

PRESS RELEASE

Capitol Heights Man Sentenced To 53 Months In Federal Prison For Wire Fraud And Illegal Possession Of A Firearm

Monday, July 22, 2024

For Immediate Release

U.S. Attorney's Office, District of Maryland

Baltimore, Maryland – On July 18, 2024, U.S. District Judge Brendan A. Hurson sentenced Stephawn Watson, also known as “O Dawg,” age 28, of Capitol Heights, Maryland to 53 months in federal prison, followed by three years of supervised release, for charges related to a Maryland and California unemployment insurance (UI) fraud scheme totaling more than \$1.5 million, as well as Illegal Possession of a Firearm. Judge Hurson also ordered Watson to forfeit over \$90,000 and to pay restitution of \$2,094,319.

The sentence was announced by Erik L. Barron, U.S. Attorney for the District of Maryland; Acting Postal Inspector in Charge Ajay Lall of the U.S. Postal Inspection Service – Washington Division; Special Agent in Charge Michael McCarthy of Homeland Security Investigations (HSI) Baltimore; and Special Agent in Charge Troy W. Springer of the National Capital Region, U.S. Department of Labor’s Office of Inspector General (“DOL-OIG”); Chief Amal E. Awad of the Anne Arundel County Police Department, Colonel Roland L. Butler, Jr., Superintendent of the Maryland State Police (MSP); Chief Charles H. Hinnant of the Cumberland Police Department, and Special Agent in Charge Toni M. Crosby of the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) Baltimore Field Division.

Financial assistance offered through the CARES Act included expanded eligibility for Unemployment Insurance (“UI”) benefits and increased UI benefits through the Pandemic Unemployment Assistance Program (“PUA”), Federal Pandemic Unemployment Compensation (“FPUC”), and the Lost Wages Assistance Program (“LWAP”).

According to his plea agreement, from March 2020 to October 2021, Watson and his co-conspirators impersonated victims to submit fraudulent claims for pandemic-related UI benefits in Maryland and in California. As part of the scheme, Watson and his co-conspirators obtained the birthdates, social security numbers, and other personal identifying information (“PII”) of numerous victims which they used to prepare and submit fraudulent applications for UI benefits. The applications contained false information, including the victims’ contact information, states of residence, and availability for work. These fraudulent applications caused financial institutions to load UI benefits onto debit cards and mail the cards to physical addresses provided and monitored by co-conspirators. Once Watson and his co-conspirators received fraudulently obtained benefits on the debit cards, they used them for cash withdrawals and other transactions for their own benefits.

A search of Watson’s residence in February, 2021, recovered 11 UI debit cards in the names of 9 victims as well as a fraudulent account created in Watson’s name. The investigation also revealed numerous text messages between Watson and his co-conspirators exchanging PII of victims and

discussing the execution of the UI fraud scheme. In all, Watson and his co-conspirators submitted more than 200 fraudulent UI claims using the names and PII of victims, resulting in more than \$1.6 million in losses.

Watson was also sentenced for his Illegal Possession of a Firearm based on his arrest in January 2022 by the Cumberland Police Department. At the time of his arrest, Watson was wanted for three different warrants in three different jurisdictions for firearms related offenses. The firearm was later determined to be stolen.

The District of Maryland Strike Force is one of five strike forces established throughout the United States by the U.S. Department of Justice to investigate and prosecute COVID-19 fraud, including fraud relating to the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The CARES Act was designed to provide emergency financial assistance to Americans suffering the economic effects caused by the COVID-19 pandemic. The strike forces focus on large-scale, multi-state pandemic relief fraud perpetrated by criminal organizations and transnational actors. The strike forces are interagency law enforcement efforts, using prosecutor-led and data analyst-driven teams designed to identify and bring to justice those who stole pandemic relief funds.

For more information on the Department’s response to the pandemic, please visit <https://www.justice.gov/coronavirus>. Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice’s National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

U.S. Attorney Barron commended the USFIS, HSI, DOL-OIG, the Anne Arundel County Police Department, MSP, the Cumberland Police Department, and the ATF for their work in the investigation. Mr. Barron thanked Assistant U.S. Attorney Colleen Elizabeth McGuinn who prosecuted the federal case.

For more information on the Maryland U.S. Attorney’s Office, its priorities, and resources available to help the community, please visit www.justice.gov/usao-md and <https://www.justice.gov/usao-md/community-outreach>.

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