South Carolina Adding Fraud Security Measures to Protect Claimants & Taxpayer Money

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COLUMBIA, S.C. – When South Carolina was approved by FEMA for three weeks of Lost Wages Assistance (LWA) on September 1, 2020, the S.C. Department of Employment and Workforce (DEW) announced that it would take up to three weeks to implement the federal program into the claimant system. Although DEW is still within that timeline, the agency is working hard to implement the program and protect claimants from the growing problem of

criminals attempting to defraud Unemployment Insurance (UI) programs around the country.

While fraud has always been a top priority for DEW, the introduction of the federal PUA program created a whole new opportunity for fraud. The self-certification provision allowed anyone to claim benefits and not have to prove eligibility. Coupled with the Federal Pandemic Unemployment Compensation $600 per week, this was all the incentive needed by organized crime. It has become very clear that the LWA program offers the exact same opportunity for fraudulent activity by criminals who are trying to steal money from South Carolinians.

“We want to be very clear; there are individuals and groups who are intentionally seeking an illegal opportunity to profit from these LWA funds, directly stealing money from deserving, unemployed South Carolinians in need. Some states who have already implemented LWA programs are experiencing this type of fraud, on significant levels in some cases. Fraud can range from someone lying about their personal situation to complex, sophisticated cybercrime efforts taking place from outside our state and national borders. We want to be open and transparent with claimants and the public that this criminal activity will not be tolerated and will be actively prosecuted,” said executive director Dan Ellzey.

The agency will soon be announcing to claimants some of the additional security measures they can expect, including new ID verification questions. These security questions are a tactic that other states, like Georgia and Tennessee, have successfully implemented.

What else DEW is doing to combat fraud:

- Actively onboarding additional fraud analysts to increase impact and expertise.
- Working closely with state and federal authorities to maintain an open line of communication regarding active fraud schemes and prevention tactics.
- Open communication with other states agencies like DEW to share data, best practices and schemes being detected in other parts of the nation.
- Cross matching of our data against known fraudulent identifiers, as well as national suspect activity deemed

fraudulent.

- Actively participating in identity proofing through the National Association of State Workforce Agencies.

Unlike the CARES Act programs, the LWA program will require the state to pay back any and all claims paid as the result of fraud. What we have also learned is that states cannot pay FEMA back from the UI Trust Fund. The result is a potential burden on our state's taxpayers that could be mitigated by robust fraud prevention.

DEW will be communicating directly with claimants through the secure portal to provide instructions, resources and updates on the timeline of implementation.

Once implemented, South Carolina's LWA will provide $300 in addition to a claimants' weekly benefit amount. To be eligible for LWA, a claimant must certify that they were unemployed or partially unemployed due to COVID-19 disruptions and be eligible to receive at least $100 in state or federal unemployment benefits during the weeks covered by the LWA program. The weeks that claimants would be eligible to receive back pay are claim weeks ending August 1, August 8 and August 15. The total payout for these weeks, in addition to their weekly benefit amount, would be $900.

About the S.C. Department of Employment and Workforce

The S.C. Department of Employment and Workforce is putting South Carolinians to work. The agency has four missions: (1) workforce development; (2) free job match employment services; (3) unemployment insurance; and (4) labor market information. All four missions contribute to workforce development. The agency is dedicated to advancing South Carolina through services and programs that meet the needs of our businesses, jobseekers and those looking to advance their careers.

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Auxiliary aids and services available upon request to individuals with disabilities at ADA@dew.sc.gov.
To report fraud, waste, abuse, mismanagement or misconduct, call the State Inspector General at 855-723-7283 or visit oig.sc.gov.

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