GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
DIRECTOR

MEMORANDUM

DATE: January 31, 2025

TO: Senator Sarah Anthony, Chair Senate Appropriations

Senator Mary Cavanagh, Chair Senate Appropriations Subcommittee on LEO/MEDC

Representative Ann Bollin, Chair House Appropriations

Representative Nancy Jenkins-Arno, Chair House Appropriations Subcommittee on Labor and Economic Opportunity

FROM: Brett Gleason, Interim Director
Michigan Unemployment Insurance Agency
Department of Labor and Economic Opportunity

SUBJECT: Unemployment Insurance Agency Identity Theft Report

Under section 54g(1) of the Michigan Employment Security Act, MCL 421.54g(1), the Unemployment Insurance Agency must annually provide a written report regarding claims submitted by impostors under this act to the chairpersons of the standing committees and the appropriations subcommittees of the house of representatives and senate having jurisdiction over legislation pertaining to employment security. The report must include all the following information from the immediately preceding calendar year:

(a) The procedures the unemployment agency has adopted to mitigate the incidence of claims submitted by impostors.
(b) The total number of reports submitted under section 54f(1)[1] and the number of reports submitted under section 54f(1) that the unemployment agency determined met the requirements of section 54f(8)[2].

[1] Sec. 54f(1) states:
> An employer that is an interested party to a claim for benefits, or the employer's agent, may report to the unemployment agency that the claim is fraudulent because the individual who filed the claim is an impostor.

[2] Sec. 54f(8) states: "An employer that submits a frivolous report or otherwise intentionally misrepresents information in a report submitted."

(c) The total number of affidavits submitted under section 54f(2)[3] and the number of affidavits submitted under section 54f(2) that that unemployment agency determined met the requirements of section 54f(8).

(d) The number of determinations made under section 54f(3)[4] and (4)[5] where the unemployment agency determined that an impostor committed identity theft.

(e) The number of determinations made under section 54f(3) and (4) where the unemployment agency determined that an impostor did not committed identity theft.

(f) The total amount of benefits paid to impostors and the total amount recovered from impostors.

Should you have any questions regarding this report or need additional information please contact Andrew Crane, UIA Legislative Liaison, at Cranea3@michigan.gov or (517) 243-9778.

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[3] Sec. 54f(2) states:

An affected individual may submit an affidavit to an employer or the unemployment agency. The unemployment agency shall include on its website an affidavit from that meets the requirements of this subsection. An affidavit submitted under this subsection must include all of the following: (a) The name, address, and social security number of the affected individual (b) A statement that the affected individual did not file the claim for benefits with the unemployment agency (c) A statement that the information in the affidavit is complete and accurate (d) The signature of the affected individual.

[4] Sec. 54f(3) states:

Upon receiving a report submitted under subsection (1) and an affidavit submitted under subsection (2), the unemployment agency shall do both of the following: (a) Make a determination within 2 business days regarding whether the claim is fraudulent and whether the impostor committed identity theft and mail the determination to all interested parties. If the unemployment agency determines that the impostor committed identity theft, the determination must state that the claim is canceled and is null and void. (b) After making a determination under subdivision (a) that the claim is fraudulent, cancel all benefit payments on the claim.

[5] Sec. 54f(4) states:

Upon receiving only, a report submitted under subsection (1) or upon receiving only an affidavit submitted under subsection (2), the unemployment shall do all of the following: (a) Notify the impostor by mail that the impostor must, within 10 days after the date of the notice, provide proof of his or her identity by providing the unemployment agency with copies of the acceptable documents as provided in the Form I-9. As used in this subdivision, “Form I-9” means the employment verification that fulfills the employment verification obligations under 8 CFR 2741.2. (b) If the impostor does not provide proof of his or her identity pursuant to subdivision (a), the unemployment agency shall do all of the following: (i) Make a determination that the impostor did not provide proof of his or her identity pursuant to subdivision (a) and cease making payments on the claim until after making a determination under subparagraph (iii). (ii) Conduct an investigation to determine whether the claim is fraudulent and whether the impostor committed identity theft. (iii) Make a determination regarding whether the claim is fraudulent and whether the impostor committed identity theft and mail the determination to all interested parties. If the unemployment agency determines that the impostor committed identity theft, the determination must state that the claim is canceled and is null and void.

Attachments

cc: Senate and House Appropriations Committees
Senate Appropriations Subcommittee on LEO/MEDC
House Appropriations Subcommittee on Labor and Economic Opportunity

Unemployment Insurance Agency
Identity Theft Report
January 1, 2024, through December 31, 2024

Under Section 54g(1) of the Michigan Unemployment Security Act, MCL 421.54g(1), the Unemployment Insurance Agency must provide a written report regarding claims submitted by impostors under this act to the chairpersons of the standing committees and the appropriations subcommittees of the house of representatives and senate having jurisdiction over legislation pertaining to employment security. The report must include all the following information from the immediately preceding calendar year:

(a) The procedures the unemployment agency has adopted to mitigate the incidence of claims submitted by impostors.

i. UIA Policy Manual Section 8490 Identity Verification[6]
ii. UIA Form 6349 Statement of Identity Theft
iii. UIA Form 6349A Affidavit of Identity Theft
iv. UIA Form 6349E Employer Report of Identity Theft

(b) The total number of reports submitted[7] under section 54f(1) and the number of reports submitted under section 54f(1) that the unemployment agency determined met the requirements of section 54f(8).

The total number of reports submitted under section 54f(1)	**52**
The number of reports submitted under section 54f(1) that the unemployment agency determined met the requirements of section 54f(8)	**0**

[6] As noted in a November 25, 2020, report prepared by Deloitte, changes were made under directives given by the then Director of the Unemployment Insurance Agency which resulted in temporary alterations and changes to the established policies, procedures, and proprietary tools such as the Fraud Manager program. During the current and prior reporting periods, established policies, procedures, and propriety tools were restored and have been supplemented with continuous use of resources and tools to mitigate and detect fraud. See Deloitte report for further details.

[7] Reports can be submitted online through the *Report Fraud* or *Report Identity Theft* feature at www.michigan.gov/uia, through employer's Michigan Web Account Manager (MiWAM) account(s), by mail, by fax, in-person at a local office, or by calling the Unemployment Insurance Agency's fraud hotline.

(c) The total number of affidavits submitted[8] under section 54f(2) and the number of affidavits submitted under section 54f(2) that that unemployment agency determined met the requirements of section 54f(8).

The total number of reports submitted under section 54f(2)	**2,686**
The number of reports submitted under section 54f(2) that the unemployment agency determined met the requirements of section 54f(8)	**3**

(d) The number of determinations made under section 54f(3) and (4) where the unemployment agency determined that an impostor committed identity theft.

135,535

(e) The number of determinations made under section 54f(3) and (4) where the unemployment agency determined that an impostor did not committed identity theft.

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[8] Affidavits (Statement of Identity Theft – UIA 6349) can be submitted online through the *Report Identity Theft* feature at www.michigan.gov/uia, through claimant's MiWAM account, by mail, by fax, or in-person at a local office. The Agency notes that during 2024, nearly 2,700 reports of identity theft were submitted to the Agency by potential victims of identity theft. As part of the process to report potential identity theft to the Agency, potential victims can also submit an affidavit to the Agency. This figure shows the reports to the Agency that also included the Statement of Identity Theft – UIA 6349.

Paid to Impostors:

(f) The total amount of benefits paid to impostors[9] and the total amount recovered[10] from impostors.

	2015	2016	2017	2018	2019
January	$ 191,412	$ 855,636	$ 1,465,003	$ 3,061,813	$ 12,655
February	$ 192,541	$ 777,511	$ 1,489,020	$ 1,697,902	$ 12,006
March	$ 199,700	$ 627,612	$ 1,262,018	$ 210,387	$ 22,512
April	$ 164,540	$ 727,756	$ 1,277,017	$ 28,707	$ 17,042
May	$ 186,241	$ 647,694	$ 505,359	$ 10,872	$ 7,108
June	$ 205,993	$ 700,414	$ 395,651	$ 10,511	$ 7,810
July	$ 240,712	$ 1,194,068	$ 575,615	$ 9,848	$ 5,043
August	$ 373,727	$ 1,081,081	$ 575,429	$ 7,169	$ 5,068
September	$ 303,127	$ 1,308,287	$ 783,457	$ 7,032	$ 6,899
October	$ 517,959	$ 1,776,182	$ 635,168	$ 6,040	$ 11,102
November	$ 597,491	$ 1,379,285	$ 1,189,468	$ 6,982	$ 14,433
December	$ 584,771	$ 1,450,123	$ 2,802,163	$ 5,766	$ 8,303
	$ 3,758,215	$ 12,525,650	$ 12,955,369	$ 5,063,028	$ 129,979

[9] The amount includes benefits paid to impostors for the period of June 1, 2013, through December 31, 2024, that have been identified as of January 17, 2025. There are outstanding criminal matters pending and investigations still in progress for benefits paid during the period of January 1, 2015, through December 31, 2024. As noted in a December 29, 2021, reported prepared by Deloitte, For the period March 1, 2020, to September 30, 2021, an estimated $2.7-$2.8 billion was paid to claims involving likely impostor fraud. Of importance, it is estimated that most of those dollars paid were federal benefits from federal programs created during 2020. As the criminal matters conclude and work continues by the Agency, the dollar amount of benefits paid to impostors for the period of June 1, 2013, through December 31, 2024, will be updated in future reports. During 2024, the Agency detected impostors were occasionally successful with phishing schemes. As a result, some claimants provided log-in credentials and verified their credentials. Impostors were then able to then take-over a claimants account and change banking information to receive benefits.

LEO - UIA: Be alert to thieves changing bank information on claims to steal benefits

[10] The total amount of benefits recovered from impostors is the portion of restitution amounts received per court orders during calendar year 2024. Court orders are obtained through the judicial process because of investigation work completed by the Unemployment Insurance Agency Investigations Division in cooperation with multiple enforcement agencies including the Office of Inspector General for the Department of Labor, United States Attorneys' Office, Michigan State Police, United States Postal Inspector Services Office, and other enforcement agencies.

	2020	2021	2022	2023	2024
January	$ 7,137	$ 54,643	$ 4,106	$ 1,153	$ 14,356
February	$ 7,917	$ 37,379	$ 1,810	$ 1,228	$ 4,490
March	$ 1,954,020	$ 31,766	$ -	$ 1,228	$ 2,619
April	$ 5,424,501	$ 29,443	$ -	$ 4,495	$ 12,677
May	$ 4,843,241	$ 35,156	$ -	$ 1,400	$ 9,913
June	$ 453,940	$ 18,569	$ -	$ -	$ 3,857
July	$ 283,211	$ 23,932	$ -	$ 491	$ 1,354
August	$ 287,696	$ 13,998	$ -	$ 1,086	$ 724
September	$ 161,682	$ 10,386	$ 958	$ 2,172	$ -
October	$ 96,486	$ 14,904	$ 2,839	$ 2,534	$ -
November	$ 44,350	$ 12,900	$ 1,275	$ 4,613	$ -
December	$ 39,314	$ 7,051	$ 935	$ 8,380	$ -
	$ 13,603,494	$ 290,127	$ 11,924	$ 28,780	$ 49,990

Recovered from Impostors: $250,058