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Department of Justice

U.S. Attorney's Office

Eastern District of Virginia

FOR IMMEDIATE RELEASE

Thursday, February 6, 2020

Men Plead Guilty to Employment Fraud Scheme, Defrauding Goodwill

ALEXANDRIA, Va. – Two Alexandria men pleaded guilty today and agreed to forfeit approximately \$3.9 million for unlawfully employing unauthorized immigrants over several years and defrauding Goodwill of Greater Washington.

According to court documents, Alaa Nimr Garada, 57, and Rafik Moheyeldin, 65, operated a business known as WTC2, Inc. This business specialized in purchasing and reselling used goods, including clothing and shoes. WTC2 contracted with charities, including Goodwill of Greater Washington, which operated clothing donation centers. In particular, WTC2 contracted with several charities to set up donation bins with the charities' logos, and WTC2 was then permitted to keep the goods collected in those bins. WTC2 primarily collected used clothing and then resold the clothing in bulk lots to customers along the United States-Mexico border and also exported items to customers in Africa, Asia, and South America.

From 2012 until 2016, the WTC2 workforce was composed primarily of unauthorized immigrants for whom no payroll taxes were remitted, and no employment benefits, such as unemployment and/or worker's compensation insurance, were available or paid to any eligible beneficiary. WTC2's practice of relying on the labor of unauthorized immigrants provided WTC2 with a significant competitive advantage and resulted in substantial financial gains for Garada and Moheyeldin. Over the years, WTC2 turned a substantial profit and increased the size of its workforce. In 2014, WTC2 employed approximately 50 unauthorized workers and had a gross income of approximately \$8 million per year.

The two men also violated various labor laws, such as unauthorized immigrants were not properly compensated for the overtime hours they worked, and the defendants had not procured adequate workers' compensation insurance. When a forklift ran over an employee's foot, the employee received no benefits from the defendants' company or an insurance company.

Garada also falsified tax returns in an effort to hide the fact that WTC2 largely employed unauthorized workers. Despite the fact that WTC2 employed approximately 50 unauthorized immigrants from 2013 to 2016, Garada falsely stated in multiple tax returns that WTC2 employed only one employee.

In addition to employing unauthorized immigrants, the two men also defrauded Goodwill of Greater Washington, with whom the business had a contractual relationship of property. The two men instructed WTC2 employees to retrieve Goodwill donation bins. WTC2 then took possession of the donated items in

the bins, though under the contract, WTC2 was not entitled to keep all the donated goods if Goodwill retail stores needed some portion of them. The two men then instructed WTC2 employees to remove Goodwill's logo and replace it with a logo belonging to a charity supporting military families. WTC2 used this military charity's logo without permission. The two men then instructed WTC2 employees to place these bins at various locations in the Eastern District of Virginia.

As part of the plea, the two men have agreed to forfeit approximately \$3.9 million, which represents illegal proceeds they collected from their scheme.

Garada and Moheyeldin each pleaded guilty to two counts of unlawful employment of unauthorized immigrants and one count of wire fraud. Garada also pleaded guilty to filing a false tax return. The two men face a maximum penalty of 20 years in prison when sentenced on June 26. Actual sentences for federal crimes are typically less than the maximum penalties. A federal district court judge will determine any sentence after taking into account the U.S. Sentencing Guidelines and other statutory factors.

G. Zachary Terwilliger, U.S. Attorney for the Eastern District of Virginia; Richard Delmar, Deputy Inspector General for the U.S. Department of Treasury; Raymond Villanueva, Special Agent in Charge of U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI) Washington, D.C.; Derek Pickle, Acting Special Agent-in-Charge of the Washington, D.C. Regional Office, U.S. Department of Labor, Office of Inspector General; Kelly R. Jackson, Special Agent in Charge, Washington, D.C. Field Office, IRS-Criminal Investigation (IRS-CI); Edwin Guard, Special Agent in Charge of the Washington Field Office of the U.S. Department of State's Diplomatic Security Service; and Ron Rosenberg, Washington District Director for U.S. Citizenship and Immigration Services, made the announcement after U.S. District Judge Anthony J. Trenga accepted the pleas. Assistant U.S. Attorneys Carina A. Cuellar and Karen L. Taylor are prosecuting the case.

A copy of this press release is located on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information are located on the website of the [District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for Case Nos. 1:20-cr-027 and 1:20-cr-028.

Topic(s):

Financial Fraud

Component(s):

[USAO - Virginia, Eastern](#)

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