UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF VIRGINIA
ABINGDON DIVISION

UNITED STATES OF AMERICA	)	
	)	**Case No.** 1:24cr17
v.	)	
	)	**Violations:**
JOSEF LUDWIG BROWN	)	
CRYSTAL SAMANTHA SHAW	)	**18 U.S.C. § 371**
JONATHAN SCOTT WEBB	)	**18 U.S.C. § 1040(a)**
CHRISTOPHER KIRK WEBB	)	**18 U.S.C. § 1349**
STEPHANIE AMBER BARTON	)	
HALEIGH MCKENZIE WOLFE	)	
TERRENCE BROOKS VILACHA	)	
CARA CAMILLE BAILEY	)	
JESSICA DAWN LESTER	)	
BRIAN EDWARD ADDAIR	)	
RUSSELL ERIC STILTNER	)	
JOSEPH FREDERICK HASS	)	
DANIEL WAYNE HORTON	)	
JUSTIN WARREN MEADOWS	)	
JASON DALE WORLEY	)	
JERAMY BLAKE FARMER	)	
CLINTON MICHAEL ALTIZER	)	

INDICTMENT

INTRODUCTION

The Grand Jury charges that:

CARES Act and Pandemic Unemployment Benefits

1. Unemployment Insurance (UI) is a state-federal program that provides monetary benefits to eligible lawful workers. Although state workforce agencies administer their respective UI programs, they must do so in accordance with federal laws and regulations. UI payments (benefits) are intended to provide temporary financial assistance to lawful workers who are unemployed through no fault of their own. Each

state sets its own additional requirements for eligibility, benefit amounts, and length of time benefits can be paid. Generally, UI weekly benefit amounts are based on a percentage of earnings over a base period. In the Commonwealth of Virginia, the Virginia Employment Commission ("VEC") administers the UI program.

2. On March 13, 2020, the President of the United States declared the ongoing Coronavirus Disease (COVID-19) pandemic to be an emergency under §501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C §§ 5121-5207).

3. On March 18, 2020, the President signed the Families First Coronavirus Response Act ("FFCRA") into law. The FFCRA provided additional flexibility for state UI agencies and additional administrative funding to respond to the COVID-19 pandemic. Then, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law on March 27, 2020. The CARES Act expanded states' ability to provide assistance to many workers impacted by COVID-19, including for workers who are not ordinarily eligible for UI benefits. The CARES Act provided for three new temporary UI programs, including Pandemic Unemployment Assistance ("PUA"), Pandemic Emergency Unemployment Compensations ("PEUC"), and Federal Pandemic Unemployment Compensation ("FPUC").

4. The first program, PUA, provided for up to 39 weeks of benefits to individuals who are: (1) self-employed, seeking part-time employment, or otherwise would not qualify for regular UI or extended benefits under state or federal law or PEUC under section 2107 of the CARES Act; and (2) unemployed, partially unemployed, unable to

work, or unavailable to work due to specific COVID-19 related reasons(s). Coverage includes individuals who have exhausted all rights to regular UC or extended benefits under state or federal law or under PEUC. Under the PUA provisions of the CARES Act, a person who is a business owner, self-employed worker, independent contractor, or gig worker can qualify for pandemic unemployment benefits administered by the VEC if he/she previously performed such work in Virginia and is unemployed, partially unemployed, unable to work, or unavailable to work *due to a COVID-19 related reason.* PUA claimants must answer specific questions to establish their eligibility for PUA benefits. Claimants must provide their name, Social Security Number, and mailing address and self-certify that they meet one of the COVID-19 related reasons for being unemployed, partially unemployed, or unable or unavailable to work. Initially, the eligible timeframe to receive PUA was from weeks of employment beginning on or after January 27, 2020, through December 31, 2020. The second program, PEUC, initially provided for up to 13 times the individual's average weekly benefit amount to individuals who have exhausted regular UI under state or federal law, have no rights to regular UI under any other state or federal law, are not receiving UI under the UI laws of Canada, and are able to work, available for work, and actively seeking work. However, states must offer flexibility in meeting the "actively seeking work" requirement if individuals are unable to search for work because of COVID-19, including because of illness, quarantine, or movement restriction. The eligible timeframe to receive PEUC was from weeks of unemployment beginning after the respective state has an established agreement with the federal government through December 31, 2020. The earliest being April 5, 2020.

5. The third program, FPUC, provide individuals who were collecting regular UI, PEUC, PUA, and several other forms of benefits with an additional $600 per week. The eligible timeframe to receive FPUC was from weeks of unemployment beginning after April 5, 2020, or the date the respective state had an established agreement with the federal government, whichever was later, through July 31, 2020.

6. On August 8, 2020, after FPUC expired, the President signed a Presidential Memorandum authorizing FEMA to use disaster relief funds pursuant to Section 408, Other Needs Assistance, of the Robert T. Stafford Relief and Emergency Assistance Act, 42 U.S.C. §§ 5121-5207, to provide supplemental payments for lost wages to help ease the financial burden on individuals who were unemployed as a result of COVID-19. The "Lost Wages Assistance Program" ("LWAP") served as a temporary measure to provide an additional $300 per week via a total of $44 billion in FEMA funds. The period of assistance for LWAP was August 1, 2020, to December 27, 2020, or termination of the program, whichever was sooner.

7. Then, on December 27, 2020, the Consolidated Appropriations Act, 2021—an omnibus spending bill that included an estimated additional $200 billion in funding for pandemic related UI programs—was signed into law. Through a section titled the Continued Assistance for Unemployed Workers Act of 2020 ("Continued Assistance Act"), Congress extended and modified the three temporary UI programs created by the CARES Act and created a new benefit program.

8. The Continued Assistance Act increased the duration and availability of both PEUC, which provides benefits to individuals who have exhausted their state unemployment benefits, and PUA, which provides unemployment compensation to independent contractors and others unable to access traditional UI benefits. Specifically, the Continued Assistance Act extended PEUC and PUA through March 14, 2021. Additionally, the duration of PUA benefits for eligible individuals was effectively extended from 39 weeks under the CARES Act to a total of 50 weeks; the amount of PEUC benefits for eligible individuals was extended from 13 to 24 times the individual's average weekly benefit amount. FPUC was reauthorized at a lesser amount of $300 per week for weeks of unemployment beginning after December 26, 2020, through March 14, 2021. FPUC benefits remain unavailable for the gap between its expiration in the CARES Act (July 31, 2020) and its reauthorization in the Continued Assistance Act (December 26, 2020).

9. On March 11, 2021, as the relief benefits authorized by the Continued Assistance Act were about to expire, the President signed the American Rescue Plan Act of 2021, which included an estimated $203 billion in additional relief, including reauthorization of PUA, FPUC, PEUC, and MEUC. Under the American Rescue Plan Act, PUA and PEUC were extended, without interruption, to weeks of unemployment ending on or before September 6, 2021, thereby allowing eligible individuals to collect PUA and PEUC benefits for an additional 29 weeks (79 weeks total for PUA and 53 times the individual's average weekly benefit amount for PEUC). However, there are 25 weeks between the week ending March 13, 2021, and the last payable week of September

4, 2021, making it unlikely that individuals would exhaust their full entitlement before the two programs expire. Additionally, the $300 FPUC benefit was extended through September 6, 2021.

10. According to data maintained by the U.S. Department of Labor—Employment and Training Administration, SWAs requested and received approximately $427 billion in CARES Act funding related to PUA, FPUC, and PEUC benefit payments. In total, it is estimated that as of September 2021, the federal government's response to the COVID-19 pandemic will have included approximately $872.5 billion in pandemic related UI funding for state welfare agencies ("SWA") to administer for individuals who have been impacted by COVID-19.

11. Regardless of which of the three programs described above was involved (that is, whether PUA, PEUC, or FPUC), funds were distributed to program participants by VEC. These funds were received by VEC from the United States Department of the Treasury (Treasury) through Treasury's program entitled Automated Standard Application for Payments, commonly referred to as "ASAP." ASAP is an electronic system that federal agencies use to securely transfer money to recipient organizations. Federal agencies enroll recipient organizations, authorize their payments, and manage their accounts. Recipient organizations then request payments from these pre-authorized accounts. Recipient organizations may include state and local governments, educational and financial institutions, vendors and contractors, profit and non-profit entities, and Indian tribal organizations. ASAP is free for both federal agencies and recipient organizations.

12. The PUA, FPUC, and LWAP programs (collectively, "pandemic unemployment benefits") are administered by the various states, including the Commonwealth of Virginia, but their benefits are funded by the federal government. In order to receive pandemic benefits, an applicant must access a website maintained and administered by the VEC and file a claim. Separate claims are not filed for PUA, FPUC, and LWAP. Rather, a single claim for PUA, if approved, results in an approved claim for the additional FPUC and LWAP benefits as well.

13. Individuals are only eligible for pandemic unemployment benefits if they are unemployed for reasons related to the COVID-19 pandemic and are otherwise available to work and are seeking employment.

14. To apply for pandemic unemployment benefits via the VEC website, the applicant is required to enter Personally Identifiable Information ("PII") including name, date of birth, Social Security Number, email address, phone number, and physical address. An applicant is then required to answer a series of questions to determine eligibility and payment amount. An applicant must then attest, under penalty of perjury, that the information provided in the claim application is true and accurate.

15. Upon completion, the application is submitted to the VEC. If approved, the applicant can choose whether to have the pandemic unemployment benefits deposited directly into a bank account of the applicant's choosing, or the funds can be loaded on a pre-paid debit card which is then shipped to the applicant via United States Postal Service to the address listed on the application.

16. The recipient of pandemic unemployment benefits receives a unique Personal Identification Number ("PIN") to access the VEC each week to recertify their unemployment status. Payments for pandemic unemployment benefits are based on a seven-day period, from Sunday through Saturday. Thus, the benefits' recipient must certify every seven days that the recipient: was ready, willing and able to work each day; was seeking full time employment; did not refuse any job offers or referrals; and had reported any employment during the week and the gross pay or other payments received.

17. The Southwest Virginia Regional Jail Authority - Haysi is located in Haysi, Virginia, in the Western District of Virginia.

18. Tazewell County, Virginia, is in the Western District of Virginia.

<u>The Scheme</u>

19. In March 2020, Josef Ludwig BROWN ("BROWN"), Jonathan Scott WEBB ("JONATHAN SCOTT WEBB or J. WEBB"), and Crystal Samantha SHAW ("SHAW") developed a scheme and artifice to file fraudulent claims for pandemic unemployment benefits via the VEC website. The scheme and artifice was to submit claims for each co-conspirator, each ineligible to receive pandemic unemployment benefits, by making materially false representations including, but not limited to: the applicant was unemployed as a result of COVID-19 and the applicant was ready, willing, and able to work each day.

20. Because pandemic unemployment benefits were paid on a weekly basis, the scheme was a continuing scheme whereby SHAW and her co-conspirators agreed and conspired to file weekly recertifications for the claims they submitted. In so doing,

SHAW reverified and recertified the same materially false representations and pretenses as stated above for each claim submitted, on numerous occasions over the course of the conspiracy.

21. Co-conspirators fall into two general categories: 1) inmates at the SWVRJA-Haysi who passed on PII to SHAW by BROWN and J. WEBB so that SHAW could file fraudulent claims; and 2) personal friends or acquaintances of BROWN, SHAW, and/or J. WEBB who provided their PII so that SHAW could file their fraudulent claims

22. Co-conspirators did numerous acts, including, but not limited to, the following acts:

a. At the time the scheme was devised, BROWN was incarcerated at the Southwest Virginia Regional Jail Authority – Haysi (SWVRJA-Haysi). BROWN provided his PII to SHAW via email and telephone for the purpose of filing a fraudulent claim. SHAW then filed a fraudulent claim on behalf of BROWN.

b. In furtherance of the scheme, BROWN obtained PII of incarcerated co-conspirators at SWVRJA-Haysi and provided their PII to SHAW to submit fraudulent claims or fraudulent recertifications for pandemic unemployment benefits on their behalf.

c. Co-conspirators who were *not* incarcerated at the time of their filing provided their PII to SHAW, BROWN, and/or J. WEBB for the purpose of filing their fraudulent claims.

d. Some co-conspirators filed their initial claims *prior* to incarceration, but, once incarcerated, provided their PII to SHAW in order for her to fraudulently file

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VEC claim recertifications concerning their eligibility to work. These individuals were ineligible to file pandemic unemployment claims during periods of incarceration.

e. Each co-conspirator listed in this indictment conveyed his/her PII to SHAW, directly or indirectly through other co-conspirators, for the purpose of filing a fraudulent claim for pandemic unemployment benefits. With the assistance of the co-conspirators listed herein, SHAW filed at least 21 fraudulent claims or recertifications of eligibility for pandemic unemployment benefits.

f. In filing the fraudulent claims, SHAW used the same address of the residence in which she lived: 220 Bellwood Road, Raven, VA 24639, for 11 of the co-conspirators' applications, ensuring pre-paid debit cards used to disburse pandemic unemployment benefit payments were sent to SHAW. SHAW also utilized the address of BROWN, 155 Dark Hollow Road, North Tazewell, VA 24630, for at least 4 of the co-conspirators' applications; at that time, BROWN was incarcerated at SWVRJA-Haysi and did not have access to collect any mail generated as a result of the fraudulent claims or recertifications.

g. Once claims were approved, the VEC mailed via United States Postal Service monetary determination letters, Personal Identification Number (PIN) codes, and pre-paid debit cards in all co-conspirators' names to the Bellwood Road and Dark Hollow Road addresses, in addition to other addresses where the co-conspirators previously resided, as listed on the applications.

h. In order to continue receiving weekly pandemic unemployment benefits, SHAW made subsequent weekly recertifications on the respective co-conspirator's behalf. SHAW filed claims by electronically accessing the VEC website from her computer while at home in Tazewell, VA, or via telephone communication directly with the VEC.

COUNT ONE

(18 U.S.C § 371 – Conspiracy to Defraud the United States)

The Grand Jury charges that:

1. The information in the Introduction is realleged and incorporated by reference.

2. Between on or about March 15, 2020, and on or about September 30, 2021, in the Western District of Virginia and elsewhere, **JOSEF LUDWIG BROWN, CRYSTAL SAMANTHA SHAW, JONATHAN SCOTT WEBB, CHRISTOPHER KIRK WEBB, STEPHANIE AMBER BARTON, TERRENCE BROOKS VILACHA, HALEIGH MCKENZIE WOLFE, CARA CAMILLE BAILEY, JESSICA DAWN LESTER, BRIAN EDWARD ADDAIR, RUSSELL ERIC STILTNER, JOSEPH FREDERICK HASS, DANIEL WAYNE HORTON, JUSTIN WARREN MEADOWS, JASON DALE WORLEY, JERAMY BLAKE FARMER, CLINTON MICHAEL ALTIZER**, and others knowingly and willfully conspired to (1) defraud the United States and (2) commit an offense against the United States, to wit: file fraudulent claims for pandemic unemployment benefits as authorized by, and administered through federal law, in violation of Title 18, United States Code, §1040(a), such benefits being authorized, paid, and disbursed in connection with the Coronavirus Disease (COVID-19) pandemic, an emergency declaration under §501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5191).

3. It was a part of the conspiracy that the named co-conspirators provided PII for the purpose of filing fraudulent claims for pandemic unemployment benefits in order to receive funds to which they were not entitled.

4. To effect the object of the conspiracy, the co-conspirators did several acts, including but not limited to those acts described in the Introduction to this Indictment.

5. All in violation of Title 18, United States Code, Section 371.

COUNTS TWO THROUGH EIGHTEEN

(18 U.S.C § 1040(a) – Fraud in Connection with Emergency Benefits)

The Grand Jury charges that:

1. The information in the Introduction is realleged and incorporated by reference.

2. On or about the dates detailed below, in the Western District of Virginia and elsewhere, the individuals listed below, as principals, aiders, and abettors, knowingly made and caused to be made materially false, fictitious, and fraudulent statements and representations on claim applications for pandemic unemployment benefits that were authorized, paid, and disbursed in connection with an emergency declaration under §501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5191).

Count	Name	Date Filed	Claim Paid
2	**JOSEF LUDWIG BROWN**	July 16, 2020	$28,696.00
3	**CRYSTAL SAMANTHA SHAW**	March 30, 2020	$34,650.00
4	**JONATHAN SCOTT WEBB**	May 6, 2020	$32,589.00
5	**CHRISTOPHER KIRK WEBB**	May 12, 2020	$19,678.00
6	**STEPHANIE AMBER BARTON**	April 30, 2020	$30,070.00

Count	Name	Date Filed	Claim Paid
7	**HALEIGH MCKENZIE WOLFE**	October 5, 2020	$13,978.00
8	**TERRENCE BROOKS VILACHA**	September 28, 2020	$14,894.00
9	**CARA CAMILLE BAILEY**	July 16, 2020	$26,406.00
10	**JESSICA DAWN LESTER**	July 3, 2020	$22,284.00
11	**BRIAN EDWARD ADDAIR**	June 12, 2020	$22,284.00
12	**RUSSELL ERIC STILTNER**	June 22, 2021	$16,898.00
13	**JOSEPH FREDERICK HASS**	July 1, 2020	$19,316.00
14	**DANIEL WAYNE HORTON**	August 20, 2020	$17,784.00
15	**JUSTIN WARREN MEADOWS**	July 12, 2020	$13,202.00
16	**JASON DALE WORLEY**	July 25, 2020	$9,698.00
17	**JERAMY BLAKE FARMER**	January 30, 2021	$7,786.00
18	**CLINTON MICHAEL ALTIZER**	July 22, 2020	$10,992.00

3. The materially false, fictitious, and fraudulent statements and representations, to wit: that the claimant (1) had been employed at the time of the COVID-19 outbreak; (2) was unemployed as a result of the COVID-19 pandemic; and (3) was available to work and was actively seeking employment, were made in a circumstance involving a benefit transported in the mail at any point in the authorization, transportation, transmission, transfer, disbursement, and payment of such benefit.

4. All in violation of Title 18, United States Code, Sections 2 and 1040(a)(2).

COUNT NINETEEN

(18 U.S.C § 1349 – Conspiracy to Commit Mail Fraud)

The Grand Jury charges that:

1. The information in the Introduction is realleged and incorporated by reference.

2. On or about and between March 30, 2020, and September 30, 2021, in the Western District of Virginia and elsewhere, **JOSEF LUDWIG BROWN, CRYSTAL SAMANTHA SHAW, JONATHAN SCOTT WEBB, CHRISTOPHER KIRK WEBB, STEPHANIE AMBER BARTON, TERRENCE BROOKS VILACHA, HALEIGH MCKENZIE WOLFE, CARA CAMILLE BAILEY, JESSICA DAWN LESTER, BRIAN EDWARD ADDAIR, RUSSELL ERIC STILTNER, JOSEPH FREDERICK HASS, DANIEL WAYNE HORTON, JUSTIN WARREN MEADOWS, JASON DALE WORLEY, JERAMY BLAKE FARMER, CLINTON MICHAEL ALTIZER**, and others, as principals, aiders, and abettors, knowingly conspired to devise a scheme and artifice to defraud, and for obtaining money by means of false and fraudulent pretenses and representations, and for the purpose of executing such scheme causing to be delivered by mail according to the direction thereon any matter or thing, to wit: monetary determination letters, and PIN codes, among other items, such matter or thing pertaining to benefits that were authorized, paid, and disbursed in connection with an emergency declaration under §501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5191), in violation of Title 18, United States Code, Section 1341.

3. All in violation of Title 18, United States Code, Section 1349.

A TRUE BILL, this 21 day of May, 2024.

/s/ Grand Jury Foreperson

Christopher Kavanaugh by PDS
CHRISTOPHER R. KAVANAUGH
United States Attorney

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