

Department of Justice

U.S. Attorney's Office

Central District of California

FOR IMMEDIATE RELEASE

Thursday, January 31, 2019

Camarillo Man Sentenced to 14 Years in Federal Prison for Scheming to Obtain Unemployment Benefits Through Sham Companies

LOS ANGELES – A Ventura County man has been sentenced to 168 months in federal prison for participating in a massive fraud scheme that used dozens of nonexistent companies to collect nearly \$5 million in unemployment benefits for phony employees who never performed any work at the fake entities.

Jack Benjamin Hessiani, a.k.a. “Jack Herrera,” 40, of Camarillo, was sentenced today by United States District Judge John A. Kronstadt. Hessiani pleaded guilty in August 2018 to one count of mail fraud.

According to court documents, Hessiani created numerous fictitious businesses for the sole purpose of defrauding the Employment Development Department (EDD), the state agency that administers the federal unemployment insurance program in California. After he and his co-schemers filed documents with EDD that showed made-up earnings for the fictitious workers, Hessiani and the co-schemers submitted claims for unemployment insurance benefits for laid-off “employees.” In fact, many of the “employees” were people who had agreed to provide their personal identifying information in exchange for a portion of the unemployment insurance benefits. Some of the benefit portions would go to drug users who likely used the funds to enable future drug purchases, while others were poor students who later faced criminal exposure as a result of the actions of Hessiani and his co-schemers, court papers state.

The unemployment benefits were sent in the form of checks and debit cards to “mail drops” that Hessiani and the co-schemers established in the names of other individuals, according to court documents. After EDD began issuing unemployment benefits, Hessiani ensured that documents were filed that falsely stated that the laid-off “workers” were still unemployed, and he later sought “extended benefits” to obtain unemployment insurance benefits for the sham workers beyond the normal six-month period. These extended benefits were ultimately funded by the United States Treasury.

According to court documents, Hessiani and his co-schemers submitted approximately 725 unemployment insurance claims – including 521 original claims and 204 claims for extended benefits – in the names of 384 “employees.” The investigation identified 43 fictitious companies based in Ventura County that were used to further the scheme, which caused EDD to suffer actual losses of \$3.96 million and the United States Treasury to suffer actual losses of approximately \$900,000. Hessiani enlarged his scheme by inducing the people whose names were already being used to obtain fraudulent benefits to “recruit” others who would be identified as additional false employees at the fictitious companies, and he paid referral fees for each new fake worker brought into the scheme.

Three other defendants in the case have pleaded guilty to criminal charges and are pending sentencing. They are Hessiani's brother, James Manuel Herrera, 30, of Camarillo; Eduardo Josue Garcia, 27, of Camarillo; and Daniel Ayala-Mora, 29, formerly of Camarillo.

The investigation in this case was conducted by the United States Department of Labor, Office of Inspector General; the United States Secret Service; U.S. Immigration and Customs Enforcement's Homeland Security Investigations; and the California Employment Development Department.

Assistant United States Attorneys Rane Katzenstein and Julian André of the Major Frauds Section are prosecuting this case.