

PRESS RELEASE

New York Man Sentenced to More Than Two Years in Prison for Money Laundering Connected to Stolen Federal Funds

Thursday, April 3, 2025

For Immediate Release

U.S. Attorney's Office, Eastern District of Pennsylvania

PHILADELPHIA – United States Attorney David Metcalf announced that Xing Zheng, 35, of Queens, New York, was sentenced Tuesday by United States District Court Judge Timothy J. Savage to 28 months in prison and three years of supervised release, for his role in a conspiracy to launder approximately \$2.98 million of fraud proceeds from various sources, including more than \$426,000 in stolen Social Security retirement funds and COVID-19 funds from the state workforce agencies of Pennsylvania, Illinois, Indiana, West Virginia, Arizona, and Ohio. Zheng was also ordered to pay \$426,044 in restitution to the Social Security Administration and the various state workforce agencies, and a forfeiture judgment of \$745,000.

In December of last year, Zheng pleaded guilty to a one-count information charging him with conspiracy to commit money laundering.

As stated in the information and admitted to by Zheng, he and an unidentified coconspirator, who operated under the pseudonyms "Christian Dasilva" and "Christian Hernandez," agreed to launder fraud proceeds. In furtherance of the conspiracy, fraudulent applications were filed online for SSA Retirement Insurance Benefit (RIB) and COVID-19 Pandemic Unemployment Act (PUA) funds, using the stolen identities and personal information of eligible retirees and other individuals, and those benefit payments were directed to bank accounts controlled by the conspirators.

"Christian" also conspired with a related defendant, Myrna Ortiz, 46, of Philadelphia, Pennsylvania, whom "Christian" met through an online dating website. The two started a relationship via digital messaging, and Ortiz began helping her online paramour execute the fraud scheme, filing fraudulent claims for SSA RIB payments. The scheme targeted high wage earners over the age of 62 who had not yet filed for Social Security retirement benefits and impacted at least 23 victims.

Ortiz admitted opening 10 bank accounts at "Christian's" direction, in order to receive the fraudulently issued government funds, and then withdrawing the funds, purchasing gift cards with the cash, and laundering the funds back to her coconspirator through the gift cards, by providing him with the account number and unique four-digit personal identification number ("PIN") for each gift card.

Beginning in or about May 2020, "Christian" instructed Ortiz to provide him with the debit cards for the bank accounts into which the stolen funds were electronically deposited. Using various encrypted communications platforms, "Christian" and Zheng then conspired to further launder these funds.

They agreed that "Christian" would sell debit cards and gift cards to Zheng in exchange for cryptocurrency, both knowing that the funds were the proceeds of unlawful activity and that the transactions were designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds.

During the course of the conspiracy, Zheng purchased approximately 1,565 debit cards and/or gift cards from "Christian," valued at approximately \$2.98 million, which he laundered and exchanged for cryptocurrency for "Christian." In all, Zheng retained approximately 25% of the value of the debit and gift cards that he exchanged.

Of the approximately \$2.98 million laundered, approximately \$96,500 worth of fraud proceeds were traceable to Myrna Ortiz's bank accounts, which contained the stolen SSA RIB and PUA fraud proceeds. All told, through these schemes, Ortiz conspired to defraud the government and to launder stolen government funds totaling almost \$600,000. She was sentenced in January to one day in prison, two years of supervised release, and restitution of \$688,049.

"While Zheng did not personally participate in the fraud against the government, he knew that the money he was laundering was criminally derived," said U.S. Attorney Metcalf. "Nonetheless, he was happy to participate, launder funds on a near-daily basis, and take his 25% cut, even as his crimes helped perpetuate the underlying fraud. My office will continue to target crooks who steal from the government — and those who enable them — dismantle their schemes, and bring them to justice."

"The millions of dollars fraudulently obtained in this case were intended to support struggling Americans during a time of unprecedented crisis — not to line the pockets of those driven by greed," said Wayne A. Jacobs, Special Agent in Charge of FBI Philadelphia. "The FBI remains committed to protecting the integrity of these vital relief programs, and we're grateful for the continued collaboration of our partners as we hold

accountable those who exploit them through egregious and complex financial schemes.”

“This 28-month prison sentence holds Mr. Zheng accountable for stealing money from rightful beneficiaries who rely on these funds to survive,” said Colleen Lawlor, Special Agent in Charge, SSA Office of the Inspector General, Philadelphia Field Division. “I thank our law enforcement partners for their assistance and the U.S. Attorney’s Office for prosecuting this complex case.”

“Xing Zheng and his co-conspirators defrauded multiple state workforce agencies by filing for unemployment insurance (UI) benefits in the names of identity theft victims who were not entitled to such benefits. As a result, Zheng enriched himself by stealing taxpayer resources intended for unemployed American workers. This sentencing affirms the Office of Inspector General’s commitment to work with our federal and state law enforcement partners to protect the integrity of the UI system from those who seek to exploit this critical benefit program,” stated Syreeta Scott, Special Agent in Charge of the Mid-Atlantic Region, U.S. Department of Labor, Office of Inspector General.

The case was investigated by the Social Security Administration Office of Inspector General, the FBI, and the Department of Labor Office of Inspector General, and is being prosecuted by Special Assistant United States Attorney Megan Curran.

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Updated April 3, 2025

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