

Written testimony of U.S. Immigration and Customs Enforcement Homeland Security Investigations, Transnational Crime and Public Safety Division Deputy Assistant Director Waldemar Rodriguez for a House Committee on the Judiciary, Subcommittee on Immigration Policy and Enforcement hearing titled “Document Fraud In Employment Authorization: How an E-Verify Requirement Can Help.”

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Introduction

Chairman Gallegly, Ranking Member Lofgren, and distinguished members of the Subcommittee: On behalf of Secretary Napolitano and Director John Morton, thank you for the opportunity to discuss the efforts of U.S. Immigration and Customs Enforcement (ICE) to combat identity and benefit fraud. ICE’s Homeland Security Investigations (HSI) directorate is a critical asset to the ICE mission and maintains a global footprint with Special Agents assigned in more than 200 cities throughout the United States and 71 offices in 47 countries worldwide. HSI is uniquely positioned to leverage its broad statutory authority to enforce customs and immigration laws and to aggressively target transnational criminal enterprises and individuals who seek to exploit America’s legitimate trade, travel and financial systems at and beyond our borders.

As the main investigative arm of DHS, HSI is statutorily charged with enforcing over 400 federal statutes including the smuggling of narcotics, weapons, and other contraband, violations of the Immigration and Nationality Act, human rights violations and human smuggling, financial crimes, cybercrime, and export enforcement. One area that HSI continues to prioritize is the investigation of identity and benefit fraud. These types of crimes pose a significant threat to national security and public safety. Identity and benefit fraud are integral elements in many immigration-related crimes, such as human smuggling and human trafficking, and are regularly found in investigations involving critical infrastructure protection, worksite enforcement, visa compliance enforcement and national security investigations.

HSI Identity and Benefit Fraud Unit

The purpose of identity and benefit fraud investigations is to prevent organizations and individuals from obtaining identity documents through fraud and misrepresenting material facts on petitions or applications to gain immigration benefits that would permit or further the stay of authorized foreign nationals. While commonly used by aliens attempting to enter or remain in the United States typically to obtain work, document and benefit fraud have also been used by terrorists and other criminal organizations to facilitate illicit activity. Large-scale fraud facilitators have the potential to not only provide access to illegally-obtained benefits and documents, but to provide cover for others engaged in criminal activity.

The mission of the HSI Identity and Benefit Fraud Unit (IBFU) is to target those who threaten the integrity of the lawful United States immigration process, and to utilize ICE's broad authorities to ensure terrorists and criminals are prosecuted to the fullest extent under the law.

Document Fraud (Identity Fraud)

Document fraud, which is also known as identity fraud, is the manufacturing, counterfeiting, alteration, sale and/or use of identity documents and other fraudulent documents to circumvent immigration laws or further other criminal activity. The IBFU not only investigates violations relating to immigration documents, such as resident alien cards, but also violations pertaining to passports, Social Security cards and state identity documents and licenses. Document fraud also involves the sale of genuinely issued documents through fraudulent means. Document fraud is a national security and public safety concern because the true identity and purpose of those who hold counterfeit and fraudulently-obtained identity documents is unknown. Fraudulent documents are often used to obtain genuine government issued documents for employment purposes, to acquire bank accounts, to board airplanes, and to gain access to sensitive locations such as government buildings. Profit is often the sole motivator of criminal activity and unlawful document vendors only care if their clients can pay for fraudulently-obtained documents with no regard for their intended use. Consequently, this criminal activity creates significant vulnerabilities for the safety and welfare of the homeland.

Benefit Fraud

Benefit fraud is the knowing and willful misrepresentation of a material fact on a petition or application to gain an immigration benefit. Common types of benefit fraud include employment-based fraud, asylum fraud and relationship fraud (e.g., marriage fraud). Benefit fraud allows aliens who would otherwise be kept from entering the country due to criminal and security reasons to enter or reside in the United States by posing as an impostor, stealing an identity or creating a false background. In addition, an alien may defraud several government agencies in order to receive an immigration benefit.

Combating Benefit Fraud Relating to Employment

The IBFU directs most of its anti-fraud efforts within HSI's Document and Benefit Fraud Task Forces (DBFTFs). There are currently 19 DBFTFs nationwide working in collaboration with our federal, state and local partners. DBFTFs combat the criminal organizations that exploit the United States immigration process and investigate individuals who violate criminal or immigration laws and who may pose a threat to national security or public safety.

The DBFTFs maximize resources, eliminate duplication of efforts, and promote the sharing of information. DBFTFs combine a variety of law enforcement processes and authorities to achieve focused, high-impact criminal prosecutions and financial seizures. Our DBFTF partners vary from task force to task force, but can include agencies such as the U.S. Attorney's Office, U.S. Citizenship and Immigration Services (USCIS); U.S. Department of Labor, Office of the Inspector General; U.S. Department of State, Bureau of Diplomatic Security; the U.S. Social Security Administration, Office of the Inspector General; and numerous state and local agencies.

In addition, HSI maintains five Benefit Fraud Units (BFU) at or near USCIS Service Centers nationwide. The BFUs are the primary liaison between HSI and USCIS, and are responsible for the receipt and dissemination of employment based benefit fraud referrals throughout HSI.

As a proactive measure against this ongoing criminal threat, HSI has developed several outreach campaigns highlighting issues and vulnerabilities associated with identity and benefit fraud. These outreach campaigns serve as a deterrent and provide the general public enhanced awareness of this specific kind of fraud. For example, in order to enhance identification efforts at the state level, the IBFU developed an outreach campaign in 2010 to raise awareness about employee corruption at DMV facilities. The campaign alerts law enforcement and the public to the seriousness of fraud schemes perpetrated at DMV facilities while allowing HSI to proactively take steps to deter the crime from happening. The DMV awareness campaign encourages reporting, provides the means necessary for DMV employees and the public to report the crime, and develops strong partnerships to ensure that HSI investigations are comprehensive and more efficient. HSI DMV outreach materials have been transmitted to 48 states, as well as the District of Columbia, American Samoa, Guam, the U.S. Virgin Islands and Puerto Rico.

The following are recent IBFU successes:

- On February 28, 2012, the owner of Texas Staffing Resources (TSR), Inc., was sentenced to 41 months incarceration and three years of supervised release following his September 2011 guilty plea to conspiracy to commit visa fraud and conspiracy to encourage and induce aliens to illegally enter and reside in the United States. In addition, a \$1 million forfeiture judgment was ordered against the main defendant. The investigation determined that TSR, a visa acquisition firm based in the Austin, Texas area, orchestrated an alien smuggling operation through the exploitation of the H-2B employment-based visa program between 2004 and 2011. The main defendant, a United States citizen, together with his wife, a legal permanent resident, and other TSR associates, coordinated the scheme. TSR manipulated H-2B visa petitions on behalf of other companies based in the United States to secure surplus visas without their client company's authorization or knowledge. The additional visas issued were sold to illegal aliens in the United States or to Mexican nationals seeking entry into the United States for a fee ranging between \$1,500 and \$2,000 each. The visas were provided to aliens who otherwise would attempt to enter the United States without inspection at a port of entry. As a result, TSR illegally profited millions of dollars through the operation of their visa fraud scheme.
- In January 2012, HSI conducted numerous arrests in Operation Island Express, a multi-jurisdictional investigation targeting the large-scale trafficking of legitimate Puerto Rican birth certificates and United States Social Security cards in 17 states, Puerto Rico, and overseas, as well as in several connected cases. The majority of the arrests were made by HSI Chicago and HSI Puerto Rico, with enforcement actions in approximately 44 different HSI offices nationwide. The goal of the arrests was to dismantle the Puerto Rico-based organization supplying these documents. The operation resulted in the execution of approximately 60 arrest warrants, 28 search warrants and 24 administrative arrests. Additionally, law enforcement conducted numerous consent searches nationwide resulting in the seizure of four firearms, \$87,000 in Treasury checks, \$50,000 in cash, 1.8 kilos of heroin and a kilo press.
- On January 6, 2011, an HSI Los Angeles investigation led to the guilty plea of Samuel Klein for visa fraud, false statements, and fraudulent or false tax returns and the plea of his wife Zipora Klein to violations of fraudulent or false tax returns. On August 31, 2011,

Klein was sentenced to 63 months in prison and ordered to pay a \$300 special assessment, a \$12,500 fine, and restitution in the amount of nearly \$766,000. On that same date, Zipora Klein was sentenced to 27 months in prison, and ordered to pay a \$100 special assessment, a \$12,500 fine and restitution in the amount of nearly \$756,000. In June 2007, this investigation was initiated and ultimately identified Samuel Klein as being responsible for orchestrating a large-scale religious-worker visa fraud scheme. The investigation revealed that Klein, a naturalized U.S. citizen from Israel, fraudulently obtained religious-worker status for Israeli nationals present in the United States on B-2 visitor visas. HSI Special Agents determined that Klein charged his Israeli clients approximately \$5,000 for his services and utilized his business Smartax as a shelter to conceal his fraudulent activities. Klein used various synagogues in both Los Angeles and New York City to petition for potential beneficiaries seeking to adjust their status. The fraud scheme was initially detected through common addresses used in B-2 extension and religious-worker visa applications. This HSI-lead case was investigated in conjunction with the Internal Revenue Service, Criminal Investigation Division, and the Department of Education, Office of Inspector General.

Worksite Enforcement

Employment opportunities remain a primary motivation for foreign nationals seeking illegal entry into the United States. As the agency charged with immigration enforcement, ICE remains committed to the smart and effective enforcement of our immigration laws and remains steadfast in our focus on worksite enforcement investigations.

Though the arrest and removal of illegal workers is one part of our comprehensive worksite enforcement strategy, we focus our worksite enforcement investigative efforts on employers. ICE's enforcement strategy includes the promotion of compliance through criminal prosecutions of egregious employers, Form I-9 Employment Eligibility Verification inspections, civil fines and debarment, as well as promoting education and compliance tools. Since January 2009, ICE has audited more than 7,000 employers suspected of hiring illegal labor, debarred 596 companies and individuals, and imposed over \$80 million in civil penalties.

An important tool in combating the employment of illegal aliens is the ICE Mutual Agreement between the Government and Employers (IMAGE) program. The IMAGE program was created in 2006 and was designed to promote voluntary compliance, to educate employers about best practices, and to help companies train their employees to comply with the nation's immigration-related employment laws. IMAGE members are required to participate in E-Verify, an internet-based system that compares information from an employee's Form I-9 to data from DHS and the Social Security Administration to confirm employment eligibility.

Since 2011, ICE entered into IMAGE agreements with many companies, including Chick-fil-A, Best Western, Toyota, Tyson Foods, and Kelly Services, among others. In fiscal year (FY) 2013, ICE will continue to expand IMAGE outreach nationwide and provide regional and local IMAGE training conferences to increase voluntary compliance among key employers.

HSI Forensic Laboratory

The HSI Forensic Laboratory (HSI-FL) is the premier resource for forensic, research, training, and law enforcement issues related to travel and identity documents, and is the only crime laboratory in the United States that specializes in the detection and deterrence of fraudulent travel and identity documents. The HSI-FL is a unique asset that addresses critical U.S. Government needs pertaining to document examination and fraudulent document identification.

The HSI-FL is accredited by the American Society of Crime Laboratory Directors – Laboratory Accreditation Board, and its primary mission is to detect and deter domestic and international travel and identify document fraud by providing a wide variety of forensic and support services to all DHS components, including ICE, U.S. Customs and Border Protection, USCIS, and the U.S. Secret Service. The HSI-FL also supports other federal, state, and local agencies, as well as foreign government law enforcement organizations and components.

Documents, including passports, visas, identity cards, birth certificates, and Social Security Cards, submitted to the HSI-FL for forensic examination can be used for obtaining illegal employment. In FY 2011, the HSI-FL completed 2,116 forensic examination cases. One such case involved the examination of multiple counterfeit documents in support of Operation Phalanx, an HSI investigation in Norfolk, Virginia. Operation Phalanx investigated a nationwide fraudulent document criminal enterprise that resulted in the conviction of several individuals under the Racketeer Influenced and Corrupt Organizations Act and other criminal statutes.

In addition, HSI-FL provides support services to deter document fraud. This support includes providing training to HSI Special Agents and other law enforcement agencies on document fraud detection. The HSI-FL also works with the ICE's IMAGE program by providing reference material on document security and document fraud for use in employer outreach.

The HSI-FL publishes the *"Guide to Selected U.S. Travel and Identity Documents,"* which is available to the public. The latest version is a high-quality, color booklet with information and photographs (front and back) of the most common U.S. travel and identity documents. These documents include the U.S. Passport, U.S. Naturalization Certificate, Resident Alien Card, the Permanent Resident Card, the Employment Authorization Card, U.S. Visas, and the Social Security Card. This reference guide, which is one of many published by the HSI-FL, is helpful to employers who are responsible for completing Forms I-9.

Conclusion

Thank you again for the opportunity to appear before you today to discuss our efforts in combating identity and benefit fraud, and for your continued support of ICE and its law enforcement mission.

I would be pleased to answer any questions.