

N E W S R E L E A S E

Contact: Loree Levy  
Aubrey Henry  
916-654-9029

Date: May 26, 2022

News Release No.: 22-21

## **EDD Halts New Unemployment Insurance Fraud Attempt, Begins Notifying Claimants and Potential Victims**

***47,000 potentially fraudulent claims worth up to \$560 million thwarted***

**NOTE TO EDITORS:** Video footage of the mass print and mail processing center preparing the identify verification notices is available along with soundbites from EDD Fraud Special Counsel McGregor Scott; video files are [available for download](#).

SACRAMENTO—The Employment Development Department (EDD) today announced it blocked a recent unemployment insurance fraud attempt involving crooks trying to steal hundreds of millions in benefits using paper and fax applications. EDD is now mailing notices to claimants to separate the fraud attempts from any legitimate claims.

This latest scheme involved fraudsters flooding EDD with unemployment insurance claims filed by paper and fax—including as many as 47,000 potentially fraudulent claims earlier this month. EDD would normally expect to receive roughly seven thousand such applications in that timeframe. EDD did not pay the potentially fraudulent claims and its action prevented up to \$560 million in potential unemployment insurance fraud.

“EDD’s tough new fraud filters thwart a constant stream of new fraud attempts, schemes and criminal tactics” said EDD Fraud Special Counsel McGregor Scott. “These criminals again tried to pierce the Department’s defenses but we stopped them dead in their tracks,” Scott added.

The work of fraudsters in this case will likely slow claims for some paper-filing claimants as EDD separates the fraud attempts from legitimate claims. EDD is mailing notices to all paper and fax benefit applicants to quickly identify any legitimate claimant and disqualify all fraudulent ones. The mailed notices explain that an issue must be resolved before any benefits are paid, and include information about fraud reporting. Any legitimate claimant who receives an EDD notice should respond with the requested verification right away and EDD will review and process the legitimate claim.

(more)

Some Californians may receive multiple notices from EDD if a scammer tried to file multiple claims in their name. EDD's mailed notices are part of its fraud fighting system and help warn potential identity theft victims that fraudsters are attempting to use their personal information.

Californians who suspect fraudulent activity, including those receiving mailed EDD notices and did not apply for benefits, should report the fraud as indicated on the mailed notice and call 1-866-401-2849 for assistance. Californians can also report benefits fraud by visiting [Report Fraud](#) in Ask EDD. EDD has additional resources to help identity theft victims on the [Help Fight Fraud](#) webpage.

EDD encourages Californians to stay vigilant against scam attacks. Scammers attempt to get personal information in many sophisticated and creative ways. Scammers may "phish" for victims by pretending to be banks, stores, or even government agencies. They do this over the phone, in e-mails, by text message, in the regular mail, and by other communications forms. Once scammers have stolen this information they may attempt to file false benefit claims.

EDD runs one of the nation's largest public benefit systems. Over 20 million people filed over 60 million unemployment, disability insurance, and paid family leave claims over the past decade. EDD prepared, printed and mailed 45 million documents to customers through the most recent fiscal quarters. EDD was mailing nearly 600,000 a day during the height of the pandemic.

In response to the unprecedented increase in fraudulent unemployment claims related to the COVID-19 pandemic, EDD implemented new safeguards in 2020 to detect and prevent identity theft and other organized criminal activities, including identity verification through ID.me and cross-checking applications against law enforcement databases from Thomson Reuters.

EDD's new anti-fraud measures blocked an estimated \$125 billion in unemployment fraud attempts during the pandemic. Still, fraudsters continue trying new tactics. [Last year](#), EDD detected and halted a complex scheme involving stolen medical or health provider credentials. Fraudsters flooded EDD with over 30,000 fake medical provider accounts, forcing EDD to review hundreds of thousands of claims associated with those accounts and block billions of dollars in fraud attempts.

As part of its effort to better serve Californians, EDD invested in cutting-edge document production and distribution systems to deliver millions of documents to Californians and keep them informed about the status of claims during the pandemic.

"Criminals will probe for weakness every day of the year and EDD will keep blocking them," said Scott. "EDD will continue to strengthen its fraud fighting capability and remind Californians to guard against identity theft."