

Department of Justice
U.S. Attorney's Office
Western District of Washington

FOR IMMEDIATE RELEASE

Friday, September 24, 2021

**Former Employment Security Department employee
indicted for filing false unemployment claims and
demanding kickbacks**

Scheme involved at least \$360,000 of fraudulent claims

Tacoma – A former employee of Washington State's Employment Security Department has been charged in a 20-count indictment for his scheme to exploit his employment for personal enrichment and to fraudulently distribute at least \$360,000 in pandemic-related unemployment benefits, announced Acting U.S. Attorney Tessa M. Gorman. Reyes De La Cruz, III, 47, of Moses Lake, Washington, is alleged to have personally enriched himself by at least \$130,000 with his scheme. De La Cruz was arrested this morning in Moses Lake, and will make his initial appearance on the indictment Monday in Spokane and on a later date will appear in U.S. District Court in Tacoma where the case is filed.

“Dedicated investigators continue to build criminal cases against those who sought to unlawfully enrich themselves during our country's pandemic crisis,” said Acting U.S. Attorney Tessa M. Gorman. “In this case, an insider used his official access and knowledge to illegally enrich himself. Even as ESD faced the challenges of processing the high volume of legitimate claims, he chose to take advantage of his position to worsen the unprecedented fraud on unemployment benefits.”

According to the indictment, De La Cruz was hired as an intake agent in April 2020 to help the Employment Security Department (ESD) deal with the crush of filings for pandemic unemployment benefits. De La Cruz had previously worked for ESD, from 1996 to 2003.

The indictment alleges De La Cruz used his access to the ESD claims database to defraud the benefits system in three different ways. First, he filed claims using other people's personal information and then had the benefits paid to debit cards that were mailed to Moses Lake, Washington addresses where De La Cruz could retrieve them. Even after his employment with ESD terminated on October 1, 2020, De La Cruz attempted to restart claims payments to these debit cards to take advantage of additional federal pandemic benefits. De La Cruz went so far as to impersonate a claimant in recorded phone calls with ESD and a bank. He impersonated another claimant in handwritten correspondence that he then faxed to ESD. In this way he defrauded ESD of more than \$110,000.

Second, De La Cruz also accepted bribes in exchange for engineering benefit payments for his friends, family, or acquaintances by making false entries in the claims database. In many cases, the person did not qualify for benefits, but De La Cruz manipulated the claims database so that the claimants received lumpsum retroactive payments that sometimes amounted to tens of thousands of dollars. The claimants would then pay De La Cruz a portion of the lumpsum.

Third, in some instances, when claimants refused or resisted paying De La Cruz, he threatened to terminate the claim if they did not pay him.

In total, De La Cruz enriched himself at least \$21,000 through kickback payments.

The Employment Security Department uncovered evidence of fraud, terminated De La Cruz, and referred the case to the Department of Labor Office of Inspector General (DOL-OIG). The FBI joined the investigation. The Moses Lake Police Department and Washington State Department of Corrections assisted with today's arrest.

De La Cruz is charged with six counts of wire fraud. He is charged with nine counts of bribery of an agent of an organization receiving federal funds. De La Cruz is charged with one count of extortion under color of official right, and four counts of aggravated identity theft.

Wire fraud that relates to a presidentially declared major disaster or emergency is punishable by up to 30 years in prison. Bribery of an agent receiving federal funds is punishable by 10 years in prison. Extortion under the color of official right is punishable by 20 years in prison. Aggravated identity theft is punishable by a two-year sentence consecutive to any other sentence imposed in the case.

The pandemic related fraud on ESD is being investigated cooperatively by the FBI, DOL-OIG, Social Security Office of Inspector General, U.S. Secret Service, the United States Postal Inspection Service, and the Internal Revenue Service Criminal Investigations. The Washington Employment Security Department is cooperating in the investigations.

This case is being prosecuted by Assistant United States Attorneys Cindy Chang and Seth Wilkinson.

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. 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>.

[de la cruz indictment.pdf](#)

Topic(s):

Coronavirus
Financial Fraud

Component(s):

[USAO - Washington, Western](#)

Contact:

Press contact for the U.S. Attorney's Office is Communications Director Emily Langlie at (206) 553-4110 or Emily.Langlie@usdoj.gov.