

BUSTED: New York Department of Labor Thwarts Over \$1 Billion in Unemployment Insurance Fraud Claims Amid the Coronavirus Pandemic

During the last five months, the New York State Department of Labor (“NYDOL”) has paid out nearly \$40 billion dollars in benefits to 3.3 million New Yorkers. Amid the surge of claims, however, the NYDOL referred more than 42,200 unemployment insurance fraud cases to federal prosecutors which total over \$1 billion dollars. The number of cases from the last five months combined is more than the number of cases referred to federal prosecutors in the past decade.

Unemployment insurance (“UI”) fraud occurs when a claimant misrepresents or conceals information to receive unemployment insurance benefits. UI fraud includes, but is not limited to:

1. filing claims using the names and personal information of people who have not filed claims.
2. knowingly submitting false information (i.e. work refusal, unreported travel, school attendance, check forgeries, incarceration, perjury, incorrect claims for dependent allowances, fabricated job searches or not conducting a solid work search, etc.);
3. continuing to collect benefits when knowing the applicant is ineligible;
4. failing to report being incapable and not available to work while certifying for benefits under the state law; or
5. intentionally not reporting wages, income or other types of reimbursement (i.e. workers’ compensation) while collecting full benefits.

Unemployment insurance benefits are funded through taxes paid by employers. When unscrupulous fraudsters cheat the system, they drive up the costs for honest employers and erode vital workplace protections for employees.

Employers are not without recourse. In fact, there are steps an employer can take to fight UI fraud when their business is targeted. This includes registering with the NYDOL State Information Data Exchange System (“SIDES”), which is an online platform that allows the NYDOL and the employer to directly communicate regarding UI claims. Employers may also utilize the NYDOL UI Fraud hotline. Employers have also found success by choosing to directly report the UI fraud to the designated Department of Labor officials.

The experienced Labor & Employment attorneys at Kaufman Dolowich & Voluck are available to assist any businesses with questions regarding unemployment insurance fraud and the options available to employers for addressing such conduct. For more information, please contact an experienced member of KD’s Labor & Employment Law Practice Group.