

Department of Justice

U.S. Attorney's Office

Eastern District of Michigan

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Former Claims Manager for Michigan Unemployment Insurance Agency Pleads Guilty In COVID-19 Fraud Scheme

DETROIT - Jermaine Rose, a former lead claims examiner for the Michigan Unemployment Insurance Agency (MUIA), pleaded guilty yesterday to conspiracy to commit wire fraud arising out of his participation in a pandemic-related unemployment insurance fraud scheme, announced United States Attorney Dawn N. Ison.

Joining in the announcement were Irene Lindow, Special Agent-in-Charge, Chicago 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.

Jermaine Rose, 43, pleaded guilty to one count of conspiracy to commit wire fraud arising out of his participation in a wide-ranging fraud scheme designed to provide Rose's co-conspirators with pandemic unemployment insurance benefits to which they were not entitled.

United States Attorney Ison stated "The theft of pandemic unemployment insurance benefits is always a serious crime. The fact that an employee of the Michigan Unemployment Insurance Agency facilitated this theft makes it all the more outlandish. The conduct here was a major breach of the public trust, and my office is committed to bringing all those who abuse the public trust by participating in Covid-19 fraud schemes to justice."

"Jermaine Rose, while serving as a State of Michigan Unemployment Insurance Agency employee, violated his duty as an employee to allow the unauthorized payment of Pandemic Unemployment Assistance claims. During a time when so many deserving people suffered from pandemic-related economic challenges, Rose exploited his position to release payment on fraudulent unemployment insurance claims in exchange for illicit payments from his co-conspirators. We will continue to work with our law enforcement and state partners to investigate those who exploit the UI system," stated Special Agent-in-Charge Irene Lindow, Chicago Region, U.S. Department of Labor Office of Inspector General.

Special Agent in Charge Marengo stated, "We are thankful to the Department of Labor, Michigan Unemployment Insurance Agency and the US Attorney's Office for partnering with us in the investigation and prosecution of this case. We will continue to work with our partners to protect our nation's financial infrastructure against individuals who take advantage of their position."

According to the plea agreement, Rose was working as a lead claims examiner for the MUIA in April 2020, and as such, had electronic access to the MUIA claims database. Rose could use his credentials to access and approve specific UI claims submitted to the agency.

The plea documents indicate that beginning in approximately April 2020, Rose entered into an agreement with various individuals to defraud the MUIA by obtaining UI benefits through the submission of false UI claims. Rose's co-conspirators would electronically submit fraudulent claims

to MUIA in the names of various individuals, some of whom would be victims of identity theft and some of whom were entirely fictitious people. These co-conspirators would make various false statements in the applications attesting to the eligibility of these purported claimants and would often upload fictitious documentation to support those fraudulent claims. The co-conspirators would then communicate with Rose, either directly or through intermediaries, and identify the claims that they had submitted. Rose would then use his insider access to the MUIA system to approve the claims and release benefits. Most of the time, benefits would be electronically loaded onto Bank of America debit cards and mailed to addresses controlled by Rose's co-conspirators. Rose was often paid for his services, typically in amounts between \$50 and \$150 per claim he touched.

While some of the individuals who approached Rose had legitimate UI claims and worked with him solely to receive benefits on an accelerated schedule, many of the individuals with whom Rose conspired submitted fraudulent UI claims in bulk. In his plea agreement, Rose acknowledged that he was well aware that many of the claims that he authorized were fraudulent.

Sentencing is set for July 21, 2022, before United States District Judge Linda V. Parker.

The case is being prosecuted by Assistant United States Attorneys John K. Neal and Alyse Wu. The investigation is being conducted jointly by the Department of Labor-Office of Inspector General and the Secret Service, with assistance from the Michigan Unemployment Insurance Agency.

Topic(s):

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Component(s):

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