

IWD job service claims theft a growing problem

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Many employers are facing growing problems with identity theft in a new way: data is being used to file false claims including requests for job service benefits and SBA loans through the PPP, among others. To address this growing and fairly significant problem, the US Department of Labor released guidance on April 14, 2021, regarding identity verification and identity theft issues as part of the job service process. The guidance is intended to help state agencies prevent and mitigate identity theft issues.

The guidance notes that states are required to have methods of administration to ensure secure payment of unemployment compensation, such as requiring a Social Security number. This may not be enough, particularly in synthetic identity fraud which “occurs when real and fake information are combined to create false identities.” The guidance also notes that various states are using strategies including private vendor services to address identity theft.

Verification process

If someone’s identity comes into question IWD must:

- Provide the person with proper notice and an opportunity to provide clarifying information
- Determine if sufficient information has been provided
- Issue a written determination
- Inform the person that failure to respond could result in denial of benefits as well as an overpayment charge. This occurs when items are obtained “through automated systems or other sources that question whether the name and/or assessed number used to file a claim belong to the individual who is filing the claim”

The DOL guidance lists a variety of documents that agencies may use to establish identification including Social Security cards, birth certificates, driver’s licenses, government passports, alien registration cards, and other government-issued identification, as they consider “these types of documents [to be] the most reliable.” Given the concerns that may arise, especially in relation to those who may not be citizens or may be subject to discrimination, states are cautioned that this process “must include a sufficient variety to provide for equal access to UI benefits for all claimants.”

A right to appeal must also be included as part of the validation process.

Employee rights

If identity theft has occurred, there are some affirmative obligations owed to the employee by the state which includes

flagging the case or file number to ensure that in the future secondary ID verification processes are always implemented, making sure that the “owner of the SSN is not held responsible for any overpayment ... or issued a form 1099-G at the end of the year” as well as similar actions. The guidance strongly suggests that a pseudo claim record should be created.

Reporting

The DOL is also providing sections regarding how to report unemployment identity theft including information to help employees spot signs that they might be a victim of identity theft and how to report these matters. This includes standard information such as checking credit reports for suspicious activity. It further provides a state directory for reporting unemployment identity theft. **In Iowa, employees and others can contact 1-866-239-0843 to report identity theft related to unemployment compensation.**

The big picture

This form of identity theft is on the rise and employees may come to you to determine what's next. Directing them to the DOL or IWD websites as well as providing the reporting number can help build goodwill and ease employee anxiety. Employers should monitor this carefully and may need to report issues themselves to make sure accounts are not charged.

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