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State Contractor Pleads Guilty in \$3 million Unemployment Fraud Scheme

A Detroit woman pleaded guilty today for her role in a multi-million dollar unemployment insurance fraud scheme aimed at defrauding the State of Michigan and the U.S. Government of funds earmarked for unemployment assistance during the COVID19 pandemic, announced Acting United States Attorney Saima Mohsin.

Joining in the announcement were Irene Lindow, Special Agent-in-Charge, Chicago Region, U.S. Department of Labor Office of Inspector General, Special Agent in Charge Douglas J. Zloto, US Secret Service, Juan Vargas, Acting Postal Inspector in Charge of the Detroit Division, Special Agent in Charge Timothy Waters, Federal Bureau of Investigation, Acting Special Agent in Charge Kelly Lewis, Internal Revenue Service-Criminal Investigation and Liza Estlund Olson, acting director of the Unemployment Insurance Agency.

Brandi Hawkins, 40, pleaded guilty before United States District Judge Paul D. Borman. A sentencing date was set for October 28, 2021 where she faces a statutory maximum penalty of 20 years in federal prison.

According to court records, Brandi Hawkins was a contract employee for the State of Michigan Unemployment Insurance Agency. Her duties included reviewing, processing and verifying the legitimacy of unemployment insurance claims. Between April and June of 2020, HAWKINS worked with outside actors, known and unknown to law enforcement. Daily, those actors entered numerous false claims into the State of Michigan's Unemployment Insurance Agency system, many of which were filed using stolen identities. These actors communicated with HAWKINS by cellular telephone calls and texts. HAWKINS accepted bribes in return for releasing many of these claims. HAWKINS used her insider access to fraudulently release payment on over seven-hundred claims, more than ten of which involved claims filed using stolen identities. HAWKINS's actions resulted in the fraudulent disbursement of approximately \$3.8 million of federal and state funds intended for unemployment assistance during the pandemic. Had every fraudulent claim released by HAWKINS been disbursed in full, the resulting loss of federal and state funds would have been over \$12 million.

During the execution of a search warrant at Hawkins' residence, over \$200,000 in cash was seized. Hawkins used proceeds from her crimes to purchase high-end handbags and other luxury goods.

"Hawkins exploited the pandemic to defraud the State of Michigan and United States for her own personal gain," said Acting US Attorney Mohsin. "Our office continues to focus on identifying and prosecuting those individuals who seek to divert funds intended for those in need during what has been a very difficult period of unemployment."

"Facilitating a fraudulent scheme to enrich yourself and others by stealing unemployment compensation earmarked for pandemic assistance is a vicious crime," stated Acting Special Agent in Charge Kelly Lewis.

"IRS-Criminal Investigation will continue to seek justice on behalf of Michiganders across the state against those who defraud the UIA and Michigan workforce."

"Brandi Hawkins while employed as a contractor used her position to take advantage of the public and defraud the State of Michigan. She was able to manipulated the Michigan Unemployment Insurance Agency system for her and others' personal gain. We will continue to work with our law enforcement partners throughout Michigan to bring criminals like Hawkins to justice," said Douglas J. Zloto, Special Agent in Charge, U.S. Secret Service, Detroit Field Office.

"Brandi Hawkins abused her position as an Unemployment Insurance Examiner for the State of Michigan Unemployment Insurance Agency to release payment on \$3.8 million in fraudulently filed unemployment insurance claims in exchange for bribes. Hawkins approved claims that, if disbursed in full, would have resulted in the fraudulent payout of over \$12 million earmarked for Pandemic Unemployment Assistance. We will continue to work with our law enforcement partners to protect the integrity of unemployment insurance benefit programs," stated Irene Lindow, Special Agent-in-Charge, Chicago Region, U.S. Department of Labor Office of Inspector General.

"Brandi Hawkins used her position to approve fraudulent unemployment claims and divert money desperately needed by those who lost jobs as a result of the pandemic," said Timothy Waters, Special Agent in Charge of the FBI's Detroit Division. "The FBI will continue to work with our federal law enforcement partners to protect the integrity of these vital federal assistance programs."

"U.S. Postal Inspectors are federal law enforcement agents who conduct investigations of postal-related crime, including any fraud in which the postal system is used, in an effort to ensure America's confidence in the U.S. Mail. Investigating violations of more than 200 federal laws, the Postal Inspection Service seeks to leverage relationships with our law enforcement partners and enforce these statutes to the maximum extent possible against those aiming to utilize the U.S. Mail in furtherance of illicit activities and criminal schemes. I commend the partnership, hard work, and countless hours put forth by all agencies involved in bringing this investigation to a successful resolution," said Juan Vargas, Acting Postal Inspector in Charge of the Detroit Division

"People who willfully commit unemployment insurance fraud should know that the State of Michigan and the Unemployment Insurance Agency are serious about identifying and holding them accountable for their actions," said Liza Estlund Olson, acting director of the Unemployment Insurance Agency. "Through the great work of our federal and state partners along with UIA investigators, we're are working to root out fraudulent schemes like this one and protect unemployment benefits for those who are legitimately entitled to them."

The case is being prosecuted by Assistant United States Attorney Timothy Wyse. The investigation was conducted jointly by the Department of Labor, Office of Inspector General, United States Secret Service, Internal Revenue Service - Criminal Investigation, Federal Bureau of Investigation, the U.S. Postal Inspection Service and the Unemployment Insurance Agency, Michigan Department of Labor and Economic Opportunity