



OFFICE OF INSPECTOR GENERAL U.S. DEPARTMENT OF LABOR

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Labor Watchdog's Pandemic Work Results in More Than 1,000 Individuals Charged with UI Fraud and \$45.6 Billion Identified in Potentially Fraudulent Pandemic UI Benefits

Today, Inspector General Larry D. Turner, U.S. Department of Labor (DOL), announced that the Office of Inspector General's (DOL-OIG) investigations have resulted in more than 1,000 individuals being charged with crimes involving Unemployment Insurance (UI) fraud since the beginning of the COVID-19 pandemic in March 2020.¹ The DOL-OIG also issued an Alert Memorandum² identifying \$45.6 billion in potentially fraudulent UI benefits paid to individuals with Social Security numbers: (1) filed in multiple states, (2) of deceased persons, (3) filed with suspicious email accounts, and (4) of federal prisoners.

"This milestone of 1,000 individuals being charged with crimes involving UI fraud and the identification of \$45.6 billion in potentially fraudulent UI payments highlights the magnitude of this problem. Hundreds of billions in pandemic funds attracted fraudsters seeking to exploit the UI program—resulting in historic levels of fraud and other improper payments," said Inspector General Turner, "I am extremely proud of how our team has responded to this unprecedented crisis, despite significant resource constraints and data access issues. We will continue to work closely with DOL, the State Workforce Agencies, the U.S. Department of Justice, the Pandemic Response Accountability Committee, and our other law enforcement partners to hold accountable those who targeted this important program."

"I applaud DOL-OIG's extraordinary response to this unprecedented fraud," said Associate Deputy Attorney General Kevin Chambers, who serves as the Department of Justice's Director for COVID-19 Fraud Enforcement. "The Department of Justice works closely with DOL-OIG, through our U.S. Attorney's Offices around the country to prosecute those who abused our pandemic relief programs and also at a national level developing investigatory leads. We look forward to our continued partnership, especially in the newly created COVID-19 Fraud Enforcement Strike Force Teams, where DOL-OIG plays a key role alongside our U.S. Attorney's Offices and law enforcement partners."

Background

In the wake of the pandemic, the United States was addressing a significant crisis as millions of Americans were unemployed through no fault of their own. Within 5 months, more than 57 million people filed initial claims with the UI program, a joint federal-state program that is the first economic line of defense against the impact of unemployment. As the DOL-OIG reported, states struggled to handle the substantial increase in the volume of UI claims and to determine that benefits were paid to the right person in the correct amount.

¹ For more details about DOL-OIG investigations, please visit: https://www.oig.dol.gov/OIG_Pandemic_Response_Portal.htm.

² Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to \$45.6 Billion, Report Number: 19-22-005-03-315 (September 21, 2022) is available at: <https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>.

The infusion of hundreds of billions in federal funds into the UI program gave individuals and organized criminal groups a high-value target to exploit. That, combined with easily attainable stolen personally identifiable information and continuing UI program weaknesses, allowed criminals to defraud the system.

Responding to the increase in oversight demands, the DOL-OIG hired additional criminal investigators and auditors, deployed federal and contract staff to review the efforts of DOL and State Workforce Agencies, and strengthened its data analytics program. After taking the bold step of issuing IG subpoenas to all states, the DOL-OIG also built the first national UI data warehouse, which enabled the DOL-OIG to more effectively detect fraud and identify programmatic weaknesses.

Since the pandemic started, the DOL-OIG has opened more than 190,000 investigative matters related to UI fraud, an increase of more than 1,000 times in the volume of the DOL-OIG's UI work. With less than 140 criminal investigators, the DOL-OIG leveraged data analytics to direct its limited resources to those matters that pose the greatest risk to the UI program. The DOL-OIG is focusing on large-scale identity theft schemes involving multiple victims and organized-criminal groups, including street gangs. In one recent example, multiple members of a criminal group pled guilty to committing violent crimes related to racketeering and discharging firearms, as well as committing numerous substantive acts of UI fraud and identity theft.³ In another example, 11 members and associates of a gang were charged for their roles in a multimillion-dollar UI fraud scheme. The defendants allegedly used personally identifiable information of more than 800 victims to submit nearly 1,000 claims for UI benefits. The defendants ultimately obtained approximately \$4.3 million in UI benefits after having filed for approximately \$20 million in benefits.⁴ The DOL-OIG's charging of more than 1,000 individuals with UI fraud since the beginning of the pandemic has resulted in more than 400 convictions to date. Those convictions have resulted in more than 7,000 months of incarceration.

The DOL-OIG's accomplishments would not have been achieved without its partnerships with the U.S. Department of Justice's (DOJ) National Unemployment Insurance Fraud Task Force, the COVID-19 Fraud Enforcement Task Force, and the COVID-19 Fraud Strike Force teams. The DOL-OIG also appreciates its collaboration with DOL, State Workforce Agencies, the DOJ, the Pandemic Response Accountability Committee, the American Rescue Plan Implementation Team, the U.S. Secret Service, the FBI, Homeland Security Investigations, Internal Revenue Service Criminal Investigation, the U.S. Postal Inspection Service, the Small Business Administration-OIG, the U.S. Department of Homeland Security-OIG, and its other federal, state, and local law enforcement partners.

For additional information on the DOL-OIG's oversight of the UI program, please visit www.oig.dol.gov/doloiguioversightwork.htm. If you suspect wrongdoing involving DOL programs or operations, contact the DOL-OIG Hotline at (800) 347-3756 or www.oig.dol.gov/hotlinecontact.htm.

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³ For more details, please visit: <https://www.justice.gov/usao-mdfl/pr/four-plead-guilty-racketeering-shootings-and-economic-crimes-robles-park-criminal>.

⁴ For more details, please visit: <https://www.justice.gov/usao-edny/pr/11-members-and-associates-brooklyn-based-woo-gang-charged-multi-million-dollar-covid-19>.