6 the named claimants.

7 i. Defendant MCCLAIN and his co-schemers listed and
8 caused to be listed on the UI benefit applications addresses to which
9 they had access as the mailing addresses for the named claimants.
10 Defendant MCCLAIN knew that, by doing so, defendant MCCLAIN and his
11 co-schemers would cause BofA to mail the EBP debit cards issued to
12 the named claimants to these addresses, thereby enabling defendant
13 MCCLAIN and his co-schemers to take possession of the EBP debit
14 cards.

15 j. Defendant MCCLAIN and his co-schemers received the EBP
16 debit cards issued as a result of the fraudulent UI benefit
17 applications and used the EBP debit cards and caused the EBP debit
18 cards to be used to withdraw UI benefits loaded onto the debit cards
19 by making cash withdrawals at Automated Teller Machines and at
20 banking centers, and to pay for purchases of goods and services.
21 Defendant MCCLAIN and his co-schemers also transferred and caused the
22 transfer of funds from accounts associated with the EBT debit cards
23 to accounts the co-schemers controlled.

24 k. In another part of the scheme, defendant MCCLAIN and
25 his co-schemers assisted others to file fraudulent UI benefits
26 applications in their own names and using their own personal
27 identification information and their own addresses. In at least some
28 instances, defendant MCCLAIN and his co-schemers requested and

1 received payment from these claimants in exchange for their
2 assistance in filing the fraudulent UI benefit applications.

3 12. Through this scheme, defendant MCCLAIN and his co-schemers
4 caused at least approximately 36 fraudulent applications for PUA
5 benefits to be filed with EDD, resulting in attempted losses to EDD
6 and the United States Treasury of at least approximately \$903,688 and
7 actual losses of at least approximately \$227,736.

8 B. USE OF THE MAILS

9 13. On or about the dates set forth below, within the Central
10 District of California and elsewhere, defendant MCCLAIN and his co-
11 schemers, aiding and abetting each other, for the purpose of
12 executing the above-described scheme to defraud, willfully caused the
13 following items to be placed in an authorized depository for mail
14 matter to be sent and delivered by the United States Postal Service,
15 according to the directions thereon:

COUNT	DATE	ITEM MAILED
ONE	7/29/2020	EBP debit card for an account in the name of M.S. ending in 1672 sent by U.S. Mail from BofA to an address on Jefferson Boulevard in Los Angeles, California
TWO	8/11/2020	EBP debit card for an account in the name of T.T. ending in 2962 sent by U.S. Mail from BofA to an address on Jefferson Boulevard in Los Angeles, California
THREE	8/21/2020	EBP debit card for an account in the name of J.D. ending in 4301 sent by U.S. Mail from BofA to an address on Lincoln Boulevard in Los Angeles, California
FOUR	8/21/2020	EBP debit card for an account in the name of T.M. ending in 4056 sent by U.S. Mail from BofA to an address on Lincoln Boulevard in Los Angeles, California

1	COUNT	DATE	ITEM MAILED
2	FIVE	8/21/2020	EBP debit card for an account in the name of D.T. ending in 7447 sent by U.S. Mail from BofA to an address on Lincoln Boulevard in Los Angeles, California
3	SIX	8/24/2020	EBP debit card for an account in the name of V.B. ending in 5750 sent by U.S. Mail from BofA to an address on Lincoln Boulevard in Los Angeles, California
4	SEVEN	8/24/2020	EBP debit card for an account in the name of W.G. ending in 9382 sent by U.S. Mail from BofA to an address on Lincoln Boulevard in Los Angeles, California
5	EIGHT	8/24/2020	EBP debit card for an account in the name of D.H. ending in 2903 sent by U.S. Mail from BofA to an address on Lincoln Boulevard in Los Angeles, California
6	NINE	8/24/2020	EBP debit card for an account in the name of L.H. ending in 5178 sent by U.S. Mail from BofA to an address on Lincoln Boulevard in Los Angeles, California
7	TEN	8/24/2020	EBP debit card for an account in the name of J.M. ending in 1180 sent by U.S. Mail from BofA to an address on Lincoln Boulevard in Los Angeles, California
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COUNTS ELEVEN AND TWELVE

[18 U.S.C. §§ 1028A(a)(1), 2(a), 2(b)]

3 14. The Grand Jury realleges paragraphs 1 through 9, 11, and 12
4 of this Indictment here.

5 15. On or about the dates set forth below, in Los Angeles
6 County, within the Central District of California, and elsewhere,
7 defendant MCCLAIN, and others known and unknown to the Grand Jury,
8 each aiding and abetting the others, knowingly transferred,
9 possessed, and used, and willfully caused to be transferred,
10 possessed, and used, without lawful authority, means of
11 identification that defendant MCCLAIN knew belonged to another
12 person, namely, the names and social security numbers of the
13 following individuals, during and in relation to the offense of Mail
14 Fraud, a felony violation of Title 18, United States Code, Section

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1 1341, as charged in the counts of this Indictment identified below:

COUNT	DATES	MEANS OF IDENTIFICATION	FELONY VIOLATION
ELEVEN	8/19/2020 through 9/25/2020	Name and Social Security Number of L.H.	COUNT NINE
TWELVE	8/20/2020 through 9/10/2020	Name and Social Security Number of J.M.	COUNT TEN

8 A TRUE BILL

10 /S/
11 _____
12 Foreperson

13 TRACY L. WILKISON
14 United States Attorney



16 SCOTT M. GARRINGER
17 Assistant United States Attorney
18 Chief, Criminal Division

19 RANEE A. KATZENSTEIN
20 Assistant United States Attorney
21 Chief, Major Frauds Section

22 MONICA E. TAIT
23 Assistant United States Attorney
24 Deputy Chief, Major Frauds Section

25 KERRY L. QUINN
26 Assistant United States Attorney
27 Major Frauds Section