Department of Justice

U.S. Attorney's Office

Central District of California

FOR IMMEDIATE RELEASE

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Four Indicted on Federal Charges Related to Ventura County-Based Scheme to Obtain Unemployment Benefits through Sham Companies

LOS ANGELES – Four men have been indicted on mail fraud and other federal charges for participating in a scheme that allegedly used dozens of bogus companies to collect millions of dollars in unemployment benefits for "employees" who never did any work at the sham entities. Two of the four defendants were arrested this morning and are due in federal court this afternoon.

The defendants were charged in a 22-count indictment that was returned yesterday afternoon by a federal grand jury. The indictment alleges an overarching conspiracy to create fictitious companies that supposedly employed scores of workers who then sought unemployment insurance benefits by claiming to have been laid off. The indictment also alleges substantive counts of mail fraud, use of unauthorized access devices (debit cards) and aggravated identity theft.

The two defendants taken into custody today are Jack Benjamin Hessiani, also known as "Jack Herrera," 37, of Camarillo, and Hessiani's cousin, Eduardo Josue Garcia, 24, also of Camarillo.

Hessiani and Garcia are expected to be arraigned on the indictment this afternoon in United States District Court in downtown Los Angeles.

The other two defendants in the case – Hessiani's brother, James Manuel Herrera, 27, also of Camarillo; and Daniel Ayala-Mora, another cousin of Hessiani and Herrera, 25, who recently moved from Camarillo to Las Vegas – are currently being sought be authorities.

According to the indictment, Hessiani and Herrera created numerous fictitious companies for the sole purpose of defrauding the state Employment Development Department (EDD), the agency that administers the federal unemployment insurance program in California. After filing documents with EDD that showed fictitious earnings for "workers," Hessiani and Herrera allegedly filed and caused to be filed unemployment claims for purported laid-off "employees," who were actually people who had agreed to provide their personal identifying information in exchange for a portion of the unemployment benefits. The unemployment benefits, in the form of checks and debit cards, were sent to "mail drops" that Hessiani and Herrera had established in the names of others. Once EDD began issuing unemployment benefits, Hessiani and Herrera saw that documents were filed that claimed the laid-off “workers” were still unemployed, and later they sought “extended benefits” to obtain unemployment insurance beyond the normal six-months, according to the indictment.

All four defendants allegedly sought unemployment insurance benefits for themselves based on their own “work” at the fictitious companies. Investigators believe that the scheme involved more than 40 fictitious businesses in Ventura County. Most of the fake companies had names that made them appear to be involved in marketing and networking services.

Hessiani and Herrara allegedly kept enlarging their scheme by inducing “workers” to act as recruiters of other “workers” and would pay referral fees for each new “worker” brought into the scheme.

As a result of this scheme, investigators believe that members of the conspiracy sought approximately $6.7 million in fraudulent unemployment insurance benefits, and that EDD and the United States Treasury suffered combined actual losses of approximately $4.8 million.

An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed to be innocent until proven guilty in court.

The conspiracy and 12 substantive mail fraud charges in the indictment each carry a statutory maximum penalty of 20 years in federal prison. The charge of using an unauthorized access device carries a prison term of up to 10 years. The charge of aggravated identity theft carries a mandatory consecutive sentence of two years. Therefore, if they are convicted of the charges in the indictment, Hessiani and Herrera, who are charged in most of the counts, each would face potential sentences of decades in federal prison.

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, Homeland Security Investigations; and the California Employment Development Department.

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