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CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

BY  DEPUTY CLERK

6 Attorneys for Plaintiff
United States of America
7

8 IN THE UNITED STATES DISTRICT COURT
9 EASTERN DISTRICT OF CALIFORNIA

2:15 - CR - 0133 GEB

10 UNITED STATES OF AMERICA,

CASE NO.

11 Plaintiff,

18 U.S.C. § 1341 – Mail Fraud (6 Counts); 18 U.S.C.
§ 981(a)(1)(C) and 28 U.S.C. § 2461(c) – Criminal
Forfeiture

12 v.

13 KYN K. NAOPE,

14 Defendant.
15

16 INDICTMENT

17 COUNTS ONE THROUGH SIX: [18 U.S.C. § 1341 – Mail Fraud]

18 The Grand Jury charges:

19 KYN K. NAOPE,

20 defendant herein, as follows:

21 INTRODUCTION

22 1. At all times material herein,

23 a) The State of California Employment Development Department (“EDD”) was the
24 department of the State of California that administered the Unemployment Insurance (“UI”)
25 program.
26

27 b) An employer was required to register with the EDD within fifteen days of paying
28 \$100 or more in wages to one or more employees. An employer registered by submitting Form

1 DE-1, the Registration Form for Commercial Employees. The DE-1 Form included, among
2 other things, spaces for the company's name, address, number of employees, owner, and type of
3 business. After receiving the DE-1 from a new employer, the EDD assigned that employer an
4 Employer Account Number (EAN).

5 c) Individuals who were laid off by an employer were eligible to receive UI benefits.
6 The amount of weekly UI benefits paid to a claimant was based on that claimant's prior earnings.
7 In order to receive benefits, a UI claimant was required to provide information to the EDD,
8 including the claimant's name, social security number, and previous employer. Prior to making
9 payment on the claim, the EDD verified that the claimant had earnings reported to the EDD by
10 his/her employer. Employers reported wages that they paid their employees to EDD by
11 submitting Form DE-6 Wage and Withholding reports. As long as wages were reported for a
12 claimant by an employer, the EDD would pay the benefits even though the employer may not
13 have paid any payroll taxes to the EDD. In that case, the EDD would subsequently attempt to
14 collect the delinquent payroll taxes from the employer.

15 d) After a UI claim was accepted, the claimant was required to verify his or her
16 continued unemployment to the EDD on a weekly or bi-weekly basis. The claimant provided the
17 information by submitting Form DE-4581, a continued claim form, via the U.S. mail. A blank
18 DE-4581 was attached to the UI benefit check sent out by the EDD for that period. The
19 continued claim form had to be completed by the UI claimant in order to receive future checks.

20 e) EDD mailed unemployment benefit checks from West Sacramento, in the State
21 and Eastern District of California.

22 SCHEME TO DEFRAUD

23 2. Beginning on or about January 6, 2008, and continuing until on or about March 2011, in
24 Yolo County, within the State and Eastern District of California and elsewhere, defendant KYN K.
25 NAOPE, and others known and unknown to the Grand Jury, knowingly devised, intended to devise, and
26 participated in a material scheme and artifice to defraud and to obtain money from the EDD by means of
27 material false and fraudulent pretenses, representations, and promises, and in connection therewith,
28 caused the United States mails to be used, to wit: NAOPE filed and caused to be filed deficient, false,

1 and fraudulent UI claims with the EDD, and thereby obtained money from the EDD for NAOPE and
2 others to which he and they were not lawfully entitled.

3 3. As a result of the aforesaid scheme and artifice to defraud, NAOPE defrauded the State of
4 California of amounts in excess of \$2,500,000.

5 WAYS AND MEANS

6 In furtherance of the scheme and artifice to defraud set forth above, defendant KYN K. NAOPE
7 employed, among others, the ways and means described below:

8 4. NAOPE, and others known and unknown to the Grand Jury, created fictitious employers
9 by submitting fictitious employer and company information to the EDD. The information submitted to
10 the EDD included a fictitious company name, business address, and owner. In response, the EDD
11 provided NAOPE with an EAN.

12 5. After a fictitious employer was created, defendant NAOPE, and others known and
13 unknown to the Grand Jury, created fictitious employees for that company using, at times, their own
14 identities, but usually the identities of individuals recruited for the scheme by defendant NAOPE and
15 others known and unknown to the Grand Jury.

16 6. After recruiting individuals to participate in the scheme and receiving their personal
17 identifying information, defendant NAOPE, and others known and unknown to the Grand Jury then used
18 the previously provided EAN to submit Form DE-6 Wage and Withholding reports to the EDD
19 Employment Tax Office listing fictitious payments to the fictitious employees for the fictitious
20 company. Unlike most legitimate companies, the defendants submitted multiple Form DE-6 Wage and
21 Withholding reports at one time, and for reporting periods that had already passed.

22 7. Once having submitted the DE-6 Wage and Withholding Reports, defendant NAOPE,
23 and others known and unknown to the Grand Jury, contacted the EDD posing as one of the fictitious
24 laid-off employees and requested unemployment benefits. At that time, defendant NAOPE, and others
25 known and unknown to the Grand Jury, provided the employee's name, social security number, and
26 previous employer to the EDD.

27 8. After verifying that earnings had been reported by the employer for the employee
28 claiming benefits, the EDD filed the claim and mailed the first continued claim form to an address

1 provided by the purported claimant, an address usually controlled by defendant NAOPE and others
2 known and unknown to the Grand Jury.

3 9. After the first continued claim form was completed and mailed to the EDD, the EDD
4 mailed a UI check to the address on the claim.

5 10. In order to continue to receive UI benefits, defendant NAOPE, and others known and
6 unknown to the Grand Jury, received a continued claim form DE-4581 for the next time period to be
7 claimed. The DE-4581 was completed in the name of the fictitious employee, which included an
8 attestation that the fictitious employee was still unemployed. The completed DE-4581 was then mailed
9 to the EDD.

10 11. The information reported to the EDD on the DE-6 and DE-4581 forms was false and
11 material to EDD's decision to pay and continue paying benefits.

12 MAILINGS

13 12. On or about the dates set forth below, for the purposes of executing the scheme and
14 artifice to defraud, and attempting to do so, NAOPE knowingly caused the following matter and thing to
15 be placed in an authorized depository for mail matter in the Eastern District of California, to be sent and
16 delivered by the United States Postal Service, as charged below:

Count	Date	Mail Matter
1	July 14, 2010	EDD Check No. U01097821 issued to an individual known to the Grand Jury and referred to herein as Person A for \$363
2	July 14, 2010	EDD Check No. U01424571 issued to Kyn K. Naope for \$950
3	February 14, 2011	EDD Check No. U24059446 issued to an individual known to the Grand Jury and referred to herein as Person B for \$900
4	March 7, 2011	EDD Check No. U26271325 issued to an individual known to the Grand Jury and referred to herein as Person C for \$900
5	March 14, 2011	EDD Check No. U26993072 issued to an individual known to the Grand Jury and referred to herein as Person B for \$900
6	March 28, 2011	EDD Check No. U28353154 issued to an individual known to the Grand Jury and referred to herein as Person D for \$900

1
2 In violation of Title 18, United States Code, Section 1341.

3 FORFEITURE ALLEGATION: [18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c) – Criminal
4 Forfeiture]

5 1. Upon conviction of the offenses alleged in Counts One through Six of this Indictment,
6 defendant KYN K. NAOPE shall forfeit to the United States of America, pursuant to 18 U.S.C. §
7 981(a)(1)(C) and 28 U.S.C. § 2461(c), all property, real and personal, which constitutes or is derived
8 from proceeds traceable to such violations, including but not limited to the following:

9 a) A sum of money equal to the amount of proceeds traceable to such offenses, for
10 which defendant is convicted.

11 2. If any property subject to forfeiture, as a result of the offenses alleged in Counts One
12 through Six of this Indictment, for which defendant is convicted:

13 a) cannot be located upon the exercise of due diligence;

14 b) has been transferred or sold to, or deposited with, a third party;

15 c) has been placed beyond the jurisdiction of the court;

16 d) has been substantially diminished in value; or

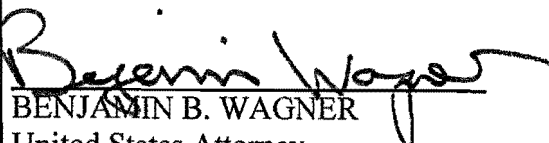
17 e) has been commingled with other property which cannot be divided without
18 difficulty;

19 it is the intent of the United States, pursuant to 28 U.S.C. § 2461(c), incorporating 21 U.S.C. § 853(p), to
20 seek forfeiture of any other property of said defendant, up to the value of the property subject to
21 forfeiture.

22 A TRUE BILL.

23
24 **Signature of the w/AUSA**

25 FOREPERSON

26 
27 BENJAMIN B. WAGNER
United States Attorney

No. _____

UNITED STATES DISTRICT COURT

Eastern District of California

Criminal Division

THE UNITED STATES OF AMERICA

vs.

KYN K. NAOPE

INDICTMENT

**VIOLATION(S): 18 U.S.C. § 1341 – Mail Fraud (6 Counts); 18 U.S.C. U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)
– Criminal Forfeiture**

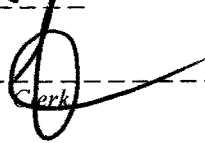
A true bill.

/s/ Signature on file w/AUSA

Foreman.

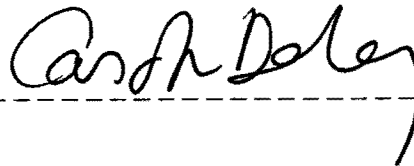
Filed in open court this 9 day

of July, A.D. 20 15


Clerk

Bail, \$ _____

NO BAIL WARRANT PENDING HEARING



United States v. Kyn K. Naope
Penalties for Indictment

Defendant
KYN K. NAOPE

COUNTS 1-6: **DEFENDANT**

VIOLATION: 21 U.S.C. § 1341 – Mail Fraud

PENALTIES: 20 years in prison; or
Fine of up to \$250,000; or both fine and imprisonment
Supervised release of 3 years

SPECIAL ASSESSMENT: \$100 (mandatory on each count)

FORFEITURE ALLEGATION: **DEFENDANT**

VIOLATION: 21 U.S.C. § 853(a) - Criminal Forfeiture

PENALTIES: As stated in the charging document