Unemployment Fraud Is A Continuing Issue

August 19, 2020 â€“ Millions of Americans are out of work and many are still trying to collect unemployment, often without success. But criminals who steal peopleâ€™s identities and then file for unemployment donâ€™t seem to be having the same issues. Why? Well some of the state policies that have been adopted to deal COVID are actually aiding the people committing the fraud. And either the states ae unaware of the issue or they simply donâ€™t care. Either way, they are displaying a level of incompetence that is almost incomprehensible.

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Iâ€™m writing this piece with first hand knowledge of the problem as it is in California. About two weeks ago, I received a text message from the California Employment Development Department (EDD); thatâ€™s the name of unemployment department here. The message told me that my claim was being processed. Since I hadnâ€™t filed a claim, I knew something was wrong. So I attempted to call the EDD. But nobody was there to answer the phone.

After doing a little research, I found a number to report fraud. But again, nobody was there to answer the phone. They did offer an option to leave a voice mail message; which I did.

I also found link to report fraud online. So I filled out the form. Again, that was about two weeks ago and there has been absolutely no follow up by the EDD.

But mine isnâ€™t the only issue which Iâ€™m aware of. I happen to be a Realtor. This past week I showed up at a listing of min to meet some inspectors. When I arrived, I was handed a pile of mail by the buyers' agent. The mailbox had been so full that everything wouldnâ€™t fit in the box.

It turns out that the pile of mail was as a result of 90 letters, all from the EDD and all with different names on them. All of these letters had arrived at my clients' house which is about a 1,000 square foot, 2-bedroom place. Since all of the letters had been mailed by the EDD on the same day, you might think someone â€“ or some computer program â€“ would have flagged them. But that didnâ€™t happen.

I called my clients to let them know about the letters. When they got home, they opened a few of them to see what information they contained. They included SSNs, and two of them contained debit cards. Between those two cards, there was more than $25,000 in benefit payments available to anyone who had possession of them.

Just as I had done, my clients called the EDD and left a message. And then they filled out the fraud form and reported the incident online. So far, they haven't heard a thing.

If you are reading this at home, currently unemployed and having difficulty collecting benefits, Iâ€™d imagine that you might be a little upset by this point. Or, if you are an ID theft victim, youâ€™re probably upset too. But the truth is that we should all be upset by this. There is absolutely no reason for this type of crime to be so easy to commit. In this case, California is simply allowing it to happen. The fact that the phone lines are not manned, even for calls to report fraud, is unbelievable. It's an invitation for criminals to do their thing, yet the state is turning a blind eye to it. And for the record, COVID is no excuse. The state has almost unlimited resources. If companies have been able to figure out how people can work remotely, certainly the states can too. The technology to allow for remote workers has been around now for about 20 years, much of it can be purchased over the counter at Walmart or Target, and anyone can setup a virtual phone system online in about 20 minutes.

California is far from the only state with this kind of issue. Nationwide, those who have paid into the system for years and who are now in need of benefits, can't get the help they need. Many of them have gone without paychecks for months now. Yet all a criminal needs is a list of identities that they purchase off the internet, and a false address and they can make money hand over fist. And state governments appear to be too inept to stop them. Yet they are still determined to keep people from going back to work.

Victims of this type of fraud - those who have had their information used to file a false unemployment claim - could be in for a very hard time even though many of them are unaware that their identities are being used this way. Unemployment benefits are taxable. So if your name and SSN are used in a false claim, it will likely get the attention of the IRS and your state's revenue authority. If you thought you had a tax return coming your way, it might get held up. And if you thought you'd paid all of your taxes at filing time, there is a good chance that you'll get bills from the IRS and your state for additional taxes. It will be up to you to prove that you're a victimâ€¦ and yes, that is in direct contradiction to the way the US Constitution reads.

And if you need to file an unemployment claim in the near future, but someone else has already filed a claim in your name, you may find out that no benefits are available to you.

Anyone who receives a notice of any kind from their state about unemployment benefits needs to pay close attention to it. Never mind the fact that you haven't filed a claim. Maybe someone else has. And depending upon the state and your prior employment history, notices may be in the form of email messages, old fashioned snail-mail or even text messages. Ignoring these or assuming that the message was sent in error could be a huge mistake that takes years to correct.
by Jim Malmberg
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