

PRESS RELEASE

# Former Tax Preparer Pleads Guilty in Pandemic Unemployment Fraud Scheme

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## For Immediate Release

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

**DETROIT** - Christopher Niebel, a former tax preparer who did business as "Tax Guy Chris," pleaded guilty today to fraud and identity theft charges resulting from his participation in a pandemic unemployment insurance fraud scheme, announced United States Attorney Dawn N. Ison.

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 Charles Miller of the Internal Revenue Service-Criminal Investigation Detroit Field Office and Michigan Unemployment Insurance Agency Director Julia Dale.

Niebel, 45, pleaded guilty to one count of wire fraud and one count of aggravated identity theft arising out of a scheme in which Niebel used stolen identities to submit fraudulent claims for unemployment insurance benefits during the Covid 19 pandemic.

According to the plea agreement, at the beginning of the pandemic, Niebel owned and operated a tax preparation service ("Tax Guy Chris") in Allen Park, Michigan. Niebel also worked seasonally as a manager for Party City, a New-Jersey-based retail chain selling party supplies. Through his employment at Party City (a job he had held for many years), Niebel had access to the files of individuals who had worked or applied to work at the company. These files included the U.S. Citizenship and Immigration Service's I-9 employment verification forms of Party City employees and applicants, in which the applicants documented their eligibility for employment in the United States. In approximately 2019, Niebel stole a number of these I-9 forms from Party City, which contained a substantial volume of personal identifying information (PII) of the applicants (including names, social security numbers, and dates of birth). Niebel filed these documents away for his future use.

Once Pandemic Unemployment Assistance (PUA) funds became available, Niebel used the PII he had appropriated from Party City in a scheme to defraud the Michigan Unemployment Insurance Agency by submitting fictitious claims for those benefits. Specifically, Niebel submitted electronic applications seeking pandemic unemployment benefits using the PII of applicants for jobs with Party City, without the authorization, approval, or knowledge of those individuals. Niebel intentionally used the PII of individuals who were not from Michigan in submitting these claims, correctly surmising that such individuals would be unlikely to have submitted their own unemployment insurance claims in Michigan and thus making detection less likely. Niebel opened numerous bank accounts in Michigan in order to capture the PUA funds, which were wired to those accounts. After capturing the pandemic unemployment benefits from these fraudulent applications, Niebel spent the money on a variety of personal expenses, including food, lodging, lottery tickets, and casino gambling,

Over the course of the scheme, Niebel obtained approximately \$512,000 in pandemic unemployment assistance funds to which he was not entitled.

"Stealing money from pandemic benefit programs is a serious offense that harms both the intended beneficiaries and taxpayers. Doing so by stealing people's identities further compounds the harm to the public," said U.S. Attorney Ison. "Today's guilty plea is an important step towards ensuring accountability for Mr. Niebel's crimes."

"Christopher Niebel fraudulently obtained unemployment insurance benefits by submitting claims using the names of identity theft victims. Niebel directed that the stolen benefits be deposited into bank accounts under his control. We will continue to work with our law enforcement and state workforce agency partners to protect the integrity of unemployment insurance benefit programs," said Irene Lindow, Special Agent-in-Charge, Great Lakes Region, U.S. Department of Labor Office of Inspector General.

"With today's guilty plea, Christopher Niebel became another example of an individual who callously took advantage of pandemic benefit programs and was caught," said Charles Miller, Special Agent in Charge of IRS-CI's Detroit Field Office. "In this case, Niebel sought to defraud the U.S. Government and steal funds from our local citizens, for whom these funds were intended to aid and provide much needed relief during the Covid-19 pandemic. IRS-CI, along with our law enforcement partners, remains committed to combat and prevent this type of pandemic-related fraud."

"It is astounding the selfish schemes fraudsters cook up using fake identities to steal money meant for hard-working Michiganders," said Michigan Unemployment Insurance Agency Director Julia Dale. "At the start of the pandemic, so many people needed help

and all Chris Niebel thought about was how he could game the system for his personal gain. His actions – and those of more than 160 others charged so far with unemployment fraud – erodes the public’s trust. We won’t let that get in the way of wide-ranging reforms to win back that trust and position the Michigan UIA as a national model for fast, fair, and fraud-free service.”

Sentencing is set for May 21, 2024, before United States District Judge Stephen J. Murphy III. Niebel faces a statutory maximum of 20 years imprisonment on the wire fraud count. The aggravated identity theft charge carries a two-year mandatory sentence of imprisonment, which must run consecutively to any custodial time imposed on the wire fraud charge.

The case is being prosecuted by Assistant United States Attorney John K. Neal. The investigation is being conducted jointly by the Department of Labor-Office of Inspector General and the Internal Revenue Service-Criminal Investigation.

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