

PRESS RELEASE

Former State Government Employee and Her Former Boyfriend Plead Guilty to Fraudulently Obtaining COVID Jobless Benefits

Wednesday, January 8, 2025

For Immediate Release

U.S. Attorney's Office, Central District of California

LOS ANGELES – A former employee of the California Employment Development Department (EDD), which administers the state's unemployment insurance (UI) program, pleaded guilty this afternoon to fraudulently obtaining more than \$750,000 in COVID jobless relief.

Phyllis Hope Stitt, 61, of Carson, pleaded guilty today to one count of conspiracy to commit mail fraud and bank fraud for filing at least 29 fraudulent UI claims that caused the EDD to suffer approximately \$768,958 in losses. Also pleading guilty today to the same charge was Kenneth Earl Riley, 64, of South Los Angeles, Stitt's former boyfriend.

According to their plea agreements, Stitt and Riley had been in a relationship as domestic partners with each other for over a decade at the beginning of the COVID-19 pandemic when Stitt was employed by the EDD as an employment program representative. Her job duties included determining claimant eligibility for unemployment insurance (UI) benefits and performing claim processing activities.

From March 2020 to September 2021, while using the access and information available to her in her position with the EDD, Stitt acquired the names, dates of birth, Social Security numbers, and other personal identifying information of victims that were used to submit fraudulent claims.

Stitt then filed fraudulent applications for UI benefits without the victims' knowledge or consent, and then increased the amount of UI benefits paid out by backdating the fraudulent requests to maximize the claims.

Stitt certified the fraudulent applications alleging that the victims had submitted their employment history and driver's license information, and she confirmed they were unemployed because of the pandemic and actively were searching for work.

Many of the victims were ineligible to receive these benefits because they were currently employed, not unemployed because of the pandemic, or were deceased at the time.

In filing the fraudulent applications, Stitt used mailing addresses that Riley had access to. Debit cards and accounts created as a result of these fraudulent applications were then accessed by Riley and others, who made cash withdrawals at ATMs, bank transfers and retail purchases.

United States District Judge André Birotte Jr. scheduled sentencing hearings for May 9, at which time each defendant will face a statutory maximum sentence of 30 years in federal prison.

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>.

On September 15, 2022, the Attorney General selected the U.S. Attorney's Offices for the Central and Eastern Districts of California to jointly head one of three national COVID-19 Fraud Strike Force Teams. The Department of Justice established the Strike Force to enhance existing efforts to combat and prevent COVID-19 related financial fraud. The Strike Force combines law enforcement and prosecutorial resources and focuses on large-scale, multistate pandemic relief fraud perpetrated by criminal organizations and transnational actors, as well as those who committed multiple instances of pandemic relief fraud. The Strike Force uses prosecutor-led and data analyst-driven teams to identify and bring to justice those who stole pandemic relief funds. Additional information regarding the Strike Force may be found at <https://www.justice.gov/opa/pr/justice-department-announces-covid-19-fraud-strike-force-teams>.

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>.

The United States Department of Labor – Office of Inspector General, the FBI, and the California Employment Development Department – Investigation Division investigated this matter.

Assistant United States Attorney Steven M. Arkow of the Major Frauds Section is prosecuting this case.

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Topic

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