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District Attorney Charges Nine San Diego Inmates Caught Receiving Fraudulent Unemployment Benefits

Inmates Pocketed More than \$160,000 in Unemployment Checks

District Attorney Summer Stephan today announced criminal charges against nine defendants who made fraudulent claims, scammed the state's unemployment benefit system and received more than \$160,000 in illegal payments. The fraud occurred between June and September of last year. The defendants lied about their eligibility and addresses on their EDD application forms, and also violated state prison rules about applying for public aid.

All of the inmates were assigned to a program in San Diego that allows qualified state prison inmates to serve the final months of their sentences in a halfway house setting. The Male Community Reentry Program (MCRP) requires that inmates adhere to rules of the program, including the requirement they not apply for or collect any public aid, including EDD and unemployment funds.

"These inmates were not only breaking the rules and gaming the system, they added insult to injury for families relying on legitimate unemployment benefits to make ends meet during the ongoing pandemic," DA Summer Stephan said. "While this CDCR investigation and our subsequent prosecution reveal a significant scam, we believe the amount of fraud committed by inmates in San Diego County could total as much as \$5 million and we have just begun to hold these, and other inmates accountable for their crimes."

The defendants are Ronald Davenport, 28; Zachary Frost, 31; Larry Van Johnson, 51; Daniel Eric Kisner, 42; Paul Ryan Owens, 41; Louis Terrell Bannister, 31; Erik Mikeal Nemec, 32; Roberto Ochoa, 27; and Javion Wallace, 26. Each are charged with Conspiracy, Grand Theft, and Making False Statements for Unemployment Benefits. If convicted of all the charges, each defendant faces up to three years and eight months in prison.

Eight defendants have been arrested on the new charges, four of which remain in custody at RJ Donovan Correctional Facility. Arrest warrants have been issued for the remaining defendant. At present, four defendants are scheduled for arraignment on May 20, 2021.

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CDCR MCRP-SD Supervisor and Agents assigned to the MCRP-SD investigated inmates receiving luxury items from Amazon, as well as food deliveries from restaurants. Inmates had downloaded mobile banking applications on their cell phones which revealed they each had access to large amounts of money. None of the inmates were employed. Some inmates were even electronically transferring money to one another. CDCR special agents assigned to the Special Service Unit and the U.S. Marshals Fugitive Task Force arrested all persons involved.

“This operation is the result of collaboration with partner agencies at the local and state level, and solid investigative work by our staff,” said Kathleen Allison, Secretary of the California Department of Corrections and Rehabilitation. “Defrauding hard working Californians of their benefits is not, and will not be, tolerated on any level. We will continue to ensure we are doing everything we can to hold those responsible accountable.”

In mid-November 2020, CDCR Investigators concluded their fraud investigation and determined that each inmate had been receiving verified EDD funds fraudulently. Each conspired with and assisted numerous other incarcerated persons to fraudulently gain access to EDD funds totaling \$166,132. “These despicable acts of fraud divert attention and resources away from providing assistance to those who really need it to manage through this catastrophic pandemic,” said Rita Saenz, Director of the California Employment Development Department. “We will continue to remain vigilant against fraud and are truly thankful for the combined resources and collaboration between agencies to investigate and prosecute those responsible.”

Last month, DA Stephan joined eight other District attorneys on a joint letter to Governor Gavin Newsom, warning the problem of EDD fraud problem could "grow exponentially." Among their requests, the letter asked for legislation that would allow future cross-matching of data between correctional facilities and the Employment Development Department (EDD). Officials estimate jail and prison inmates have fraudulently collected unemployment benefits that appear to have cost California taxpayers at least \$400 million.

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About the San Diego County District Attorney's Office

The San Diego County DA's Office prosecutes all felony crimes in the county and misdemeanor crimes committed outside the City of San Diego. The office files about 40,000 criminal cases a year and balances prosecution with numerous crime prevention programs. District Attorney Summer Stephan leads the office of more than 1,000 dedicated employees who pursue fair and equal justice, and support victims daily across San Diego County.