



Yesterday, the Financial Crimes Enforcement Network (FinCEN) issued an advisory alerting financial institutions of unemployment insurance (UI) fraud detected during the COVID-19 pandemic. The below are representative types of illicit activity identified in the FinCEN advisory:

1. Fictitious Employee-Employer Fraud: Filers falsely claim they work for a legitimate business or file under a false business with fictitious employment records to apply for UI.
2. Employer-Employee Collusion Fraud: Employees file to receive UI payments while collecting reduced, unreported wages from their employer.
3. Misrepresentation of Income Fraud: Applicant misrepresents their wage to get a higher UI payment or returns to work and fails to report income to continue receiving UI payments.
4. Insider Fraud: Employees of the State use their credentials to access systems to change UI claims, resulting in improper payments, UI funds to accounts not on the application, or unqualified applications gaining approval.
5. Identity-Related Fraud: Applicant files for UI using fake or stolen identification information.

More information, including red flags to help you identify the above types of fraud and Suspicious Activity Report (SAR) Filing Instructions, can be found in the FinCEN advisory here: <https://www.fincen.gov/resources/advisories/fincen-advisory-fin-2020-a007>