

Department of Justice

U.S. Attorney's Office

District of Massachusetts

FOR IMMEDIATE RELEASE

Thursday, November 17, 2022

Michigan Man Sentenced for Scheme to Obtain COVID Relief Funds in a Dozen Different States

Defendant used stolen identities to submit fraudulent claims

BOSTON – A Michigan man was sentenced today in federal court in Boston for his involvement in a fraudulent scheme to obtain COVID-19-related unemployment assistance and small business loans in 12 different states.

Devin Smith, 31, was sentenced by U.S. District Court Judge Richard G. Stearns to 30 months in prison and two years of supervised release. Smith was also ordered to pay \$269,465 in restitution and forfeiture. On March 29, 2022, Smith pleaded guilty to one count of wire fraud and one count of aggravated identity theft.

In March 2020, in response to the global coronavirus pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act provided funding to existing state unemployment insurance programs and created a new temporary federal program called Pandemic Unemployment Assistance (PUA). The PUA program, which in Massachusetts was administered by the Department of Unemployment Assistance, provided unemployment insurance benefits for individuals who are not eligible for other types of unemployment benefits.

The CARES Act also created a temporary loan program directed at small businesses called the Paycheck Protection Program (PPP). The loans were processed by private financial institutions and fully guaranteed by the U.S. Small Business Administration. If a business used the loan funds for approved purposes, such as payroll, the loan could be forgiven by the financial institution and paid for by the U.S. Small Business Administration.

Between March and September 2020, Smith participated in a scheme to obtain proceeds from fraudulent unemployment and PUA claims submitted in 12 different states, including Massachusetts. Smith used stolen identities, including the identities of Massachusetts residents, to submit fraudulent unemployment and PUA claims resulting in approximately \$230,000 in payments. Additionally, Smith submitted multiple PPP loan applications in the names of fictitious businesses resulting in approximately \$40,000 in payments.

United States Attorney Rachael S. Rollins and Jonathan Mellone, Special Agent in Charge of Department of Labor, Office of Inspector General, Labor Racketeering and Fraud Investigations made the announcement today. Valuable assistance in the investigation was provided by the U.S. Postal Service and the Massachusetts Department of Unemployment Assistance. Assistant U.S. Attorney Christopher J. Markham of Rollins' Securities, Financial & Cyber Fraud Unit prosecuted the case.

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>.

Topic(s):

Coronavirus
Financial Fraud
Identity Theft

Component(s):

USAO - Massachusetts