Woman Sentenced to Six Years for Role in $9.1 Million Fictitious Employer Fraud

IDES’ Fraud Unit Uncovered Scheme Involving Seven States

CHICAGO – Jay Rowell, Director of the Illinois Department of Employment Security (IDES), issued the following statement today after United States District Judge Joan H. Lefkow sentenced a woman to six years in prison for actions related to unemployment insurance fraud. The woman was a central figure in a 17-person enterprise that scammed $9.1 million from Illinois, Indiana, Minnesota, Wisconsin, Kansas, Oklahoma, and Mississippi. IDES’ anti-fraud unit uncovered the suspicious activity that launched the multi-state investigation.

“Stealing is wrong. Stealing unemployment insurance benefits is shameful. It harms every worker and every employer across our state and it simply will not be tolerated,” Rowell said. “Stopping waste, fraud and abuse in the unemployment insurance program are more than words. Today, 17 more people personally know that.”

“I commend our staff for their diligent efforts that started this investigation more than four years ago; the investigators at the Department of Labor whose collaboration is critical in tracking down these cases; and U.S. Attorney Zackary T. Fardon and the prosecutors in the Northern District whose dedication is vital to protecting the public trust.”

Case number 12CR0284 might be the largest fictitious employer case in the country. Jacqueline Kennedy, 41, of Country Club Hills prior to her arrest, led 16 others, playing various roles, in registering approximately 97 fictitious employers with the states’ unemployment insurance agencies and used sham employees to fraudulently collect unemployment insurance benefits. IDES was defrauded of approximately $5.9 million and total fraud was estimated at $9.1 million. Kennedy previously owned and managed several tax preparation businesses in Chicago. The unemployment insurance fraud to which she pled guilty occurred between 2009 and 2011. She pleaded guilty in December, 2013.

Federal prosecutors said each Illinois fraud was uncovered and stopped before the full amount of unemployment benefits could be paid. Had the full amount been paid, the Illinois loss would have reached $30 million.

Questions about this criminal case should be directed to the U.S. Attorney’s Office.

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IDES is committed to fighting fraud. It pursues fraud cases in criminal and civil courts at the local, state and federal level. The Department cooperates with outside prosecutors and has an internal anti-fraud unit with attorneys from Illinois Attorney General Lisa Madigan’s office.

Fraud that does not involve a criminal enterprise, or involves significantly fewer dollars, is pursued administratively. For example, an individual’s tax refund could be garnished and the worker could be deemed ineligible for future unemployment insurance benefits until the debt is repaid. Employers face fines and some could be held personally liable for misstating their company’s obligations. These and other programs total $341 million in money IDES either recovered or identified the fraud before payment was made.

Unemployment insurance benefits are funded through business contributions. These temporary dollars most often are spent for essentials at the local grocery, gas station and clothing store, thereby supporting the local economy. Every $1 in unemployment insurance benefits generates about $1.63 in economic activity.

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