



NEW YORK STATE SENATOR

Daniel G. Stec

Unemployment insurance fraud persists

DANIEL G. STEC May 13, 2021

| ISSUE: **UNEMPLOYMENT INSURANCE TRUST FUND, INSURANCE FRAUD**



Senator Dan Stec said the public has a right to know the magnitude of fraudulent unemployment insurance claims and the Department of Labor's (DOL) efforts to address the burgeoning problem. Stec and his Senate Republican colleagues sent a letter to the department this week requesting the agency be fully transparent.

"I've heard from a lot of people who have discovered they're a victim of identity theft," said Stec. "Scammers have exploited the New York's overwhelmed unemployment system to make claims in the names of unsuspecting victims. Not only is this really scary for the

victims, it's a very costly problem for the Unemployment Trust Fund, which businesses pay into. The Cuomo administration should be much more forthcoming with information and provide details of exactly what has happened and what is being done to fix it."

In the letter, which follows an April 19 letter thus far unanswered by the DOL, the lawmakers wrote: "In the weeks since the initial request, concerned calls by constituents who have discovered they've been the targets of unemployment fraud have escalated dramatically. These victims are understandably upset and frustrated by the challenges of resolving these issues and the unknown impact they will have on their finances and credit ratings. Many have also had difficulty reporting the fraud to DOL and receiving confirmation of their complaints.

The U.S. Department of Labor estimates that upwards of \$63 billion, or up to 10 percent, of unemployment insurance benefits nationwide were fraudulent."

Stec said businesses are seeing unemployment insurance tax rate increases of up to 200 percent to replenish the fund, which is \$10 billion in debt.

"State government has a fiduciary obligation to safeguard these funds and ensure they are used appropriately," said Stec. "The system, from the start of the pandemic, has been riddled with problems and my concern is that, similar to the nursing home cover-up, there's a political motivation to withhold information."