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Unemployment fraud is putting a big hurt on people with jobs. Here's how to protect yourself.

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Employed Floridians who mysteriously received unemployment checks should not consider it money in the bank. Chances are their identities have been stolen — and it's time call the local police, the IRS and the major credit rating agencies.

Identity thieves are having a field day stealing billions in unemployment benefits from Florida and other states across the nation, fraud detectives say.

And as a new round of federal benefits starts flowing to help continue the fight against COVID-19, millions more are landing in the wrong hands, hurting both employed and unemployed people whose identities were stolen — as well as potentially short-changing employers.

“The challenge that states have now is the federal government has appropriated funding for benefits, but not for cybersecurity, which kind of defies common sense,” said Blake Hall, CEO and co-founder of ID.me, a private company based in Alexandria, Va. “It's equal to having train full of gold on the tracks and not investing in any security guards.”

As the pandemic wore on, Florida spent much of its time and money on catching cheaters who lied about their work backgrounds to acquire benefits, said Haywood Talcove, CEO of LexisNexis Risk Solutions, which also specializes in identity verification and fraud-prevention.

“What the state was not focusing on is this thing called imposter fraud,” he said. “That’s where all of the fraud is happening across the country. I’ve stolen your ID. I have your name and your date of birth. I file on your behalf and I get the benefit.”

Unpleasant surprise

More than two weeks ago, the Broward County Public Schools learned that for the third quarter of 2020, more than \$4.1 million had been charged against its account with the state Florida Department of Economic Opportunity, which is responsible for distributing state and federal unemployment benefits to jobless Floridians.

The district’s bill for the same period in 2019: more than \$251,000.

The district intends to protest the multimillion-dollar figure and obtain a refund from the state for those claims that were found to be fraudulent, said Alan Strauss, the school district’s chief human resources and equity officer, in a memo to the school board on March 1.

In a separate memo, the board was told that an unspecified number of employees on the district’s payroll received unemployment checks. That’s a clear indicator their identities were stolen and benefits in their names are being diverted to fraudsters, experts say.

The checks arrived because the Department of Economic Opportunity typically sends them to the unemployed to cover their first week of benefits. Thereafter, the money is paid through direct deposit into a person’s bank account or by loading a week’s benefits onto a bank card. But it’s highly likely that identity thieves are receiving subsequent payments because they set up bank accounts in the names of unwitting school employees.

The school district’s communications department did not answer a list of questions submitted by the South Florida Sun Sentinel about what measures the district is taking to curtail the fraud or how many of its employees got unemployment checks.

The Department of Economic Opportunity in Tallahassee also did not answer the Sun Sentinel’s questions about employer liability, how much unemployment money has been lost to fraud during the pandemic and what employed people should do if they received jobless benefits they did not seek.

Thousands of claims

In recent weeks, the agency has declared that tens of thousands of potentially fraudulent jobless claims were filed in January, prompting officials to summon a

fraud detection and prevention company to add layers of protection to the Department of Economic Opportunity's benefits application system.

Suspicious claims examined by the agency hit a high of more than 55,000 over the past several weeks, according to a new "fraud detection" category on an agency dashboard. As of Wednesday, the figure had declined to 23,500, an apparent sign that new interception measures may be working.

Those measures include a new "online fraud form" that offers jobless applicants the opportunity to report benefits fraud or identity theft.

Newly unemployed workers also are required to verify their identities through the company ID.me. Besides Florida, the ID.me firm is helping 20 other states combat the theft of jobless benefits.

Last year, the Department of Economic Opportunity retained the company to help people who had been locked out of their accounts due to various problems with the agency's CONNECT computer system.

Being ripped off

It is unclear how many Floridians have had their identities stolen for the purpose of stealing jobless benefits.

But the raids on the public purse — which started almost immediately after the coronavirus pandemic — is manifesting itself in several ways.

People whose identities were stolen may find bank accounts set up in their names without their knowledge, and stolen jobless benefits are counted as income for federal tax purposes.

Employers are being charged extra money by the state for unemployment taxes.

Hundreds of millions in taxpayer dollars earmarked for the jobless are being diverted to identity thieves,

Donna Ballman, a Fort Lauderdale employment lawyer, said a person she knows only learned of a fraud was committed when an employer asked why the person applied for unemployment.

"When they looked into it, they found out about the fraud," Ballman said. "They notified the police and unemployment." They also signed up for LifeLock, which watches for fraudulent activity.

Battling the fraud

Once someone has stolen your identity for one purpose, you are at risk for other identity theft.

It takes time to straighten it out. You have to be proactive and report it right away.

“The person I know is lucky the employer was understanding,” Ballman added.

“Some employers would simply fire the employee without allowing an explanation. Then the person has a double fight because some or all of their weeks of unemployment will have been used up by the fraudster.”

In mid-January, the Department of Economic Opportunity acknowledged that a three- to fourfold spike in reported unemployment claims was the product of fraud.

“We are seeing fraud rates of over 50% consistently,” Hall said.

Nationally, Hall said, the losses are now in the range of \$200 billion to \$300 billion. He could not comment on loss figures by state, but said a stunning half of all unemployment claims are fraudulent.

The sense of urgency for getting benefits into the bank accounts of financially troubled Americans has created openings for thieves.

“In this day and age, states want to help the unemployed as quickly as possible,” said Frank Suponcic, a fraud analyst for Marcum, the national financial advisory firm. “They are trying to be customer friendly and help people out.”