



NEVADA GOVERNOR
BRIAN SANDOVAL

DETR DIRECTOR
FRANK R. WOODBECK



Media Contact:
Mae Worthey
wmworthey@nvdeetr.org
o (702) 486.7991
c (702) 249.6324

www.nvdeetr.org

PRESS RELEASE

For Immediate Release
Jan. 31, 2014

DETR Helps Prosecute Woman in Unemployment Insurance Fraud Case

Carson City, NV —The Nevada Department of Employment, Training and Rehabilitation (DETR), helped successfully prosecute a Las Vegas woman who engaged in an unemployment insurance theft scheme over a span of seven years.

Theresa Ann Towns, age 50, who pled guilty to stealing over \$400,000 from the unemployment system, public housing authority, and Social Security Administration, was sentenced this week to 57 months in prison, three years of supervised release, and ordered to pay \$477,466 in restitution.

“We are pleased to have been instrumental in making sure that justice was served in this matter,” said Frank Woodbeck, DETR director. “It is our goal to maintain the highest level of integrity for our employers who pay into the unemployment insurance trust fund. We continue to make improvements in our fraud detection unit and remind criminals that if they attempt to steal from the unemployment insurance system, they will be caught and prosecuted.”

In 2012, DETR’s Employment Security Division (ESD) identified irregularities in claims tied to multiple identities created by Towns during a Contributions audit of a company controlled by Towns.

“A vigilant unemployment insurance tax investigator in the Las Vegas Field Audit office noticed the irregularities,” said Renee Olson, ESD administrator. “The case was then referred to our internal Integrity program, responsible for investigation of fraudulent claims. This case is indicative of the emphasis we place on fraud prevention. We used special data mining software to identify suspicious activity. This software helped our internal investigators identify Towns as a person of interest.”

The data obtained helped pinpoint false personal identities and fictitious business entities tied to the scheme, dating back to 2005, Olson said.

“Towns exploited obscure loopholes to obtain valid identification documents under names and Social Security Numbers not belonging to her,” Olson said.

Between 2005 and 2013, Towns, who also uses the aliases C. or T. Moorehead, C. or S. Grayson, and V. Johnson, established multiple business entities in Nevada and submitted false wage reports for fictitious employees to DETR. Unemployment benefits were then disbursed on debit cards in the names of the fictitious employees and sent to addresses accessible to Towns. Towns used the debit cards to obtain cash from ATM machines and to convert the funds to her own use and the use of others. The loss to the federal and state unemployment system was approximately \$322,682.

Olson said because Towns was using telephones and internet services to further the scheme, and illegally obtained Federal Emergency Unemployment Compensation (EUC) as well as Nevada benefits, DETR asked the Department of Labor, Office of Inspector General, to spearhead the investigation.

Federal investigators found related fraud schemes that involved both Federal Housing funds and benefits administered through the Social Security Administration. Towns was indicted in June 2013 and on October 2013 and pled guilty to eight charges stemming from her activities. Towns had previously been convicted of Welfare fraud in California and served two years in prison.

Woodbeck said DETR continually looks for opportunities to improve its systems to prevent fraud and detect illegal activity. In 2009, DETR sought and obtained legislation that specifically defined certain acts as unemployment fraud and categorized its commission a felony under Nevada law, he said. Since that time, over 20 individuals have been convicted of fraudulent activity relating to unemployment benefits. DETR routinely refers fraud cases to either state or federal authorities for prosecution, depending on the nature of the case and activities involved, Woodbeck said.

DETR recently transitioned from a 30 year-old unemployment insurance computer system to a new state-of-the art program that has sophisticated security measures to reduce instances of overpayment and fraud, Woodbeck said. Additionally, DETR has received multiple grants from the United States Department of Labor to enhance benefit fraud prevention and to obtain tools helpful in identifying fraud. These grants have purchased software and upgrade equipment, allowed for the development of cross matching programs and enhanced messages to help spread the word that commission of unemployment insurance fraud is a crime and aggressively pursued.

“Once convicted of unemployment fraud, guilty parties are frequently sent to prison, ordered to pay restitution and routinely wind up with felony criminal records,” Woodbeck said. “Even if criminal charges are not filed, a person found to have committed unemployment fraud can lose all rights to benefits paid under Nevada law unless they repay all amounts taken, plus penalties and any accrued interest in cash.”

DETR routinely recovers unemployment insurance overpayments relating to fraud through use of civil judgment and levies on wage records as well as interception of federal income tax refunds, Olson said.

-###-



DETR is comprised of the Employment Security Division, Equal Rights Commission, Rehabilitation Division, the Information Development and Processing Division and the Research and Analysis Bureau. DETR works in partnership with the Nevada JobConnect System to provide training and job placement services to job seekers and to assist employers in hiring practices.