

United States Senate

WASHINGTON, DC 20510

June 5, 2020

The Honorable Eugene Scalia
Secretary
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Dear Secretary Scalia,

We write to express concern over recent reports of organized fraud against state unemployment insurance programs, leading to delay of payment of benefits to legitimate claimants and potential losses of hundreds of millions of dollars.¹ We all share a common goal of ensuring the integrity of the unemployment insurance (UI) program, and supporting a strong UI program is a critical component of the economic safety net during times of economic downturn, including during the COVID-19 pandemic. Safeguarding state UI systems against unscrupulous actors who seek to exploit the current public health crisis for economic gain requires a holistic response by the federal government in partnership with states.

In response to the unprecedented levels of job loss as a result of the COVID-19 pandemic, Congress enacted provisions to, among other things, expand eligibility for UI benefits and increase the weekly benefit amount. The Department of Labor (the Department) and state UI agencies took important steps to ensure these benefits were made available to workers as expeditiously as possible, given that unemployment compensation is a critical lifeline for unemployed workers. Unfortunately, these new provisions, combined with the urgency with which UI benefits needed to be disbursed, left state UI systems vulnerable to online crime rings.

According to reports, the U.S. Secret Service circulated a memo to field offices indicating that a fraudulent crime network has been filing unemployment claims in different states using Social Security numbers and other personally identifiable information (PII) belonging to identity theft victims. There is evidence that this group targeted several states, including Washington, North Carolina, Massachusetts, Rhode Island, Hawaii, Oklahoma, Wyoming, and Florida.

For their part, when states became aware of the fraudulent activity, they took steps to mitigate the problem and weed out fraudulent claims, including by temporarily halting payments. However, any long-term solution will require additional guidance, resources, and support from the Department to prevent fraud in the UI system.

We seek information on the Department's plan to address the current organized fraudulent activity. Please provide responses to the questions below by June 19, 2020:

1. When did the Department become aware that a fraudulent crime ring was filing false UI claims? How and when did the Department communicate this information to states?

¹ <https://www.seattletimes.com/business/economy/washington-adds-more-than-145000-weekly-jobless-claims-as-coronavirus-crisis-lingers/>

2. Has the Department identified specific aspects of the UI program that made it especially vulnerable to this type of fraudulent activity? If so, please outline those findings and your proposed and planned actions to help mitigate them in the future.
3. What is the total amount of fraudulent claims paid by each state? How is the Department working with states and other law enforcement organizations to recoup this money?
4. What steps will the Department take to help states process UI benefits for legitimate claimants in a timely manner while taking necessary steps to combat this type of fraudulent activity?

Thank you in advance for your attention to this matter.

Sincerely,

/S/ Patty Murray

PATTY MURRAY
Ranking Member
Senate Committee on Health, Education,
Labor, and Pensions

/S/ Ron Wyden

RON WYDEN
Ranking Member
Senate Committee on Finance

/S/ Mazie K. Hirono

MAZIE K. HIRONO
United States Senator

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/S/ Edward J. Markey

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/S/ Jack Reed

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United States Senator

/S/ Maria Cantwell

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United States Senator

/S/ Elizabeth Warren

ELIZABETH WARREN
United States Senator