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Sutter County Women Found Guilty of Making False Statements to a Grand Jury

SACRAMENTO, Calif. — Today, after a six-day trial, a federal jury found Harjit Kaur Johal, 50, and Jasvir Kaur, 47, guilty of making false declarations before a grand jury, U.S. Attorney Phillip A. Talbert announced.

According to evidence presented at trial, the defendants participated in a series of unemployment and disability fraud schemes in Yuba City. The organizers of the schemes were members of the Khan family and included Mohammad Nawaz Khan, Mohammad Adnan Khan, Mohammad Shahbaz Khan, and Mohammad Riaz Khan. The organizers set up a series of farm labor contracting businesses that purported to provide labor to harvest crops in Sutter and Yuba Counties. The organizers then sold fraudulent paystubs to other people, including the defendants, and reported false wages to the Employment Development Department. The purchasers of the paystubs would subsequently file for unemployment or disability benefits with the EDD based upon the fictitious wages. Because the amount of the benefits that the EDD pays is based upon the claimant's prior earnings, the participants would pay the Khans to report high wages to the EDD.

In 2014, the defendants were subpoenaed to testify before a federal grand jury investigating the fraud scheme. During their testimony, when questioned about their wages, the defendants falsely stated under oath that they picked peaches for Ray Khan and that they did not commit fraud. Both defendants claimed they had picked peaches for Ray Khan for at least eight hours a day, six days a week, during the summer months of June through September. Both defendants also claimed that they worked on other tasks in the orchards for hours every day after picking peaches.

Testimony from individuals with knowledge of Ray Khan's real employees established that he did not employ the defendants. Further, evidence presented at trial showed the defendants had reported chronic back and knee problems in prior disability claims with the EDD and were not capable of doing the physically intensive work required by peach picking. Finally, evidence at trial established that the defendants purchased paystubs from Ray Khan so that he would report falsely inflated wages to the EDD, which the defendants could then use to claim the maximum possible amount of unemployment benefits. Both defendants had participated in previous fraud schemes with other Khan family members and had already claimed benefits in excess of \$30,000 each.

U.S. Attorney Talbert stated: "Before the defendants testified before the grand jury, they swore to tell the truth. Unfortunately, motivated by a desire to conceal their participation in the schemes, they lied. Anyone who fails to tell the truth under oath should be ready to face the consequences of their actions."

"Today's guilty verdicts send a powerful message that individuals who perjure themselves in federal proceedings will be held accountable. Jasvir Kaur and Harjit Johal lied under oath to a federal grand jury about their purchase of bogus wages they intended to use to file for Unemployment Insurance benefits. We will continue to work with our law enforcement partners to investigate these types of allegations," said Abel Salinas, Special Agent in-Charge of the Los Angeles Regional Office of the United States Department of Labor, Office of Inspector General.

“The Employment Development Department works closely with our law enforcement partners to prosecute attempts to defraud the employer-funded Unemployment Insurance Program, including those who perjure themselves in federal court,” said Patrick W. Henning Jr., Director of the California EDD. “We're happy to see coordination with law enforcement helping to avert losses to a benefit program that is a lifeline for unemployed Californians.”

The defendants' trial was the latest in a series of cases involving the Khan family fraud schemes. Over the course of these related conspiracies, the Khans reported wages for over 400 separate individuals that resulted in more than 2,000 fraudulent claims for unemployment and disability benefits. The fraud schemes defrauded the California Employment Development Department of more than \$14 million. To date, 26 individuals have been convicted of various offenses related to the schemes.

These cases are the product of an investigation by the U.S. Department of Labor, Office of Inspector General; the Federal Bureau of Investigation; and the Employment Development Department-Criminal Investigations. Assistant United States Attorneys Jared C. Dolan and Jeremy J. Kelley are prosecuting the cases.

Johal and Kaur are scheduled to be sentenced by U.S. District Judge Garland E. Burrell Jr. on June 16, 2017. Each defendant face a maximum statutory penalty of five years in prison. The actual sentence, however, will be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables.