

Department of Justice
U.S. Attorney's Office
Western District of Washington

FOR IMMEDIATE RELEASE

Wednesday, June 22, 2022

Former Washington State Employment Security employee pleads guilty to stealing pandemic unemployment benefits for kickbacks

Admits bribery, wire fraud and aggravated identity theft

Tacoma – A former employee of Washington State's Employment Security Department pleaded guilty today in U.S. District Court in Tacoma to three federal felonies for his scheme to exploit his employment for personal enrichment and to fraudulently distribute at least \$360,000 in pandemic-related unemployment benefits, announced Acting U.S. Attorney Nick Brown. Reyes De La Cruz, III, 48, of Moses Lake, Washington, personally enriched himself by at least \$130,000 with his scheme. De La Cruz was arrested September 24, 2021, in Moses Lake and has been in federal custody since his arrest.

"We remain committed to working with our law enforcement partners to prosecute those who used the cover of the pandemic to unlawfully enrich themselves," said U.S. Attorney Brown. "In this case, De La Cruz's betrayal of public trust during a time of national crisis is particularly egregious."

According to records filed in the case, De La Cruz was hired as an intake agent in April 2020 to help the Employment Security Department (ESD) deal with the crush of filings for pandemic unemployment benefits. De La Cruz had previously worked for ESD, from 1996 to 2003.

Between July 3, 2020, and March 15, 2021, De La Cruz used his access to the ESD claims database to defraud the benefits system in multiple ways. In at least ten instances, De La Cruz accepted bribes in exchange for engineering benefit payments for his friends, family, or acquaintances by making false entries in the claims database. In many cases, the person did not qualify for benefits, but De La Cruz manipulated the claims database so that the claimants received lumpsum retroactive payments that sometimes amounted to tens of thousands of dollars. The claimants would then pay De La Cruz a portion of the lumpsum. The bribes ranged from \$500-\$6,500. In total, De La Cruz enriched himself nearly \$21,000 through kickback payments.

In some instances, when claimants refused or resisted paying De La Cruz, he threatened to terminate the claim if they did not pay him.

De La Cruz filed at least four claims using other people's personal information without authorization and then had the benefits paid to debit cards that were mailed to Moses Lake, Washington, addresses where De La Cruz could retrieve them. Even after his employment with ESD terminated on October 1, 2020, De La Cruz attempted to restart claims payments to these debit cards to take advantage of additional federal pandemic benefits. De La Cruz went so far as to impersonate a claimant in recorded phone calls with ESD and a bank. He impersonated another claimant in handwritten correspondence that he then faxed to ESD. In this way he defrauded ESD of more than \$113,000.

Under the terms of the plea agreement, prosecutors will ask for no more than 75 months in prison when De La Cruz is sentenced on September 16, 2022.

“Reyes De La Cruz was hired by the Washington Employment Security Department to help process an unprecedented increase in pandemic-related unemployment insurance claims. Instead, he illegally enriched himself by diverting vital taxpayer resources away from those in need of unemployment benefits. Protecting the integrity of the unemployment insurance program remains one of our highest priorities, and we will continue to work with our law enforcement partners to safeguard the unemployment benefits for those who need it, especially during this critical time,” said Quentin Heiden, Special Agent-in-Charge of the U.S. Department of Labor, Office of Inspector General, Los Angeles Region.

The Employment Security Department uncovered evidence of fraud, terminated De La Cruz, and referred the case to the Department of Labor Office of Inspector General. The FBI joined the investigation.

Wire fraud that relates to a presidentially declared major disaster or emergency is punishable by up to 30 years in prison. Bribery of an agent receiving federal funds is punishable by up to 10 years in prison. Aggravated identity theft is punishable by a two-year sentence consecutive to any other sentence imposed in the case.

This case is being prosecuted by Assistant United States Attorneys Cindy Chang and Seth Wilkinson.

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the Department’s response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice’s National Center for Disaster Fraud (NCDF) 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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