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Since the beginning of the pandemic, MDOL has paid over $1.8 billion in unemployment benefits and prevented at least $484 million from going to fraudsters

AUGUSTA - Maine has been awarded $1,215,000 from the U.S. Department of Labor to continue to combat identity theft unemployment insurance fraud through identity verification - https://www.dol.gov/newsroom/releases/eta/eta20210212 (https://www.dol.gov/newsroom/releases/eta/eta20210212) .

The U.S. Department of Labor awarded a total of $49 million in grants to 28 states and territories. The grants are divided between Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) funding Maine was granted $1,020,600 in PUA funding and $194,400 in PEUC funding. The grant amounts are based on the size of covered employment in each state's unemployment insurance program.

"Unemployment insurance integrity is a top U.S. Department of Labor priority, and we are partnering with states as they innovate and apply new solutions to combat criminal attacks on their unemployment insurance programs," Principal Deputy Assistant Secretary for Employment and Training Suzi LeVine said in USDOLs release. "Criminals adapt their fraud techniques routinely, so we must be vigilant and determined to prevent those eager to deprive unemployed Americans of money they desperately need in these difficult times.

By law, states must have an adequate system for administering the PUA program including procedures for identity verification or validation. This grant funding will assist states with administrative expenses incurred from implementing this identity verification requirement for the PUA program and/or assist with enhancing existing identity verification tools and procedures.

While unemployment fraud continues to be investigated across the country, the Maine Department of Labor estimates that it has cancelled over 48,500 initial claims suspected of being fraudulent and prevented at least $484 million in unemployment benefits from being paid to criminals since March 15, 2020.

The Department continues to investigate unemployment fraud in conjunction with its federal agency partners such as the U.S. Attorneys Office and U.S. DOLs Office of the Inspector General, as well as financial institutions and law enforcement. Some of this work involves putting evolving measures in place in order to prevent fraud, expanding the Departments fraud unit, providing information to federal prosecutors, and working to recoup funds that had been stolen.

Beginning last May, Maine, like every state across the country, began experiencing spikes in unemployment claims due to fraudulent activity. With three new Federal unemployment programs that expanded eligibility and increased weekly benefit payments, and with states accelerating payments to get money into the hands of those who had been laid off, unemployment insurance became a target for criminals, Commissioner Laura Fortman said. Unfortunately, fraud is still something we contend with daily. Since May, we have doubled the size of our fraud unit, put multiple flags and checks in place, and prevented hundreds of millions of dollars from being paid to criminals. This is a dynamic situation, and we continue to analyze and update our strategies as fraudsters evolve their methods. We are glad to have the support of the U.S. Department of Labor in our efforts.

These types of fraudulent claims are mostly filed by sophisticated criminal organizations who use real Mainers identities, stolen through outside data breaches such as at financial institutions or insurance companies, to file imposter unemployment claims and illegally collect benefits.

The US DOL Office of Inspector General estimates that about 10% of nationwide unemployment payments are to fraudsters. Based on current information, MDOL estimates that in Maine about $150 million was stolen by criminals through fraudulent claims since March 15, 2020. This is about 8% of the $1.86 billion that the Department has paid out in benefits since March 15. Most of the fraudulent payments were concentrated in spikes in late spring. Due to the Departments quick action of putting protective measures in place, the fraudulent payments were greatly reduced. So far, of the $150 million about $37 million, or 25% of fraudulent payments, has been recovered.

Actions taken by the Department to prevent fraud have prevented an estimated additional $484 million - $896 million from being paid to fraudsters. The range represents the amount prevented based on the average benefit duration up to the maximum benefit amount per claim.

The Department has strengthened its fraud detection capabilities by working with a consultant, creating automatic flags to detect potential fraud, expanding the Departments fraud unit, conducting daily manual reviews of initial claims, and working in coordination with other agencies such as other states, law enforcement, banks, and the National Association of State Workforce Agencies (NASWA).

All of these numbers are constantly changing as investigations continue.

As another way to reduce fraud, the federal Continued Assistance Act requires anyone receiving Pandemic Unemployment Assistance benefits to submit ID verification documentation.

Along with states across the country, the Department has partnered with a trusted technology partner to help bolster current fraud prevention measures. The Department will deploy new technology solutions for new claimants applying for Pandemic Unemployment Assistance (PUA) benefits. This identity verification integration is in addition to current fraud prevention measures and will help to ensure claimants identities are verified before their claim is processed.

MDOL will notify claimants when its time to submit this documentation.

Anyone who believes that their information has been used to file a fraudulent unemployment claim should let the Department know immediately by reporting it here: https://www.maine.gov/unemployment/fraud/ (https://www.maine.gov/unemployment/fraud/)

Legitimate claimants should also check their unemployment accounts to confirm that their address and payment method are accurate.

Employers are also crucial partners in identifying fraudulent claims filed in their employees names. Employers can report fraud online: https://www.maine.gov/unemployment/fraud/ (https://www.maine.gov/unemployment/fraud/) or email UIFraud.DOL@maine.gov.

The U.S. DOL press release can be found here: https://www.dol.gov/newsroom/releases/eta/eta20210212 (https://www.dol.gov/newsroom/releases/eta/eta20210212)

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