

U. S. DEPARTMENT OF LABOR UI FRAUD ALERT -
INSTRUCTIONS FOR EMPLOYERS AND STATES



NOTICE DATE 2 MARCH 2021

NOTE: As you may know, each state administers a separate unemployment insurance program, but all states follow the same guidelines established by federal law. [Check with your state's unemployment insurance program](#) regarding the rules in your state.

On February 26, 2021 the U.S. Department of Justice issued a Fraud Alert for Unemployment Insurance claims after the issuance of erroneous forms 1099-G. See Issuance of Erroneous Forms 1099-G due to Fraudulent Unemployment Insurance Claims

The link provides information about fraudulent claims and links to the Office of Inspector General (OIG) and state UI offices.

Fraud has become a significant issue not only for the temporary federally funded programs (e.g. PUA, PUCA and PEUCA) but also as the volume of regular unemployment compensation claims increased due to the COVID-19 recession. Increased fraud and overpayments are now being reflected in 1099-Gs sent to individuals with amounts recorded as having been paid to the individuals that were actually claimed and paid to others through fraud.

This Alert with links serves as a resource to report fraud and identity theft.

Submitted to UCA clients, in partnership with UWC – Strategic Services on Unemployment & Workers' Compensation

For questions about this notice, please contact your account manager (not your claims analyst).

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U.S. Department of Justice National Unemployment Insurance Fraud Task Force

Issuance of Erroneous Forms 1099-G due to Fraudulent Unemployment Insurance Claims

Public Distribution

February 26, 2021

The Department of Justice’s National Unemployment Insurance Fraud Task Force (NUIFTF) is investigating numerous fraud schemes targeting state workforce agency’s (SWAs) unemployment insurance (UI) programs across the United States. Fraudsters, some of which are transnational criminal organizations, have used stolen identities to file fraudulent claims for UI benefits, exploiting the benefits provided in response to economic disruption caused by the COVID-19 pandemic.

The NUIFTF is issuing this alert to warn the public and SWAs about the issuance of erroneous Forms 1099-G, Certain Government Payments, by SWAs as a result of this fraud. Since UI benefits are taxable income, SWAs issue Forms 1099-G to recipients and to the Internal Revenue Service (IRS) to report the amount of taxable unemployment compensation received and any withholding. Due to widespread fraud, much of it involving identity theft, Americans may receive a Form 1099-G indicating they have collected UI benefits when they have not done so. In other instances, Americans may not receive a Form 1099-G, but later learn from the IRS or another party that their identity was used to file for UI benefits unbeknownst to them.

The NUIFTF has worked collaboratively with the U.S. Department of Labor, Federal Trade Commission, and IRS to put together the resources contained in the links below. SWAs are encouraged to review these resources and release consistent external messaging. Potential victims should review the information contained in the links and take any necessary actions they deem appropriate.

U.S. Department of Labor – ETA	https://www.dol.gov/agencies/eta/unemployment-insurance-payment-accuracy/report-unemployment-insurance-fraud
Internal Revenue Service	https://www.irs.gov/identity-theft-fraud-scams/identity-theft-and-unemployment-benefits
Federal Trade Commission	www.IdentityTheft.gov/unemploymentinsurance

Individuals with information about UI fraud should call (202) 693-6999 or (800) 347-3756, or go to <https://www.oig.dol.gov/hotline.htm>