

Former Washington state employee charged with stealing unemployment funds, plus bribery and extortion

Sep. 24, 2021 at 12:11 pm Updated Sep. 24, 2021 at 9:56 pm



The state Employment Security Department in Olympia was the target of a massive fraud scheme. (Ken Lambert / The Seattle Times)

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A former employee of Washington's unemployment agency was arrested Friday and charged with using impersonation, bribery and extortion to defraud the government of at least \$360,000 in jobless benefits.

Reyes De La Cruz III, 47, of Moses Lake is accused in [a 20-count federal indictment](#) of exploiting his job at the state Employment Security Department to steal public money amid the COVID-19 pandemic's surge of jobless claims last year.

De La Cruz, who had an extensive criminal history before getting hired at ESD, allegedly pocketed at least \$130,000 for himself and arranged for hundreds of thousands of dollars in improper payments for family, friends and acquaintances, according to a news release from the office of acting U.S. Attorney Tessa M. Gorman.



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In some cases, De La Cruz allegedly used his access to the agency's claims database to approve claims for people he knew — while demanding a cut of the payments for himself. "I help you, you help me," De La Cruz told one acquaintance in a Facebook message obtained by federal investigators, according to prosecutors.

According to the indictment, De La Cruz was hired as an intake agent by ESD in April 2020, as the agency brought in additional workers to handle an unprecedented volume of unemployment claims. De La Cruz had previously worked for ESD from 1996 to 2003, the U.S. Attorney's Office said.

"Even as ESD faced the challenges of processing the high volume of legitimate claims, he chose to take advantage of his position to worsen the unprecedented fraud on unemployment benefits," Gorman said in a statement.

He is charged with six counts of wire fraud, nine counts of bribery, one count of extortion by a public official and four counts of aggravated identity theft. It was not immediately clear whether an attorney had been appointed to defend De La Cruz.

The charges carry potential sentences of decades in prison.

Washington court records show De La Cruz has a history of criminal convictions, including domestic-violence assault, violation of a protection order, harassment, felony theft, bail jumping and controlled substance violations.

In 2015, De La Cruz was arrested after allegedly threatening to kill a police officer and trying to strangle a woman on Thanksgiving, according to [a report by iFIBER One News](#). He eventually pleaded guilty to a charge of fourth-degree assault and received a suspended sentence, records show.

In May of 2020, he was sentenced to 30 days in jail and a year of community supervision after pleading guilty to charges of second-degree theft and jumping bail, according to court records.

Asked whether the ESD had known of De La Cruz's criminal record before his second hiring or whether the agency has policies regarding employees with criminal records working in sensitive positions, ESD spokesperson Clare DeLong declined to comment, citing the ongoing investigation.

ESD also declined to share details about how or when the agency detected the alleged fraud. "After becoming aware of the situation, we took immediate action by separating the employee, notifying the state auditor and referring the case to law enforcement," ESD Commissioner Cami Feek said in a statement Friday.

Feek was [appointed in June](#) to lead ESD by Gov. Jay Inslee, replacing former Commissioner Suzi LeVine, [a major Democratic Party fundraiser](#) who had come under intense criticism for the fraud losses and subsequent delays in payments to tens of thousands of legitimate claimants.

De La Cruz is the third suspect to be charged in Washington's unemployment \$650 million scam last year. But his case differs substantially from two earlier cases, which involved Nigerian citizens using stolen identities to file fraudulent unemployment claims, said Assistant U.S. Attorney Cindy Chang, who is leading the government's prosecution.

In the De La Cruz case, by contrast, the suspect used his status as an insider at a public agency to steal public money, according to the indictment unsealed Friday.

This “is a case about the abuse of public trust during this time of crisis,” Chang said Friday.

De La Cruz also ran a scheme that was, in some ways, far more elaborate, and included kickbacks, threats and identity theft, and outright impersonation.

In some instances, the indictment says, De La Cruz used others’ personal information to file fraudulent claims in their names and have the payments loaded onto debit cards and mailed to addresses in Moses Lake, where he would retrieve them.

In others, he allegedly used his access to ESD’s claims database to approve claims for people he knew — while demanding a share of the money for himself.

De La Cruz spelled out the quid pro quo in Facebook messages obtained by federal investigators, according to prosecutors.

“So I am doing this and helping you guys get a big amount of money that otherwise would not be obtainable. So I am asking for a percentage of the benefits. I help you, you help me,” De La Cruz wrote to one acquaintance in a message last August, asking for a \$2,000 cut of the \$10,000 in benefits he’d helped approve.

In at least two instances, when people resisted paying him, De La Cruz “threatened to alter their claims so they would no longer receive the benefits,” the indictment states. He accepted about \$21,000 in kickbacks from claimants in exchange for ensuring their benefits were approved.

Even after he was fired in October, De La Cruz continued to try to restart some fraudulent claims, going so far as to impersonate a claimant in recorded phone calls with ESD and a bank, according to the news release.

De La Cruz was arrested at an apartment building in Moses Lake at around 10:45 a.m. Friday by agents with federal law enforcement, the state Department of Corrections and the Moses Lake Police Department.

Although there initially appears to have been “some attempt on his part to maybe hide or at least stall the officers,” said Capt. Dave Sands, Moses Lake Police Department spokesperson, De La Cruz was in custody within minutes and “there was no major issue whatsoever.”

De La Cruz was transported by federal law enforcement to Spokane and is scheduled to make his first court appearance on Monday in Spokane. He will appear later in U.S. District Court in Tacoma, where the case is filed, the U.S. Attorney’s Office said.

On his Facebook page, De La Cruz lists several current and prior jobs, including ESD “claim specialist lead,” carpenter, plumber’s apprentice, iron worker, cook, and scuba diver, as well as a communications specialist at the Marine Corps base at Camp Pendleton, California.

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ESD uncovered evidence of the fraud, fired De La Cruz and referred the case to the Department of Labor Office of Inspector General, according to the U.S. Attorney's Office. The FBI joined the investigation.

The alleged theft by an ESD employee was first made public this spring in the state's audit of the massive fraud that siphoned off \$650 million in unemployment benefits. The agency says it has since recovered \$378 million.

While most of last year's fraud had been [tied to foreign cybercriminals](#), the auditor noted that one state employee was under criminal investigation for "potential misappropriation" of an undisclosed amount of unemployment benefits.

ESD described the internal theft as "immaterial" in its formal response to the audit.

But Friday's indictment shows De La Cruz's alleged fraud was on par with other suspects arrested so far. In May, [federal investigators charged Abidemi Rufai](#), of Lekki, Nigeria, with using stolen identities to steal more than \$350,000 in unemployment benefits. A month later, [federal prosecutors charged Chukwuemeka Onyegbula](#), a Nigerian IT engineer, with stealing roughly \$290,000 in benefits from ESD and from other states.

A spate of similar schemes have been spotlighted in recent weeks in other states. On Tuesday, a New York City woman employed with the New York State Department of Labor pleaded guilty to using her position to file \$314,168 in fraudulent claims, according to media accounts.

On Monday, three Maryland men were charged with defrauding 19 states of more than \$2.7 million in unemployment benefits. On Sept. 14, four Michigan residents were charged with defrauding 20 states of more than \$2 million in unemployment benefits.

Chang said the De La Cruz case is another reminder that the massive unemployment fraud that struck Washington and most other states involved both foreign and homegrown actors.

"I think it's too early to say what portion is international versus domestic, but certainly there are a lot of domestic actors involved," Chang said.

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