

Unemployment Insurance Fraud: U.S. Department of Labor Launches New Online Resource for Victims

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By [Steven M. Swirsky](#), [Tzvia Feiertag](#), and [Jillian de Chavez-Lau](#)

Unemployment Insurance (“UI”) fraud has exploded during the COVID-19 pandemic, resulting in billions of dollars’ worth of fraudulent claims being filed across the United States. We have [previously outlined steps that employers should take](#) if their business or employees have been scammed—the goals being to quickly gather information to investigate the fraud, notify the appropriate authorities, formulate plans to address the fraud’s financial impact on the business, and alert employees to steps they can take to address identity theft concerns. On March 22, 2021, the U.S. Department of Labor (“DOL”) announced the launch of its [new website](#), “Report Unemployment Identity Theft,” which is designed to provide resources for those who may have fallen victim to UI fraud.

How Employees Can Recognize UI Fraud

First, the DOL lists signs on the website that indicate when a person may have become a victim of UI fraud, e.g., they may have received (i) mail from a governmental agency about an unemployment claim or payment that they did not file for, (ii) a 1099-G tax form reporting income in the form of unemployment benefits, or (iii) notification from their current employer that it has gotten a request for information about an unemployment claim in their name.

Steps Employees Can Take to Report UI Fraud

Next, the DOL advises UI fraud victims to report unemployment identity theft to the state where it occurred *and* to the [U.S. Department of Justice’s National Center for Disaster Fraud](#). The DOL recommends that individuals check their credit reports for suspicious or unauthorized lines of credit opened in their name. And notably, the DOL advises taxpayers to do the following with respect to filing income tax returns:

- Do not wait to receive a corrected 1099-G to file taxes, but include only the income actually received on the tax return—do not report the incorrect 1099-G income on the return.

- If the return has already been filed, do not file an amended return. (Additional guidance from the Internal Revenue Service (“IRS”) about what to do next has yet to be issued.)

The DOL also has some advice for the IRS: Do not delay the processing of a tax return while a report of unemployment identity theft involving the filer is under investigation.

What Employers Should Do Now

- Be aware and, as appropriate, advise workers of the resources available to fraud victims, including the DOL’s new website, which, in addition to the guidance discussed above, provides a list of links and telephone numbers for the appropriate authority in each state to which victims should report UI fraud.
- Keep in mind that while the website is a useful resource, it’s just one tool for investigating and responding to UI fraud. Our [previous Advisory](#) discusses other angles from which employers can monitor for and investigate suspected UI fraud, including heightened attention to the business’s UI accounts and cybersecurity safeguards.

For more information about this Advisory, please contact:

[Steven M. Swirsky](#)
New York
212-351-4640
sswirsky@ebqlaw.com

[Tzvia Feiertag](#)
Newark
973-639-8270
tfeiertag@ebqlaw.com

[Jillian de Chavez-Lau](#)
New York
212-351-4735
jdechavezlau@ebqlaw.com

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