
**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA : Hon. Ann Marie Donio
: :
v. : Mag. No. 18-1019
: :
NICHOLAS PAO : **CRIMINAL COMPLAINT**

I, Brendon Murray, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Social Security Administration, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.

Brendon Murray, Special Agent
Social Security Administration
Office of the Inspector General

Sworn to before me, and
subscribed in my presence

July 31, 2018 at Camden
County, New Jersey

HONORABLE ANN MARIE DONIO
UNITED STATES MAGISTRATE JUDGE

Signature of Judicial Officer

ATTACHMENT A

Count 1
(Theft of Government Funds)

From at least in or about December 2014 through in or about July 2018, in Atlantic County, in the District of New Jersey, and elsewhere, defendant

NICHOLAS PAO

did knowingly and willfully embezzle, steal, purloin, and convert to his use and the use of others, without authority, money and things of value of the United States, that is, approximately \$99,996.97 in Social Security benefits to which he was not entitled.

In violation of Title 18, United States Code, Section 641.

Count 2
(Aggravated Identity Theft)

On or about July 11, 2017, in Atlantic County, in the District of New Jersey, and elsewhere, defendant

NICHOLAS PAO

did knowingly possess and use, without lawful authority, a means of identification of another person, namely, the name, date of birth, and social security number of S.R., during and in relation to the offense of theft of government funds, in violation of Title 18, United States Code, Section 641, as described in Count One of this Complaint, knowing that the means of identification belonged to S.R.

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

Count 3
(Aggravated Identity Theft)

From at least on or about June 9, 2017, through on or about August 1, 2017, in Atlantic County, in the District of New Jersey, and elsewhere, defendant

NICHOLAS PAO

did knowingly possess and use, without lawful authority, a means of identification of another person, namely, the name, date of birth, and social security number of L.T., during and in relation to the offense of theft of government funds, in violation of Title 18, United States Code, Section 641, as described in Count One of this Complaint, knowing that the means of identification belonged to L.T.

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

Count 4
(Aggravated Identity Theft)

From at least on or about December 2, 2014, through in or about July 2018, in Atlantic County, in the District of New Jersey, and elsewhere, defendant

NICHOLAS PAO

did knowingly possess and use, without lawful authority, a means of identification of another person, namely, the name, date of birth, and social security number of M.W. during and in relation to the offense of theft of government funds, in violation of Title 18, United States Code, Section 641, as described in Count One of this Complaint, knowing that the means of identification belonged to M.W.

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

Count 5
(Aggravated Identity Theft)

On or about May 5, 2017, in Atlantic County, in the District of New Jersey, and elsewhere, defendant

NICHOLAS PAO

did knowingly possess and use, without lawful authority, a means of identification of another person, namely, the name, date of birth, and social security number of S.S. during and in relation to the offense of theft of government funds, in violation of Title 18, United States Code, Section 641, as described in Count One of this Complaint, knowing that the means of identification belonged to S.S.

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

Count 6
(Aggravated Identity Theft)

From at least in or about May 16, 2017, through in or about June 30, 2017, in Atlantic County, in the District of New Jersey, and elsewhere, defendant

NICHOLAS PAO

did knowingly possess and use, without lawful authority, a means of identification of another person, namely, the name, date of birth, and social security number of L.R. and E.C. during and in relation to the offense of theft of government funds, in violation of Title 18, United States Code, Section 641, as described in Count One of this Complaint, knowing that the means of identification belonged to L.R. and E.C.

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

ATTACHMENT B

I, Brendon Murray, a Special Agent with the Social Security Administration, Office of the Inspector General, have knowledge of the following facts based upon both my investigation, a review of reports, and discussions with other law enforcement personnel and others. Because this Complaint is being submitted for the limited purpose of establishing probable cause, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts which I believe are necessary to establish probable cause. Unless specifically indicated, all conversations and statements described in this affidavit are related in substance and in part. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

Background Regarding Social Security Benefits

1. At all times relevant to this complaint:
 - a. The United States Social Security Administration (“SSA”) was an agency of the United States within the executive branch of the United States government, which administered programs under the Social Security Act, Title 42, United States Code, Section 301, *et seq.* (“the Act”).
 - b. The SSA, among other things, maintained the Supplemental Security Income (“SSI”) program under Title XVI of the Social Security Act, Title 42, United States Code, Section 401 *et seq.* for eligible individuals.
 - c. The object of the SSI program was to make monthly payments to people who had limited income and resources if they had a disability. Since SSI was a needs based program, an individual must have limited income from all sources to qualify. All income from all sources, including from parents or a spouse, were considered and could affect the amount of SSI benefits paid to an eligible person. Even though SSA managed the SSI program, SSI was not funded by Social Security taxes, but rather, was funded by the U.S. Treasury’s general fund. SSI was payable to beneficiaries who resided in the continental United States.
 - d. In the spring of 2008, the SSA introduced a prepaid debit card program (“Direct Express”) as a means of paying benefits to social security recipients as an alternative to issuing United States Treasury checks and making direct bank deposits. The Direct Express cards were issued by Comerica Bank, but were funded and refilled on a monthly basis by the United States Treasury. When issued, the Direct Express cards could be used to make retail purchases and withdraw cash at Automated Teller Machines (“ATM”). Funds on the debit card are Federal Deposit Insurance Corporation (“FDIC”) insured.

e. When a payment of benefits was authorized in the SSA's electronic system, payment information was sent electronically to the United States Treasury, which would then issue the payment to the beneficiary.

The Fraudulent Scheme

2. At all times relevant to this Complaint, defendant NICHOLAS PAO resided at 121 Dunlin Lane, Egg Harbor Township, New Jersey ("PAO Residence").

3. In or around July 2008, NICHOLAS PAO began working for the SSA as a full-time employee. Between in or about December 2014 to in or about July 2018, PAO was employed by the SSA as a Claims Technical Expert ("CTE") at the agency's office in Egg Harbor Township, New Jersey.

4. As part of his job, NICHOLAS PAO was responsible for, among other things, determining eligibility and payment amounts, processing difficult cases, assisting in case reviews, and making special payment approvals. In the course of his work, NICHOLAS PAO used his Personal Identification Number ("PIN") ending in 368 to access the SSA system.

5. Beginning in at least as early as December 2014, NICHOLAS PAO used his employee PIN to access, update, and process fraudulent changes to SSI records of individuals causing the SSA to issue approximately \$99,966.97 in benefit payments. NICHOLAS PAO caused the U.S. Department of the Treasury to deposit the SSI benefits into certain Direct Express cards and/or accounts that NICHOLAS PAO then intercepted and used for his own benefit.

S.R.'s SSI Benefits

6. On or about July 3, 2017, NICHOLAS PAO used his employee PIN to falsely access, update, and change the SSI record of a minor child identified as S.R., who had previously received SSI benefits but was in non-payment status due to ineligibility as a result of excess resources.

7. NICHOLAS PAO made numerous changes to S.R.'s record, without the authority of S.R., which made S.R. appear eligible for SSI benefits during a period she had previously been deemed ineligible. PAO also changed the representative payee of S.R.'s account and the address to an address in Egg Harbor Township located next door to the PAO Residence. PAO also enrolled S.R. into Direct Express.

8. These fraudulent changes made by NICHOLAS PAO caused the SSA system to create a Direct Express account for S.R. and deposit \$8,346 in social security funds into S.R.'s account. A Direct Express card linked to the funds in S.R.'s Direct Express account was mailed by Comerica Bank to S.R.'s payee representative as the intended recipient. However, because of the fraudulent

address change made by NICHOLAS PAO, the Direct Express card was mailed to the address next door to the PAO Residence.

9. NICHOLAS PAO intercepted S.R.'s Direct Express card and withdrew the funds in S.R.'s Direct Express account at various ATMs and retailers in or around Atlantic County.

L.T.'s SSI Benefits

10. In or about June 2017, NICHOLAS PAO used his employee PIN to access, update, and change the SSI record of L.T., who had previously received SSI but was in non-payment status due to ineligibility as a result of excess resources.

11. NICHOLAS PAO made numerous changes to L.T.'s record without the authority of L.T., including changes to L.T.'s income and L.T.'s address. The changes imputed by NICHOLAS PAO made L.T. appear eligible for SSI benefits during a period he had previously been deemed ineligible and caused the SSA system to determine that social security benefits were due to L.T.

12. These fraudulent changes made by NICHOLAS PAO caused the SSA to create a Direct Express account for L.T. and make several deposits totaling \$15,944.66 in social security funds into L.T.'s account. A Direct Express card linked to the funds in L.T.'s Direct Express account was mailed by Comerica Bank, with L.T. as the intended recipient. However, because of the fraudulent address change made by NICHOLAS PAO, the Direct Express card was mailed to an address on the same street as the PAO Residence.

13. NICHOLAS PAO intercepted L.T.'s Direct Express card and withdrew the social security funds in L.T.'s Direct Express account at various ATMs and retailers in or around Atlantic County.

M.W.'s SSI Benefits

14. In or about November 2014, NICHOLAS PAO used his employee PIN to access, update, and change the SSI record of M.W., who was an SSI benefit recipient with unreported gambling winnings. NICHOLAS PAO placed M.W. in non-payment status due to excess income as a result of her gambling winnings.

15. In our about December 2014, NICHOLAS PAO used his employee PIN to reinstate M.W.'s payments after falsifying that M.W. signed a statement that alleged she spent all of her gambling winnings, thereby making her eligible for SSI and reinstating her benefits. NICHOLAS PAO made further fraudulent changes, including changes to M.W.'s address and her living arrangements. The changes to the record caused a retroactive benefit payment to be released as well

as resuming regular monthly payments from in or about December 2014 to the present.

16. Based on the fraudulent changes made to M.W.'s social security record by NICHOLAS PAO, SSA created a Direct Express account for M.W. and deposited retroactive benefit payments, as well as continuing monthly benefit payments, into M.W.'s account, totaling approximately \$45,928.42 in SSI benefits to date.

17. A Direct Express card linked to the funds in M.W.'s Direct Express Account was mailed by Comerica Bank, with M.W. as the intended recipient. However, based on the fraudulent address change made by NICHOLAS PAO, the Direct Express card was mailed to an address near the PAO Residence.

18. NICHOLAS PAO intercepted M.W.'s Direct Express card and withdrew the social security funds in M.W.'s Direct Express account, from in or about December 2014 to the present, at various ATMs and retailers in or around Atlantic County.

19. Because NICHOLAS PAO falsely advised M.W. that these gambling winnings would make her ineligible for future SSI benefits, M.W. never sought to reinstate her SSI benefits even as she became homeless.

S.S.'s SSI Benefits

20. In or about May 2017, NICHOLAS PAO used his employee PIN to access, update, and change the SSI record of S.S., a disabled adult child. S.S. had previously received SSI but was in non-payment status due to ineligibility as a result of excess resources. However, S.S. remained an active SSA benefit recipient under other SSA programs with benefits being deposited to SunTrust Bank.

21. NICHOLAS PAO made numerous changes to S.S.'s record, which included changes in household composition and household contributions that caused S.S.'s SSI benefits to be reinstated and for the SSA system to compute a payment of approximately \$5,976.06 for S.S.

22. Using his employee PIN, NICHOLAS PAO removed the representative payee from S.S.'s SSI record, enrolled S.S. into Direct Express, and authorized the payments of S.S.'s SSI benefits to M.W.'s Direct Express account. As noted above in paragraphs 14 to 19, M.W.'s Direct Express card was already in NICHOLAS PAO's possession.

23. The changes made by NICHOLAS PAO caused the \$5,976.06 in payment in S.S.'s account to be released on or about May 5, 2017 to the Direct

Express account in the name of M.W. for the benefit of S.S.

24. As stated above, NICHOLAS PAO withdrew the social security funds in M.W.'s Direct Express account - including the funds linked to the SSI benefits for S.S., but made payable to M.W.'s account - at various ATMs and retailers in or around Atlantic County.

SSI Benefits of L.R. and E.C.

25. In or about May 2017, NICHOLAS PAO used his employee PIN to access, update, and change the SSI record of L.R. and E.C., a married couple who were prior SSI benefit recipients placed in non-payment status indefinitely because they both lived outside of the continental United States. Using his employee PIN, NICHOLAS PAO reinstated benefits on the couple's record and enrolled the couple in Direct Express.

26. NICHOLAS PAO made changes to the record to make it appear as if the couple had returned to the United States and were due retroactive benefit payments as well as continuing regular monthly payments. The total of all benefit payments made for L.R. and E.C. between May 16, 2017 and June 30, 2017 was approximately \$23,771.92.

27. Based on the fraudulent changes made by NICHOLAS PAO to L.R. and E.C.'s social security records, SSA created a Direct Express account for them. A Direct Express card linked to the funds in L.R. and E.C.'s Direct Express account was mailed by Comerica Bank, with L.R. and E.C. as the intended recipients. However, because of the fraudulent address change made by NICHOLAS PAO, the Direct Express card was mailed to an address near the PAO Residence.

28. NICHOLAS PAO intercepted L.R. and E.C.'s Direct Express card and withdrew the social security funds in their Direct Express account at various ATMs and retailers in or around Atlantic County.