

Congress of the United States

Washington, DC 20515

June 17, 2021

Governor Tony Evers
115 East State Capitol
Madison, WI 53702

The COVID-19 pandemic has been a challenge for federal, state, and local government officials. One of the most significant changes was the advent of increased federal payments and flexibilities in state unemployment programs. This expanded those eligible to receive benefits, loosened verification requirements, and provided eligible individuals with hundreds of extra dollars per week on top of state unemployment benefits. Now, new reporting has indicated that up to half of U.S. unemployment benefits—as much as \$400 billion—may have been stolen from state unemployment programs.¹

It was only a couple months into the pandemic last year that reports repeatedly identified how increased federal unemployment payments were vulnerable to fraud. In April and May 2020, the U.S. Department of Labor Inspector General identified the need for states to implement verification and preventive controls to ensure that recipients of taxpayer dollars are eligible to receive them.² In May, the U.S. Secret Service released a memo warning states of a well-organized foreign effort to commit large-scale fraud.³ Even the Wisconsin Department of Workforce Development recognized the increase in fraud throughout last year.⁴

¹ Felix Salmon, *Half of the pandemic's unemployment money may have been stolen*, AXIOS (June 10, 2021), available at https://www.axios.com/pandemic-unemployment-fraud-benefits-stolen-a937ad9d-0973-4aad-814f-4ca47b72f67f.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosam&stream=to_p

² U.S. Department of Labor Office of Inspector General, Office of Audit, *Advisory Report—CARES Act: Initial Areas of Concern Regarding Implementation of Unemployment Insurance Provisions*, by Elliot P. Lewis. Report Number 19-20-001-03-315 (Washington, DC, 2020), <https://www.oig.dol.gov/public/reports/oa/2020/19-20-001-03-315.pdf>; U.S. Department of Labor Office of Inspector General, *Alert Memorandum: The Pandemic Unemployment Assistance Program Needs Proactive Measures to Detect and Prevent Improper Payments and Fraud*, by Elliot P. Lewis. Report Number 19-20-002-03-315 (Washington, DC, 2020), [oig.dol.gov/public/reports/oa/2020/19-20-002-03-315.pdf](https://www.oig.dol.gov/public/reports/oa/2020/19-20-002-03-315.pdf)

³ U.S. Secret Service, *Massive Fraud Against State Unemployment Insurance Programs*, (Washington, DC, 2020), <https://assets.documentcloud.org/documents/6891584/GIOC-Alert-20-027-I-State-Unemployment-Fraud-002.pdf>

⁴ Wisconsin Department of Workforce Development, *Press Release: DWD Announces Updated UI Fraud Numbers, New Fraud Reporting Tools*, (Madison, Wisconsin, June 12, 2020), <https://dwd.wisconsin.gov/press/2020/200612-ui-fraud-numbers.htm>; Molly Beck, *State may have made \$1.2 million in fraudulent unemployment payments since outbreak began*, THE MILWAUKEE JOURNAL SENTINEL (June 12, 2020) available at <https://www.jsonline.com/story/news/politics/2020/06/12/state-may-have-made-1-2-million-fraudulent-unemployment-payments-since-outbreak-began/3177208001/>; Jenna Sachs, *State investigates possible \$5.97M in erroneous unemployment payments*, FOX6 MILWAUKEE (November 22, 2020) <https://www.fox6now.com/news/state-investigates-possible-5-97m-in-erroneous-unemployment-payments>

However, it was not until early this year that your Administration implemented procedures to verify some applicants' previous employment, and only after a federal requirement to do so.⁵ Now, new reporting suggests that many of these fraudulently acquired benefits ultimately made their way into the hands of foreign crime syndicates in China, Russia, and Nigeria. Experts identify that the increased benefit amount and states' lack of fraud detection services was a prime motivator for these criminals. We have already urged you to end the additional federal unemployment payments to help reopen Wisconsin's businesses. But given ample warnings about unemployment fraud, we are also interested in your past and current efforts to steward the increased federal dollars Wisconsin has received. Specifically, we ask that you answer the following questions:

1. How many fraudulently filed unemployment claims has the Wisconsin Department of Workforce Development paid since January 27, 2020? What is the total amount of these fraudulent payments?
2. What fraud detection services have been put in place since warnings of fraud emerged in April 2020? When were these detection services put into place?
3. Have you continued to see the same amount of fraud since the Wisconsin Department of Workforce Development implemented verification requirements for the Pandemic Unemployment Assistance Program in February 2021?

As your Administration continues to draw down the additional federal unemployment payments, we ask that you ensure these funds are not getting into the hands of criminals. We must do everything to ensure that U.S. taxpayers are not financing criminal activities at home and abroad.

Thank you for attending to this matter, and we stand ready to work with you to ensure the appropriate use of taxpayer dollars.



Mike Gallagher
Member of Congress



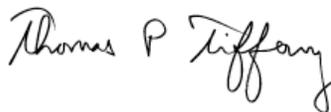
Ron Johnson
U.S. Senator



Glenn Grothman
Member of Congress



Bryan Steil
Member of Congress



Tom Tiffany
Member of Congress



Scott Fitzgerald
Member of Congress

⁵ Juliana Tornabene, *Wisconsinites must submit documents to receive pandemic unemployment benefits*, WEAU 13 NEWS (February 19, 2021), available at <https://www.weau.com/2021/02/20/wisconsinites-must-submit-documents-to-receive-pandemic-unemployment-benefits/>