



U. S. Department of Justice

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Northern District of Illinois

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**FIFTEEN DEFENDANTS INDICTED FOR ALLEGED ROLES IN SCHEME TO USE
MORE THAN 80 FICTITIOUS COMPANIES TO DEFRAUD ILLINOIS, INDIANA
AND MINNESOTA UNEMPLOYMENT INSURANCE AGENCIES OF \$8.7 MILLION**

CHICAGO — A suburban Chicago woman who owned a south side tax preparation business allegedly schemed to falsely claim more than \$1 million in federal tax refunds and, together with 14 co-defendants, allegedly engaged in a related scheme using other individuals' identities, including some tax service clients and some stolen, to fraudulently obtain more than \$8.7 million from state unemployment insurance agencies in Illinois, Indiana and Minnesota. The defendants allegedly registered approximately 80 fictitious employers with the states' unemployment insurance agencies and used the sham employers to fraudulently collect unemployment insurance benefits. The Illinois Department of Employment Security was allegedly defrauded of at least \$5.95 million; the Indiana Department of Workforce Development was allegedly cheated of at least \$2.4 million, and the Minnesota Department of Employment and Economic Development lost at least \$342,000 as a result of the alleged fraud scheme.

The lead defendant, **Jacqueline Kennedy**, owned and managed ATAP Financial Enterprises, Inc., ATAP Tax & Business Solutions, Inc., and ATAP Tax Services, Inc., (collectively ATAP), all

tax preparation businesses located at one time at 1757 West 95th St., in Chicago. Kennedy, 39, of Country Club Hills, was charged with 14 counts of mail and wire fraud, six counts of filing false claims for tax refunds, and one count of aggravated identity theft.

Kennedy and 14 co-defendants were indicted together on various tax, fraud and identity theft charges in a 60-count indictment returned yesterday by a federal grand jury, Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, announced today. All 15 defendants will be ordered to appear for arraignment at a later date in U.S. District Court in Chicago.

“This indictment highlights the determination of the Labor Department’s Office of Inspector General to investigate fraud against the unemployment insurance program. The defendants allegedly schemed to illegally obtain approximately \$8.7 million in unemployment benefits. We will continue to work with our law enforcement partners and our colleagues in the Illinois, Indiana, and Minnesota state workforce agencies to aggressively investigate allegations of fraudulent activities to obtain unemployment insurance benefits,” said James Vanderberg, Special Agent-in-Charge of the Chicago Regional Office of the U.S. Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations.

Mr. Fitzgerald and Mr. Vanderberg announced the charges with Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division; Robert D. Grant, Special Agent-in-Charge of the Chicago Office of Federal Bureau of Investigation; and Thomas P. Brady, Inspector-in-Charge of the U.S. Postal Inspection Service in Chicago. The Social Security Administration Office of Inspector General also assisted in the investigation.

Between January 2008 and April 2010, the indictment alleges that Kennedy and others prepared at least 200 false individual federal income tax returns for clients of ATAP or in the names

of clients stating false income and credits for tax years 2007-09 and fraudulently claiming approximately \$1.025 million in tax refunds. Kennedy allegedly inflated certain ATAP clients' tax refunds by manufacturing false Forms W-2 from companies for which the clients did not work and from companies for which the clients worked but did not earn the inflated wages reported.

As part of the alleged unemployment insurance fraud scheme, Kennedy and others allegedly used personal identifying information of numerous individuals, both ATAP tax clients, including names, social security numbers, and dates of birth, to file retroactive wage reports and subsequent claims for benefits, according to the indictment. At times, Kennedy and others stole the identities of ATAP clients and others and used the identifiers to file fraudulent claims for unemployment insurance benefits. At other times, they agreed with ATAP clients and others to file fraudulent claims on their behalf in exchange for a share of the proceeds, the indictment alleges.

Kennedy and co-defendant **Tara Cox**, 32, of Blue Island, who was charged with 15 counts of mail and wire fraud and one count of aggravated identity theft, allegedly created the 80-some fictitious companies and registered them with the state unemployment agencies, knowing that the vast majority of employers existed only for the purpose of drawing unemployment insurance benefits on behalf of purported employees. According to the indictment, they allegedly filed false quarterly wage reports on behalf of these fictitious employers, knowing that these companies, in fact, did not employ any workers. Kennedy and Cox then filed or caused others to file fraudulent claims for unemployment insurance benefits by claiming to be employees of the fictitious companies who were terminated without fault. During the course of the alleged scheme between February 2009 and October 2011, Kennedy, Cox and others allegedly filed at least 900 false unemployment insurance claims before the scheme was detected and payments were stopped.

In Illinois and Minnesota, unemployment insurance claimants could chose to have their benefits directly deposited into a bank account or have the state agency issue them a debit card, while Indiana claimants received a debit card through the mail. The indictment alleges that Kennedy and Cox caused fraudulent unemployment insurance payments to be made to debit cards for the benefit of themselves and the following co-defendants: Cox's mother, **Rowena Pughsley**, 60, also of Blue Island, charged with six counts of mail fraud, one count of aggravated identity theft, and two counts of filing false income tax returns; **April Blanchard**, 37, of Chicago, charged with 10 counts of mail and wire fraud; **Orvin Hurst**, 35, of Chicago, charged with nine counts of mail and wire fraud; **Marcel Mason**, 38, whose last known address was in Beecher, charged with four counts of mail and wire fraud; **Lantz Roberts**, 39, of Chicago, charged with four counts of mail fraud; **Jocklyn Batey**, 64, of Chicago, charged with two counts of mail fraud; **Shawn Ray**, 49, of Chicago, charged with two counts of mail fraud; **Ashlee Petermon**, 25, of Chicago, charged with one count of mail fraud; **Eboni Coppage**, 26, of Bloomington, charged with two counts of mail fraud; **Tameka Thompson**, 31, of Park Forest, charged with one count of mail fraud; **Charles Williams**, 37, of Sauk Village, charged with two counts of mail and wire fraud; and **Anise McGill**, 26, of Alsip, charged with one count of mail fraud.

At times, Kennedy, Cox, Pughsley and Blanchard allegedly paid or caused to be paid unemployment payroll tax contributions on behalf of the fictitious employers to create the false impression that the employers were legitimate businesses with actual employees. In addition, Cox and others allegedly purchased social security numbers for filing bogus claims for unemployment insurance benefits. Ten of the defendants, including Orvin Hurst's brother, **Marlin Hurst**, 39, of Chicago, who was charged with five counts of mail fraud, caused unemployment insurance debit

cards to be delivered to their home and other addresses with which they were associated, knowing that the cards were fraudulently obtained, the indictment alleges. Fourteen of the defendants allegedly withdrew funds from bank automated teller machines using unemployment insurance debit cards in the names of purported employees of fictitious employers knowing they were not entitled to those funds.

Kennedy, Pughsley, Cox, Blanchard, Mason and others allegedly falsely certified fraudulent unemployment insurance claims, including representing to the state agencies that the claimants were entitled to unemployment insurance benefits, had been available and able to work, and actively sought work during the certification period.

Pughsley alone was charged with two counts of filing false individual federal income tax returns for 2009 and 2010, for allegedly under-reporting her total income as \$196,414 in 2009 and \$70,538 in 2010, when she knew that her gross income and total income were substantially greater.

The indictment seeks forfeiture of approximately \$8.7 million in alleged fraud proceeds from Kennedy, Cox, Pughsley and seven other defendants.

The charges in the indictment carry the following maximum penalties on each count: mail and wire fraud — 20 years in prison; filing false claims for tax refunds — five years; aggravated identity theft — mandatory two years consecutive to any other sentence imposed, and a maximum fine of \$250,000 on each count, or an alternate fine on the fraud counts totaling twice the loss or twice the gain, whichever is greater. In addition, restitution is mandatory. Each count of filing a false income tax return carries a three-year maximum sentence, and a \$250,000 fine. In addition, defendants convicted of tax offenses must pay the costs of prosecution and remain liable for any and all back taxes, as well as a potential civil fraud penalty of 75 percent of the underpayment plus

interest. If convicted, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

The government is being represented by Assistant U.S. Attorneys Andrianna D. Kastanek and Mark E. Schneider.

The public is reminded that an indictment is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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