

ARIZONA DEPARTMENT OF ECONOMIC SECURITY

REPORTING SUSPECTED UNEMPLOYMENT FRAUD

EMPLOYER TOOLKIT



States across the nation have seen a significant surge in unemployment benefit fraud, largely associated with identity theft. **There has not been a breach of information stored by the Arizona Department of Economic Security (DES)**, however, criminals are obtaining individuals' personal information using phishing scams, previous corporate data breaches, and other tactics and using this stolen information to file for Unemployment Insurance (UI) and Pandemic Unemployment Assistance (PUA) benefits.



Employers Who Suspect UI Fraud

UI “Notice to Employer” Received

When any claimant files an initial application for Unemployment Insurance, their previous employer(s) are sent a [“Notice to Employer” \(UB-110\)](#). In the event a criminal fraudulently applies for UI, a “Notice to Employer” will still be issued to the employer(s) while the claim is being processed.

- If you have received a [“Notice to Employer” \(UB-110\)](#) regarding unemployment benefits for a current employee or an employee who has never worked for your company, you are advised to complete the form. If the claimant still works for you full time, check the box for “Still Working Part-time.” If the claimant never worked for you, check the box stating “My records show that the claimant never worked for this firm.”, Then, sign the notice on the bottom of the back page, and return it to DES.
- Additionally, employers should report the suspected fraud using the fraud reporting tool: <https://fraudreferralexternal.azdes.gov/>.
- If you are a reimbursable employer, please note that during DES' investigation of claims reported as fraudulent, you may still receive an invoice that includes these claims. However, collection activity on all claims reported as fraudulent will be suspended until the investigation is complete.

**Report UI Fraud
to DES**

We are taking action to combat ongoing fraud, and we appreciate employers' continued vigilance to help eliminate UI fraud as well as their prompt attention to the notices they receive.



Employees Who Suspect UI Fraud

Employees Who Suspect They Are a Victim of UI Fraud

If a current employee receives a **Wage Statement, Certificate of Understanding, or Electronic Payment Card** for benefits they did not apply for, they may have been a victim of identity theft used to file a fraudulent claim and should:

- Use the **Fraud Reporting Tool** at <https://fraudreferralexternal.azdes.gov/> to report the fraud so DES can further investigate. Reports should include identifying information including Social Security number (SSN), full name (as it appears on the documents received from the UI program), and mailing address where the documents were received to help DES locate the claim in our systems.

**Report UI Fraud
to DES**

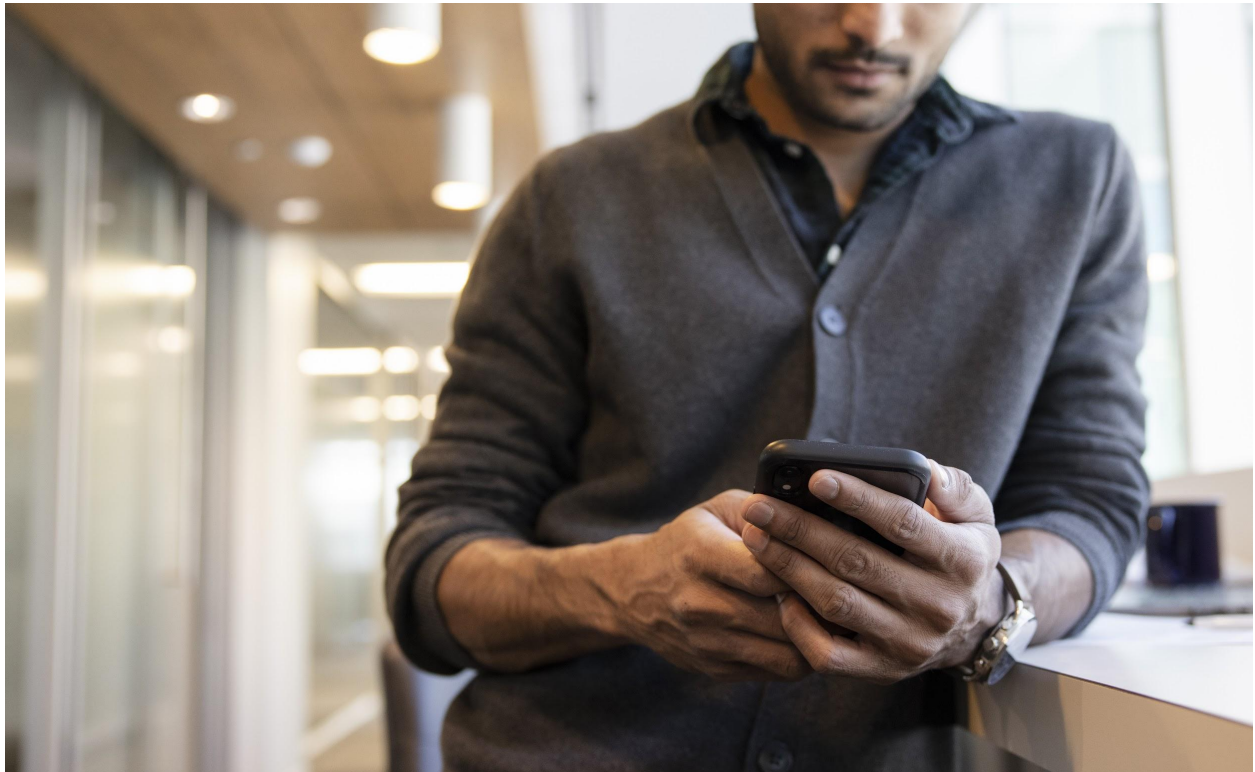
- **Destroy Electronic Payment Cards (EPC) cards if they are erroneously received, after reporting the fraud using the Fraud Reporting Tool.** DES will address the funds issued on the card and does not need the card returned.
- File a report with the following authorities in order to prevent further victimization:
 - Federal Trade Commission (FTC) at <https://www.identitytheft.gov/>
 - National Center for Disaster Fraud (NCDF) at <https://www.justice.gov/disaster-fraud>
 - Internal Revenue Service (IRS) at <https://www.irs.gov/identity-theft-central> and <https://www.irs.gov/pub/irs-pdf/f14039.pdf>
 - Local law enforcement

1099s Received Erroneously

If a current employee receives a 1099 for UI or PUA benefits they did not receive, they should use the [online 1099 Affidavit](#) at des.az.gov/1099G to report that they:

- Received a 1099 in their name but did not apply for unemployment benefits, or
- Received a 1099 at their address in the name of someone who does not live there.

[1099 Affidavit](#)



Individuals who suspect they are victims of identity theft should also **monitor their credit report** for any other fraudulent activity that may come as a result of identity theft. Individuals can learn more about protecting themselves from Unemployment Insurance fraud in the Unemployment Insurance Consumer Protection Guide issued by the U.S. Department of Justice National Unemployment Insurance Fraud Task Force, available for download at <https://www.justice.gov/file/1319301/download>.

Arizona's Fraud Prevention Efforts

FRAUD PREVENTION

DES UI Fraud Prevention and Program Integrity

Criminals have infiltrated unemployment systems across the nation and DES staff has taken swift action to protect taxpayer funds and the integrity of our systems by combating fraud while ensuring eligible claimants receive critical assistance.

- In June 2020, DES announced its **strengthened fraud detection and prevention measures to safeguard taxpayer funds**, including:
 - ◆ **Cross matches** with credible sources to verify identity
 - ◆ **The adoption of nationally recommended fraud detection strategies** that analyze inconsistencies in both physical and IP address information
 - ◆ **Engagement with data analytics companies** to identify eligible claimants while ferreting out fraudulent claims
 - ◆ **Working with financial institutions and state and federal partners** to identify those eligible for benefits

- In October 2020, DES announced a new **joint task force with law enforcement** composed of federal, state, and local agencies to investigate large-scale, organized unemployment insurance fraud in Arizona.

- DES has **implemented two new fraud detection measures within the regular UI program**, which detects anomalies in the use of residential mailing and email addresses.

- DES has partnered with [ID.me](https://www.id.me) in order to provide claimants with a secure and efficient method for identity verification. Claimants must verify their identity prior to receiving benefits.



Learn More about UI Fraud in Arizona

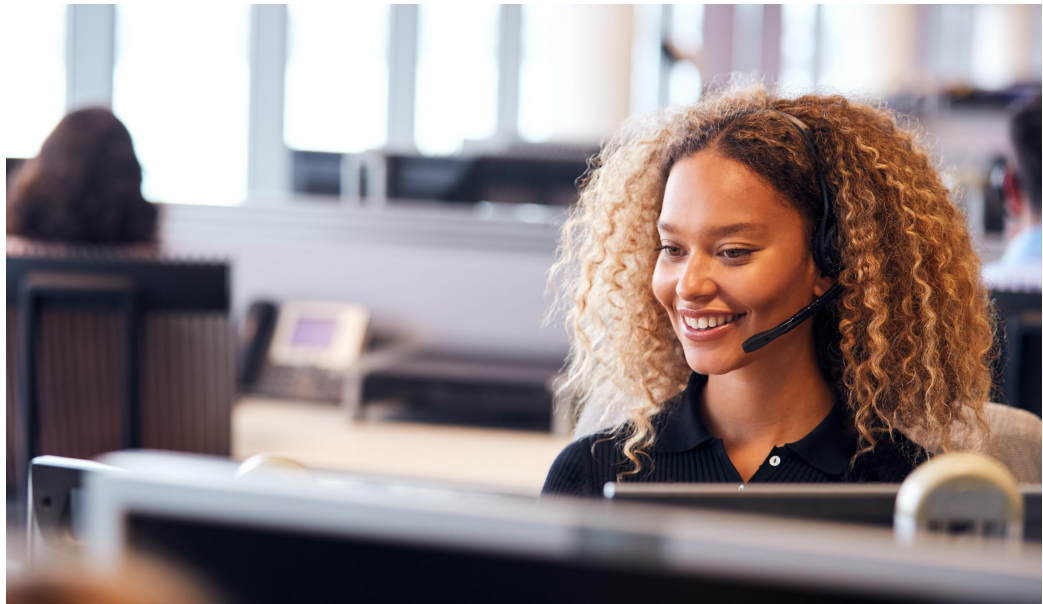
Learn more about Unemployment Insurance Benefit Fraud by visiting our [Fraud webpage](#)

**DES UI Fraud
Information**



Contact DES

To speak to a DES Unemployment Tax Advocate about UI fraud concerns within your company, please contact us at (602) 542-5954 or by email at UITAdvocate@azdes.gov.



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