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Unemployment Fraud at All-Time High Amid COVID-19 Pandemic

Background

States across the country are being hit by unemployment-benefit fraud that could amount to billions of lost dollars. The sudden surge in unemployment insurance (UI) applications has overwhelmed state unemployment departments, many of which have waived certification and work search requirements.

The current pandemic has created the perfect storm for potential Fraud, Waste, and Abuse (FWA) in state UI programs. With state unemployment departments overwhelmed, they have been forced to process applications and start payments of benefits very quickly, allowing more opportunities for the use of stolen identities and other common fraud schemes.

Summary

Employers and employees need to be even more vigilant when it comes to cybersecurity, especially given that COVID-19 scams don't stop at unemployment insurance.

The US Department of Labor (DOL) has [provided \\$100 million](#) to states to combat unemployment

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insurance fraud. HR Knowledge will continue to be on alert for any unemployment requests and employment verifications and will work with the employer to ensure the claims and verifications are being verified, prior to responding.

Here are some best practices:

- **Notify the Employee:** An employer who receives a suspected fraudulent claim should notify the employee and confirm if this claim was indeed filed by them. If it was fraud, the employee should protest the unemployment claim by contacting their UI state department. Each state has a fraud reporting form, email, and phone number to call.
- **Object to the Claim and Report the Fraud:** An employer receiving a suspected fraudulent claim should notify the state unemployment office to object to the claim and also report the fraud. An employer that uses a third-party provider for unemployment administration should alert the provider to the suspected fraudulent claim to coordinate the appropriate response.

Employer Next Steps

- If you are an HRK Full-Service or Managed Payroll Client, please alert your Client Account Manager if you receive any suspicious or unknown requests.
- We will continue to be on alert for any unemployment and verification requests and will ensure these requests are being verified.
- Take the time to educate your staff on company policy and procedures regarding these fraudulent schemes, especially your payroll and HR employees who are privy to sensitive and confidential information.
- Limit the number of employees with access to sensitive employee information.
- Train your employees to be vigilant when responding to any requests for information.
- Notify your employees to never respond to a request that seems out of the ordinary and to always call the current or former employee to confirm that it is, in fact, a legitimate request, before revealing any information.
- If you have any questions or concerns, please feel free to [email us](#).

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