



WORKFORCE SOLUTIONS

Understanding Unemployment Fraud



Understanding Employment Fraud

A new unemployment environment

With millions of Americans filing for unemployment due to COVID-19, the increased need and the new opportunity for self-employed individuals to file for unemployment insurance under the CARES Act has contributed to an environment that fraudsters are taking advantage of. As a result, the US Department of Labor (USDOL) issued a **fraud alert** for consumers nationwide and the Federal Bureau of Investigation (FBI) echoed their concern with **a press release** in June 2020.

Filing for unemployment with stolen identities is not a new phenomenon; and suspicious claims are almost always discovered AFTER they have been submitted to the state unemployment agency. From senior, C-level executives to hourly workers, bad actors and fraudsters are not particularly discriminating. As with alerts sent by credit card companies about fraudulent use of a card, receiving information about an unemployment claim you didn't file usually means the fraudster attempted to file an unemployment claim with information previously obtained from another source. For suspicious unemployment claims, there are steps both the employee and the employer can take.



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Managing suspicious unemployment claims as an EMPLOYER:

It is not uncommon for issues to be reported to an employer by an employee who receives suspicious communication about an unemployment claim. It is a potentially fraudulent claim if the person filing is not an employee of the company, or is still actively employed with your organization. If the employer discovers the improper claim, they should inform the affected employee(s) and encourage them to follow the steps below.

For claims made by individuals who are not employees of your organization, the employer should still respond to the claim by the state deadline. This is why it is important to inform your Equifax Claim Specialist — via phone, fax or through CaseBuilder — as soon as you suspect a claim is improper or incorrect. As we manage your claims, we code those that are suspicious which sets them on a slightly different path:

- The response we send to the state on your behalf alerts the correct group at the agency that the claim is suspicious
- It automatically flags the record to be appealed upon receipt of an adverse determination from the agency
- It flags the record within our claims system so that any charges received can be audited and protested



Equifax sends a response to the state to alert that a claim is suspicious



This flags the record to be appealed upon adverse determination



The record is now flagged within our claims system so any charges received can be audited/protested

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Managing suspicious unemployment claims as an EMPLOYEE



Your employees who find themselves the victim of an impostor UI claim can follow the below steps. These steps are for the impacted individual only (not the employer). That's because only the employee will be able to provide the necessary information.

- If you discover an imposter claim, report it to your employer and report the incident to <https://identitytheft.gov/> which is managed by the Federal Trade Commission.
- Contact your local police department and file a report (when possible).
- Finally, report the incident to the state in which the impostor claim was filed. The Equifax Unemployment Claims Management team has compiled a **state-by-state guide** for quick reference and the Department of Labor recently announced a **website for reporting Unemployment Identity Theft**.

Anytime you are alerted to suspicious activity about your identity, the **FTC recommends** that after reporting your identity theft, you consider placing a fraud alert on your credit reports, take any corrective action and continue to monitor those reports carefully.