

H-1B Fraud Investigation Brief - Texas/DFW

INVESTIGATIVE BRIEF

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

Classification: LAW ENFORCEMENT SENSITIVE

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

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.

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 \geq prevailing wage
 - Certifies working conditions
 - Specifies job location(s)
2. **Employer files I-129 Petition** with USCIS
 - Demonstrates “specialty occupation”
 - Shows employer-employee relationship

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

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

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

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 |

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

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

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	—
Compunnel	345	NJ	Staffing focus
Mphasis	228	India	—
Tech Mahindra	225	India	—
Capgemini	281	France	—

Smaller Staffing Firms (Higher Risk Profile):

Company	TX LCAs	Notes
Compunnel 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

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

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

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.

END OF BRIEF

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