

# H-1B Fraud Investigation Brief - Texas/DFW

## INVESTIGATIVE BRIEF

### H-1B Visa Fraud — Dallas-Fort Worth / Texas

#### Classification: LAW ENFORCEMENT SENSITIVE

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**DATE:** January 26, 2026

**PREPARED FOR:** Federal Bureau of Investigation

**SUBJECT:** H-1B Visa Program Fraud Indicators and Investigation Guide — Texas/DFW Focus

**DISTRIBUTION:** Authorized Law Enforcement Personnel Only

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## I. EXECUTIVE SUMMARY

The H-1B visa program is vulnerable to systemic fraud, particularly involving **IT staffing companies** that dominate sponsorship in Texas. This brief provides investigators with an overview of common fraud schemes, red flag indicators, and Texas-specific data to support investigations into visa fraud, wire fraud, and related offenses.

**Key Vulnerability:** Indian IT staffing firms (“body shops”) account for approximately **15% of all Texas H-1B certifications**, operating a high-volume, low-margin business model with documented patterns of non-compliance and fraud.

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## II. PROGRAM OVERVIEW — FRAUD VULNERABILITIES

### A. How the H-1B System Works

1. **Employer files Labor Condition Application (LCA)** with Department of Labor
  - Certifies wage ≥ prevailing wage
  - Certifies working conditions
  - Specifies job location(s)
2. **Employer files I-129 Petition** with USCIS
  - Demonstrates “specialty occupation”
  - Shows employer-employee relationship

- Provides evidence of work
3. **Worker enters U.S.** tied to specific employer
- Cannot work for other employers
  - Must be paid even if “benched” (no active project)
  - Employer must notify USCIS if employment ends

## B. Systemic Vulnerabilities

Stage	Vulnerability	Fraud Type
LCA Filing	Self-attestation, minimal verification	Wage fraud, location fraud
I-129 Petition	Speculative filings allowed	Shell company fraud
Employment	Third-party placements	Benching, wage theft
Oversight	Limited site visits	Fictitious worksites

## III. COMMON FRAUD SCHEMES

### SCHEME 1: Benching / Wage Theft

**Prevalence:** HIGH

**Description:** Employer does not pay H-1B worker full salary when worker is not placed on a billable project (“on the bench”).

**Legal Requirement:** Employers MUST pay the certified LCA wage regardless of whether worker is generating revenue.

**Red Flags:** - Worker bank records show irregular/missing payments - Worker placed in multiple short-term assignments - Large gap between LCA filing date and actual start of work - Company has high ratio of LCAs filed to actual employees

**Evidence Sources:** - Worker pay stubs, bank records - LCA wage rate vs. actual W-2 - Worker testimony - Company payroll records

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### SCHEME 2: Shell Companies / Visa Mills

**Prevalence:** MODERATE-HIGH in DFW

**Description:** Entity exists primarily to sponsor H-1B visas without legitimate business operations. May collect fees from workers, file speculative petitions, or facilitate placement at third parties while taking a cut.

**Indicators:** - Company has no visible business presence (empty office, virtual address) - High volume of H-1B filings relative to company size - Company revenue primarily from “placement fees” or worker wages - Workers immediately placed at third-party client sites - Company has few/no non-H-1B employees - Registered agent services, no physical operations

**DFW Hot Spots:** - Small offices in Plano, Irving, Richardson business parks - Virtual office addresses - Residential addresses listed as business locations

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## SCHEME 3: LCA Location Fraud

### Prevalence: HIGH

**Description:** Employer certifies one work location on LCA but places worker at different location(s) without filing amended LCA or paying appropriate prevailing wage.

**How It Works:** - File LCA for low-cost area (e.g., rural Texas) - Place worker in high-cost area (e.g., San Francisco client site) - Pay worker the lower certified wage - Pocket the difference

**Red Flags:** - Worker's actual work location differs from LCA - Company has LCAs for locations with no known clients - Multiple LCAs list same obscure location - Worker testimony contradicts filed location

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## SCHEME 4: Third-Party Placement Fraud

### Prevalence: VERY HIGH (Industry-Wide)

**Description:** Staffing company files H-1B for worker but has no direct work—worker is immediately placed at third-party client. May involve: - Misrepresenting employer-employee relationship - Failing to maintain required control over worker - End client actually directs worker's duties

**Legal Issue:** H-1B requires genuine employer-employee relationship. If end client controls worker, the staffing company may not qualify as the employer.

**High-Risk Employers (by volume):** | Company | 3-Yr TX LCAs | Business Model ||  
---|---|---|---| Cognizant | 1,379 | IT Staffing/Consulting || Infosys |  
1,212 | IT Staffing/Consulting || TCS | 1,015 | IT Staffing/Consulting || HCL | 613 | IT  
Staffing/Consulting || Wipro | 439 | IT Staffing/Consulting || Compunnel | 345 | IT  
Staffing || Tech Mahindra | 225 | IT Staffing/Consulting |

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## SCHEME 5: Fraudulent Credentials

### Prevalence: MODERATE

**Description:** Worker or employer misrepresents worker's qualifications, education, or experience to meet "specialty occupation" requirements.

**Common Frauds:** - Fake degrees from Indian universities - Falsified resumes/experience - Diploma mills (especially for non-CS workers seeking tech jobs) - Fraudulent credential evaluation services

**Red Flags:** - University not recognized by UGC (India) or equivalent - Credential evaluator not NACES/AICE member - Work experience claims cannot be verified - LinkedIn profile inconsistent with petition claims

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## SCHEME 6: Fee Charging / Debt Bondage

### Prevalence: MODERATE

**Description:** Employer charges worker fees for visa sponsorship, training, or placement — which is **illegal**. May also impose excessive penalty clauses trapping workers.

**Illegal Practices:** - Charging H-1B filing fees to worker (employer's legal obligation) - Requiring worker to sign promissory notes - "Training bonds" with inflated penalties - Withholding passport or immigration documents

**Evidence:** - Employment contracts with fee provisions - Worker testimony about payments - Wire transfers from worker to employer (pre-employment) - Promissory notes, penalty clauses

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## IV. RED FLAG INDICATORS FOR INVESTIGATORS

### A. Employer-Level Red Flags

Indicator	What It Suggests
High LCA volume, few employees	Shell company / visa mill
LCAs filed before securing client contracts	Speculative filing
Multiple LCAs for same worker	Location fraud / wage arbitrage
Registered agent address only	No real business presence
Company < 3 years old, 50+ LCAs	Visa mill
No LinkedIn presence for company	Legitimacy concerns
High worker turnover	Benching / worker mistreatment
Workers all from same foreign recruiter	Organized visa fraud ring

### B. Worker-Level Red Flags

Indicator	What It Suggests
W-2 wages < LCA certified wage	Wage theft
Long gaps without pay	Benching
Worker at different location than LCA	Location fraud
Worker paid recruiter fees	Illegal fee charging
Resume inflation/inconsistencies	Credential fraud
Worker afraid to cooperate	Coercion / debt bondage

### C. Document Red Flags

Document	Red Flag
LCA	Wage at exact Level 1 minimum (lowest allowed)
LCA	Obscure worksite location
I-129	Vague job description
I-129	No specific project identified
Contract	Penalty clauses for early termination
Contract	Fee provisions for visa costs
Pay stubs	Irregular payment dates
Pay stubs	Wages below certified amount

## V. DFW METROPLEX – SPECIFIC INTELLIGENCE

### A. Geographic Concentrations

**High-Risk Areas (by H-1B volume):** | City | 3-Yr LCAs | Notes || — | — | — | — ||  
Plano | 5,395 | Heavy IT staffing presence || Irving | 5,277 | Las Colinas corporate area ||  
Dallas | 5,077 | Downtown offices || Frisco | 2,106 | Rapid growth, newer companies ||  
Richardson | 1,669 | “Telecom Corridor” |

**Business Park Clusters to Monitor:** - Legacy Business Park (Plano) - Las Colinas (Irving) - Richardson Telecom Corridor - Frisco business parks along DNT - Addison business district

### B. High-Volume Employers Warranting Scrutiny

#### IT Staffing Companies (Third-Party Placement Model):

Company	TX LCAs	HQ	Risk Profile
Cognizant	1,379	NJ	Large; prior DOL settlements
Infosys	1,212	India	Prior I-9 settlement (\$34M, 2013)
TCS	1,015	India	Class actions re: discrimination
HCL	613	India	—
Wipro	439	India	—
Compunder	345	NJ	Staffing focus
Mphasis	228	India	—
Tech Mahindra	225	India	—
Capgemini	281	France	—

#### Smaller Staffing Firms (Higher Risk Profile):

Company	TX LCAs	Notes
Compunder Software Group	345	Heavy third-party placement
ATRIXSOFT LLC	111	Smaller firm, high volume
EFICENS SYSTEMS INC	37	—
Mastech Digital	135	—
RANDSTAD DIGITAL	74	—

### C. Occupations of Concern

**Software Developer (SOC 15-1252):** - 40% of all Texas H-1Bs - Highly generic job title  
- Easy to misrepresent qualifications - Often used for third-party placements

**Computer Systems Analyst (SOC 15-1211):** - Vague occupation definition - Lower wage thresholds - Frequently abused category

# VI. INVESTIGATIVE APPROACH

## A. Data Sources

Source	Information Available
DOL LCA Disclosure	Employer, wage, location, dates
USCIS H-1B Data Hub	Approvals, denials by employer
E-Verify records	Employment verification
State business filings	Company registration, officers
IRS/SSA records	W-2 wage comparison
Bank records	Actual payments to workers
LinkedIn	Worker locations, job histories

## B. Investigation Steps

### 1. Identify Target Employer

- High LCA volume relative to size
- Complaints from workers
- Tips from competitors

### 2. Pull LCA Filings

- Compare certified wages to actual W-2s
- Map worksite locations
- Identify patterns

### 3. Interview Workers

- Actual work location
- Actual wages received
- Fees charged
- Working conditions

### 4. Site Visits

- Verify business presence
- Confirm workers at stated location
- Observe operations

### 5. Financial Records

- Subpoena payroll records
- Compare to LCA certifications
- Trace fee payments from workers

## C. Cooperating Witnesses

**H-1B workers may be reluctant due to:** - Fear of deportation - Debt to employer - Uncertainty about visa status

**Approach:** - Emphasize worker is victim, not target - Coordinate with USCIS on S/T visa (material witness) - Consider U-visa for crime victims - Work through worker advocacy organizations

## VII. RELEVANT STATUTES

Statute	Description	Max Penalty
18 U.S.C. § 1546	Visa Fraud	10-25 years
18 U.S.C. § 1343	Wire Fraud	20 years
18 U.S.C. § 1349	Conspiracy to Commit Fraud	Same as underlying
18 U.S.C. § 1001	False Statements	5 years
18 U.S.C. § 1324	Harboring/Employing Illegal Aliens	5-10 years
8 U.S.C. § 1324c	Document Fraud	5-15 years

**DOL Violations (Civil):** - Failure to pay prevailing wage - LCA violations - Failure to post notice - Penalties: Back wages + \$1,000-\$35,000 per violation

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## VIII. PRIOR TEXAS CASES (Reference)

Year	Defendant	Location	Scheme	Outcome
2022	IT staffing CEO	Frisco	Visa mill, wire fraud	87 months prison
2021	Staffing company	Dallas	Benching, wage theft	\$1.2M back wages
2019	Multiple defendants	Houston	Fake job scheme	12-60 months prison
2018	IT consultancy	Irving	LCA fraud	Company debarred

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## IX. POINTS OF CONTACT

**Federal Agencies:** - FBI Dallas Field Office — White Collar Crime - HSI Dallas — Document and Benefit Fraud - DOL Wage & Hour Division — Dallas District - USCIS Fraud Detection and National Security (FDNS)

**Tip Lines:** - ICE HSI Tip Line: 1-866-DHS-2-ICE - DOL Wage Complaints: 1-866-4-USA-DOL - USCIS Fraud Tip: [uscis.gov/report-fraud](http://uscis.gov/report-fraud)

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## X. SUMMARY — KEY TAKEAWAYS

1. **IT staffing companies** are the highest-risk category for H-1B fraud in DFW, particularly those with high LCA volumes and third-party placement models.
2. **Benching and wage theft** are endemic—compare LCA certified wages to actual W-2 earnings.
3. **Location fraud** is common—verify workers are actually at the certified worksite.
4. **Shell companies** operate in DFW business parks, filing speculative petitions without real work.

5. **Worker cooperation** is essential but challenging due to immigration status concerns  
—emphasize victim status and coordinate with USCIS.
  6. **Financial records** are key—subpoena bank records to prove actual wages  
vs. certified amounts.
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## **END OF BRIEF**

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*This document is intended for law enforcement purposes. Sources include DOL OFLC Disclosure Data, open source reporting, and documented enforcement actions.*