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7
8 IN THE UNITED STATES DISTRICT COURT
9 EASTERN DISTRICT OF CALIFORNIA

10 UNITED STATES OF AMERICA,
11 Plaintiff,
12 v.
13 SHOLANDA THOMAS (aka, "Astro" or
"Stro") and CHRISTINA SMITH (aka,
14 "Traymate"),
15 Defendants.

Case No.
VIOLATIONS: 18 U.S.C. § 1349 – Conspiracy to
Commit Mail Fraud; 18 U.S.C. § 1028A(a)(1) –
Aggravated Identity Theft (Two Counts); 18 U.S.C. §
981(a)(1)(C), and 28 U.S.C. § 2461(C) – Criminal
Forfeiture

16
17 INDICTMENT

18 COUNT ONE: [18 U.S.C. § 1349 – Conspiracy to Commit Mail Fraud]

19 The Grand Jury charges:

20 SHOLANDA THOMAS and
21 CHRISTINA SMITH,

22 defendants herein, as follows:

23 INTRODUCTION

24 1. At all times relevant to this Indictment, defendant SHOLANDA THOMAS was an
25 inmate incarcerated at the California Department of Corrections and Rehabilitation's Central California
26 Women's Facility ("CCWF"), which is located in Chowchilla, California, in the State and Eastern
27 District of California, and Defendant CHRISTINA SMITH was a former inmate at CCWF.

28 2. Defendants THOMAS and SMITH were incarcerated together at CCWF, interacted with

1 each other at CCWF, and remained in contact with each other after SMITH was released from CCWF.

2 **BACKGROUND ON CALIFORNIA’S UNEMPLOYMENT INSURANCE SYSTEM**

3 3. The Social Security Act of 1935 established the Federal and State Unemployment
4 Insurance System (“UI”), which provides benefits to persons out of work through no fault of their own.
5 The California Employment Development Department (“California EDD”) administers UI for the State
6 of California and the United States. UI benefits payments are funded by a combination of federal and
7 California state funds.

8 4. Before March 2020, only individuals who were wage earners were eligible to receive UI
9 benefits. Individuals who were self-employed, independent contractors, business owners, and part-time
10 workers were ineligible. The amount of weekly UI benefits paid to an individual was based on his or
11 her having worked and earned at least a certain amount of wages over a prescribed period and ranged
12 from \$40 to \$450 per week for up to twenty-six weeks.

13 5. In or around March 2020, the Federal Coronavirus Aid, Relief, and Economic Security
14 (“CARES”) Act was signed into law, Pub. L. 116-136. The CARES Act made significant changes to UI
15 benefits that included:

16 a. Making individuals who were self-employed, independent contractors, business
17 owners, and part-time workers eligible to receive UI benefits;

18 b. Extending UI benefits for thirteen weeks beyond the standard twenty-six week
19 period, for a total benefit period of thirty-nine weeks. Subsequent legislative changes extended the
20 benefit period for another seven weeks for a new total benefit period of forty-six weeks; and

21 c. Increasing benefits by \$600 per week from March 29, 2020, through July 25,
22 2020.

23 6. In or around August 2020, a Presidential Executive Order increased UI benefits by \$300
24 per week from July 26, 2020, through September 5, 2020. Overall, more than \$300 billion in additional
25 federal funds have been appropriated for UI benefits in 2020.

26 7. An individual can apply to California EDD for UI benefits by submitting a claim in-
27 person at any field office, by mail, or online, and the claim can be paid retroactively to the date that the
28 individual became unemployed. The individual is asked to provide his or her name, date of birth, social

1 security number, mailing address, and other information. The individual is also asked to provide his or
2 her usual occupation and answer questions to establish his or her eligibility for UI benefits. The
3 questions include the last day that the individual worked and whether he or she is currently available to
4 work. California EDD will deny a UI claim if the individual has not worked within the prescribed
5 period or is unavailable to work. Incarcerated individuals are deemed unavailable to work and are
6 ineligible for UI benefits.

7 8. After California EDD approves a UI claim, it pays benefits bi-weekly. Generally,
8 individuals choose to receive UI benefits through VISA debit cards issued by Bank of America N.A. and
9 their benefits are loaded thereon. Individuals may also choose to receive benefits through paper checks.
10 Both UI debit cards and checks are mailed to the individuals through the United States mail. UI debit
11 cards are mailed from a Bank of America processing center in Addison, Texas, and checks are mailed
12 from California EDD in West Sacramento, California.

13 **CONSPIRACY**

14 9. Beginning on a date unknown to the Grand Jury, but not later than in or about June 2020,
15 and continuing until in or about December 2020, within the State and Eastern District of California and
16 elsewhere, defendants THOMAS and SMITH did knowingly conspire, combine, and confederate with
17 each other, and with others known and unknown to the Grand Jury, to execute a scheme and artifice to
18 defraud California EDD and the United States of money and property, and to obtain money and property
19 from California EDD and the United States, by means of materially false and fraudulent pretenses,
20 representations, and promises, and to cause mail matter to be placed in a post office or an authorized
21 depository for mail matter, and to be sent and delivered by the United States Postal Service, in execution
22 of the scheme to defraud, in violation of Title 18, United States Code, Section 1341.

23 **MANNER AND MEANS OF THE CONSPIRACY**

24 10. During the above-described time period, defendants THOMAS and SMITH, and others
25 known and unknown to the Grand Jury, conspired to defraud California EDD and the United States of
26 money and property, and caused money and property to be obtained from California EDD and the
27 United States, by the following manner, means, and acts, among others:

28 a. Defendants THOMAS and SMITH communicated with each other through,

1 among other methods, telephone calls and emails.

2 b. Defendant THOMAS provided her name, date of birth, and social security
3 number to defendant SMITH for the purpose of submitting a fraudulent California EDD UI claim in
4 THOMAS' name. SMITH was aware from her prior incarceration with THOMAS and from ongoing
5 communications with her that THOMAS was not employed or newly unemployed, but was incarcerated
6 at CCWF at all times relevant to this Indictment.

7 c. Defendant THOMAS also obtained the names, dates of birth, and social security
8 numbers for other inmates who were incarcerated at CCWF, and who were not otherwise employed or
9 newly unemployed for purposes of UI benefits at any time relevant to this Indictment. Thomas provided
10 these inmates' information to defendant SMITH for the purpose of submitting fraudulent California
11 EDD UI claims in those inmates' names. The inmate identities included, but were not limited to,
12 inmates L.R., A.D., D.G., Y.P., and M.B. THOMAS and SMITH were both aware that these inmates
13 were incarcerated at CCWF at all times relevant to this Indictment.

14 d. Defendants THOMAS and SMITH subsequently caused fraudulent California
15 EDD UI claims to be submitted in THOMAS and the other inmates' names, knowing that none of the
16 inmates were eligible for UI benefits. The underlying applications contained false and fraudulent
17 representations, including, but not limited to, that the inmates had worked between February and
18 September 2020 as wage earners or were self-employed as carpet cleaners, hair stylists, mechanics, store
19 clerks, or other occupations, and that they were currently available to work. As Thomas and Smith were
20 well aware, these claims were false in that THOMAS and the other inmates were not so previously
21 employed or newly unemployed, but were incarcerated and not employed within the relevant time
22 period. THOMAS and SMITH knew that these representations regarding THOMAS' and the other
23 inmates' employment, wages, and availability to work were false at the time they were made and
24 submitted to California EDD.

25 e. Defendants THOMAS and SMITH routinely checked the status of the fraudulent
26 California EDD UI claims to see which fraudulent claims had been approved.

27 f. The false and fraudulent representations contained in the underlying UI
28 applications, including, but not limited to, the claims for defendant THOMAS, L.R., A.D., Y.P, and

1 M.B, were material to the claims being approved by California EDD. California EDD will deny a claim
2 if an individual has not worked within the prescribed period or is unavailable to work, including
3 unavailability due to incarceration.

4 g. The defendants' scheme to defraud caused California EDD to load benefit funds
5 on debit cards for the false and fraudulent claims made by defendants THOMAS and SMITH. Bank of
6 America, N.A. then mailed the debit cards via United States mail with benefit funds paid on the false
7 claims to the addresses the defendants provided in the false and fraudulent claims, including addresses in
8 the Eastern District of California and elsewhere.

9 h. Defendants THOMAS and SMITH used the proceeds from their scheme to
10 defraud for their own benefit and for the benefit of others who were also not entitled to the UI funds. In
11 one instance, SMITH told THOMAS that she would keep THOMAS' share of the proceeds in a
12 shoebox, and that SMITH planned to undergo plastic surgery.

13 i. In carrying out the conspiracy, defendants THOMAS and SMITH at all times
14 acted with the intent to defraud.

15 j. As a result of the conduct of defendants THOMAS and SMITH in furtherance of
16 the conspiracy, the defendants submitted and caused to be submitted false and fraudulent claims for
17 benefits to California EDD exceeding \$295,000, and caused California EDD and the United States to
18 incur losses of over \$200,000.

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

20 COUNTS TWO AND THREE: [18 U.S.C. § 1028A(a)(1) – Aggravated Identity Theft]

21 The Grand Jury further charges:

22 SHOLANDA THOMAS and
23 CHRISTINA SMITH,

24 defendants herein, as follows:

25 11. Paragraphs 1 through 10, inclusive, are incorporated by reference as though fully set forth
26 herein.

27 12. The term “means of identification” means any name or number that may be used, alone
28 or in conjunction with any other information, to identify a specific individual, including any name, date

1 of birth, or social security number.

2 13. On or about the dates set forth below, in the State and Eastern District of California and
3 elsewhere, defendants SHOLANDA THOMAS and CHRISTINA SMITH did knowingly transfer, use,
4 and possess the means of identification of another person without lawful authority, to wit: they
5 knowingly transferred, used, and possessed the means of identification of D.G. and Y.P., including, but
6 not limited to, their names, dates of birth, and social security numbers, during and in relation to an
7 unlawful activity that constitutes a violation of federal law, to wit: conspiracy to commit mail fraud in
8 violation of Title 18, United States Code, Section 1349, as follows:

COUNT	DATE	PERSON	MEANS OF IDENTIFICATION	CORRESPONDING COUNT
TWO	7/23/20	D.G.	D.G.'s name, date of birth, and social security number transmitted through telephone call between THOMAS and SMITH	ONE
THREE	7/25/20	Y.P.	Y.P.'s name, date of birth, and social security number transmitted through telephone call between THOMAS and SMITH	ONE

17 All in violation of Title 18, United States Code, Section 1028A(a)(1).

18 FORFEITURE ALLEGATION: [18 U.S.C. § 981(a)(1)(C), 28 U.S.C. § 2461(c) - Criminal Forfeiture]

19 14. Upon conviction of one or more of the offenses alleged in Counts One through Three of
20 this Indictment, defendants SHOLANDA THOMAS and CHRISTINA SMITH shall forfeit to the
21 United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), all property, real and
22 personal, which constitutes or is derived from proceeds traceable to such violations, including but not
23 limited to:

- 24 a. A sum of money equal to the amount of proceeds traceable to such offenses for
25 which defendants are convicted.

26 15. If any property subject to forfeiture as a result of the offenses alleged in Counts One
27 through Three of this Indictment for which defendants are convicted:

- 28 a. cannot be located upon the exercise of due diligence;

- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

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

A TRUE BILL.

FOREPERSON

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