

## PRESS RELEASE

# L.A. Man Sentenced to More Than 24 Years in Prison for \$5.5 Million COVID Jobless Benefits Scam, Tax Fraud and Drug Trafficking

Monday, March 6, 2023

### For Immediate Release

U.S. Attorney's Office, Central District of California

*SANTA ANA, California* – A downtown Los Angeles man was sentenced today to 292 months in federal prison for fraudulently obtaining nearly \$5.5 million in COVID-related jobless benefits by using the identities of California state prison inmates and other third parties, trafficking fentanyl and methamphetamine, and seeking to fraudulently obtain more than \$356,400 in tax refunds.

Edward Kim, 37, was sentenced by United States District Judge James V. Selna, who ordered him to pay \$5,458,050 in restitution to the California Employment Development Department (EDD) and \$16,800 in restitution to the IRS.

Kim pleaded guilty in November 2022 to one count of conspiracy to distribute methamphetamine and fentanyl, one count of distribution of methamphetamine, one count of conspiracy to defraud the government with respect to claims, two counts of mail fraud, and two counts of possession of 15 or more unauthorized access devices.

Kim has been in federal custody since his arrest in this case in March 2021.

From May 2020 to March 2021, Kim and his co-conspirators submitted approximately 459 fraudulent unemployment insurance claims to EDD, using the names, Social Security numbers, dates of birth and other personal identifiable information (PII) of California state prison inmates and other people. Kim received the inmates' information from various sources, including by purchasing PII from the dark web.

Kim and his accomplices submitted to the EDD online applications for unemployment insurance (UI) benefits that falsely represented the inmates and others were unemployed because of the economic crisis brought by the COVID-19 pandemic. Kim knowingly listed on the applications false mailing addresses, including his current and former apartments, to which the bank sent the EDD-approved debit cards containing UI funds. Kim then made cash withdrawals at bank branches.

In total, Kim and his co-conspirators received approximately \$5,458,050 in fraudulently obtained UI funds.

In November 2019, Kim sent two packages – one containing nearly one pound (449.6 grams) of methamphetamine, the other containing over 300 fake oxycodone pills containing fentanyl – from a FedEx store in West Covina to the address of a UPS Store in Hawaii. Kim’s co-conspirator in Hawaii arrived at the UPS Store to pick up the packages, but law enforcement arrested him before he could do so.

In July 2020, Kim began renting a warehouse in La Habra where he stored equipment and materials for the manufacture and distribution of narcotics, including pill presses and dies, pill bottles, scales, and various binding agents. He also maintained a marijuana grow operation at the La Habra warehouse.

Beginning in March 2020, he conspired with others to defraud the United States by using stolen identities to file false and fraudulent income tax returns to fraudulently claim tax refunds. The tax returns included false information designed to qualify for COVID pandemic-related Economic Impact Payments (EIP), which the federal government provided on three occasions in 2020 and 2021. Together with his co-conspirators, Kim caused at least 297 fraudulent tax returns to be filed with the IRS which sought more than \$356,400 in fraudulent EIP from the United States.

During a traffic stop in La Habra in November 2020, law enforcement found approximately 22 grams of methamphetamine in Kim’s car, along with a digital scale, and 16 debit cards in the names of other people.

Another search in March 2021 at Kim’s luxury apartment near L.A. Live resulted in law enforcement finding nearly 35 grams of methamphetamine, dozens of EDD letters and mailings, and a notebook marked “stimulus scheme,” which contained approximately 405 different identities.

A search of the La Habra warehouse in 2021 led to the discovery of more EDD paperwork, ATM withdrawal receipts, and nearly 296 grams of methamphetamine. A 9mm Polymer80 handgun with no serial number – commonly referred to as a “ghost gun” – also was found at the La Habra warehouse during a subsequent search later than year.

Homeland Security Investigations, IRS Criminal Investigation, the United States Department of Labor’s Office of Inspector General, the California Employment Development Department – Investigation Division, the California Department of

Corrections and Rehabilitation – Special Service Unit, the La Habra Police Department, and the Hawaii Police Department investigated this matter.

Assistant United States Attorneys Andrew M. Roach of the Cyber and Intellectual Property Crime Section and Julia Hu of the Major Frauds section prosecuted this case.

Anyone with general information about allegations of attempted fraud involving COVID-19 can report it by calling the Justice Department’s National Center for Disaster Fraud Hotline at (866) 720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

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