

Department of Justice
U.S. Attorney's Office
Eastern District of Michigan

FOR IMMEDIATE RELEASE

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Detroit Man Pleads Guilty to Stealing \$1.6M in Unemployment Insurance Benefits

DETROIT – A Detroit man pleaded guilty today to wire fraud and aggravated identity theft arising out of a scheme to defraud multiple states out of more than \$1.6 million in pandemic-related unemployment insurance benefits, announced United States Attorney Dawn N. Ison.

Ison was joined in the announcement by Irene Lindow, Special Agent-in-Charge, Great Lakes Region, U.S. Department of Labor Office of Inspector General, and Special Agent in Charge John Marengo of the United States Secret Service's Detroit Field Office.

Darren Smith, 36, entered his guilty pleas before United States District Judge Terrence G. Berg.

According to court records, beginning as early as May 2020 and continuing through at least July 2020, Smith, with the intent to defraud, filed approximately 250 fraudulent unemployment insurance (UI) claims seeking pandemic unemployment assistance (PUA) benefits to which he was not entitled. Smith submitted the fraudulent claims in the names of multiple individuals, using their Social Security Numbers and other personal identifying information, without their authorization or consent. The fraudulent UI benefits were paid out via debit cards, which Smith then used to repeatedly withdraw the funds via ATMs located in the Eastern District of Michigan.

United States Attorney Ison stated, "This case reflects our ongoing commitment to prosecute those who took advantage of the Covid-19 pandemic by stealing funds intended for those in need. We treat this kind of fraud especially seriously because corruption within these programs undermines trust and confidence in government programs generally. My office will remain vigilant in the pursuit of those who cheat the government and their fellow citizens."

"Darren Smith engaged in an unemployment insurance fraud scheme that targeted multiple state workforce agencies. Smith submitted false unemployment insurance claims in the names of identity theft victims to obtain debit cards loaded with stolen unemployment benefits. We will continue to work with our law enforcement partners to safeguard the unemployment insurance system from those who exploit these benefit programs," said Irene Lindow, Special Agent-in-Charge, Great Lakes Region, U.S. Department of Labor Office of Inspector General.

"The U.S. Secret Service continues to work with our law enforcement partners on UIA Fraud schemes. We are thankful to the US Attorney's Office and Department of Labor for partnering with us in the investigation and prosecution of this case," said Special Agent in Charge Marengo.

Smith faces a statutory maximum penalty of 20 years imprisonment on the charge of wire fraud and a mandatory minimum sentence of 2 years imprisonment on the charge of aggravated identity theft. Per the terms of his plea agreement, Smith will also be required to pay restitution to the victim states in the total amount of \$1,611,648. Sentencing is set for August 17, 2023, at 2pm.

This case was investigated by the U.S. Department of Labor Office of the Inspector General and the U.S. Secret Service. The case is being prosecuted by Assistant United States Attorney Sarah Youngblood and Special Assistant United States Attorney Corinne M. Lambert.

Topic(s):
Coronavirus

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