PRESS RELEASE

New Jersey Man Pleads Guilty to Fraudulent Schemes to Steal California Unemployment Insurance Benefits and to Steal Economic Injury Disaster Loans

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For Immediate Release
U.S. Attorney's Office, Eastern District of California

SACRAMENTO, Calif. — Eric Michael Jaklitsch, 40, of Elizabeth, New Jersey, pleaded guilty today to charges in two related cases, one case alleging wire fraud and aggravated identity theft and the other case alleging wire fraud, U.S. Attorney Phillip A. Talbert announced.

For the first case, according to court documents, between October 2020 and December 2021, Jaklitsch executed a scheme to defraud the California Employment Development Department (EDD) by filing at least 78 fraudulent unemployment insurance claims with EDD, seeking Pandemic Unemployment Assistance and other benefits under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. During the scheme, Jaklitsch collected personally identifiable information (PII) of numerous individuals — including names, birth dates, and Social Security numbers — and used their identities to file fraudulent unemployment insurance claims. The filings represented, among other things, that the claimants had recently lost employment or were unable to find employment due to the COVID-19 pandemic. These unemployment insurance claims were fraudulent because, for example, the claimants were not unemployed, they were not eligible for California unemployment insurance benefits, or Jaklitsch did not have authority to file claims on their behalf.

Since at least October 2021, EDD has partnered with ID.me — a private company used by the EDD for ID verification of claimants — to implement a system for verifying claimant identities before EDD can process unemployment insurance claims. An internal investigation conducted by ID.me identified Jaklitsch as a person conducting a fraud scheme and referred the case to federal law enforcement.

In executing his fraudulent scheme, Jaklitsch also submitted false information to ID.me that allowed his fake and stolen identities to be verified. This false information included images of fake driver’s licenses that contained photos of Jaklitsch and the names of the purported claimants. He also submitted live photos of himself that were used to verify the photos on the fake driver's licenses. Once these false identities were verified, Jaklitsch filed the fraudulent unemployment insurance claims with EDD under the same identities.

In the fraudulent unemployment insurance applications, Jaklitsch requested that the unemployment insurance benefits be mailed to various addresses under his control, including his residence in New Jersey. EDD approved dozens of the fraudulent claims and authorized Bank of America to mail out EDD debit cards containing unemployment insurance benefits. Jaklitsch then activated the EDD debit cards and used them to withdraw the benefits at ATMs throughout New Jersey. The scheme sought over $2.5 million in unemployment insurance benefits and caused EDD and the United States to incur actual losses exceeding $900,000.

For the second case, according to court documents, between July 2020 and August 2020, Jaklitsch executed a scheme to defraud the Small Business Administration (SBA) by fraudulently acquiring COVID-19 Economic Injury Disaster Loans (EIDL), which were loans meant to provide low-interest financing and grants to small businesses, renters, and homeowners in regions affected by declared disasters, like the COVID-19 pandemic.

To obtain an EIDL, a qualifying business applied to the SBA and provided certain information about its operations through an online portal. The EIDL approval process required applicants to supply minimal eligibility documentation and to affirm that the information in the application was true and correct under the penalty of perjury and applicable criminal statutes. The amount of an EIDL was based, in part, on the information provided by the applicant—primarily, gross revenue minus cost of goods sold, divided by two. Qualifying entities could use EIDL funds only on certain expenses, including fixed debts, payroll, and accounts payable.

In furtherance of the scheme, Jaklitsch or one or more co-schemers knowingly submitted fraudulent EIDL loan applications to the SBA for the benefit of entities that did not authorize the applications. The false material information included, among other things, that (a) the schemers had the authority to submit the loan applications on behalf of the applying entities, (b) the entities' gross revenues; (c) the entities' costs of goods sold; and (d) bank account information purportedly belonging to the entities. These fraudulent applications sought at least $1,280,680. SBA approved these fraudulent applications and caused the transfer of approximately $1,280,540 in EIDL loan funds to at least 14 separate bank accounts held by a financial institution.

Between August and September 2020, Jaklitsch used a cellphone application to conduct numerous cash-out transactions that debited the fraudulent EIDL loan funds held in the 14 bank accounts. Each transaction caused money to be depleted from one or more of the 14 bank accounts, and Jaklitsch received the withdrawn cash from the stores. In total, Jaklitsch withdrew at least $777,312 in cash.

This case is the product of an investigation by the Federal Bureau of Investigation, the Department of Labor – Office of the Inspector General, the Department of Homeland Security – Office of the Inspector General – Covid Fraud Unit, and the California Employment Development Department (EDD) – Investigation Division. Assistant U.S. Attorney Denise N. Yasinow is prosecuting the case.

Jaklitsch is scheduled to be sentenced by U.S. District Judge William B. Shubb on April 10, 2023. Jaklitsch faces a maximum statutory penalty of 20 years in prison and a $250,000 fine on each of the wire fraud counts. He also faces a two-year mandatory prison sentence for the aggravated identity theft count, which must run consecutive to any sentence received on the wire fraud counts. 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.

This effort is part of a California COVID-19 Fraud Enforcement Strike Force operation, one of three interagency COVID-19 fraud strike force teams established by the U.S. Department of Justice. The California Strike Force combines law enforcement and prosecutorial resources in the Eastern and Central Districts of California and focuses on large-scale, multistate pandemic relief fraud perpetrated by criminal organizations and transnational actors. The strike forces use prosecutor-led and data analyst-driven teams to identify and bring to justice those who stole pandemic relief funds.

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