

Gallagher, delegation: Call on Evers to clarify efforts to prevent unemployment fraud in Wisconsin

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WASHINGTON, D.C. – Rep. Mike Gallagher (R-WI) yesterday led the Wisconsin Republican delegation in calling on Governor Tony Evers to clarify his past and present efforts to prevent unemployment fraud during the pandemic. [Recent reports](#) indicate that up to \$400 billion may have been stolen by criminals and foreign adversaries, both wasting taxpayer dollars and undermining U.S. national security.

The lawmakers are calling on the Governor to publicize how many fraudulent claims were made by the state of Wisconsin, what detection services he put into place, and whether he's found that those detection services reduced fraud.

"We should all be alarmed by reports that up to \$400 billion in unemployment assistance may have been stolen over the course of the pandemic," said Rep. Gallagher. "Given multiple federal agencies issued warnings to states about ongoing efforts to steal these benefits, Governor Evers needs to immediately clarify how many payments may have been fraudulently made and what steps his administration took to ensure these dollars got into the right hands. Wisconsin taxpayers deserve full transparency on whether their hard-earned income went to criminals."

"We've now seen estimates of hundreds of billions of dollars in fraud related to federal unemployment assistance. Wisconsin taxpayers cannot be on the hook financing foreign actors' activities at home and abroad. We urge Governor Evers to protect our national security and be vigilant in ensuring these funds are not getting into the hands of criminals," said Senator Johnson.

"People often refer to the increased Unemployment Insurance as an extra \$300, but it is \$300 per week. That's \$1,200 per month and \$2,400 per month last year when the increase was \$600 per week—on top of regular benefits. Now we're finding out

that \$400 billion may have been stolen nationwide through state unemployment programs. Governor Evers' failure to implement processes to verify individual claims last year was irresponsible, and we need to know if this has led to widespread fraud within the system and a massive waste of taxpayer dollars," said Rep. Grothman.

"Unemployment assistance must be a temporary solution to help workers who've fallen on hard times, not a source of income for criminals. I urge Governor Evers to provide transparency into cases of fraud and actions taken to protect taxpayer dollars from criminals," said Rep. Steil.

"From his job-killing lockdowns and failure to get unemployment assistance into the hands of those who needed it most last year, Governor Evers' pandemic response has been among the worst in the entire country. In recent months, he made a bad situation worse by pushing policies that have made jobless benefits more lucrative than full-time work, hitting employers even harder. Now we've learned that hundreds of billions in taxpayer funds have found their way into the pockets of criminal organizations and foreign scammers. Given this record of incompetence, Wisconsin taxpayers deserve to know what safeguards – if any – were put in place by this administration to protect Wisconsin taxpayers against widespread fraud and abuse," said Rep. Tiffany.

"The windfall of expanded federal unemployment payments has exasperated labor shortages that Wisconsin businesses simply cannot afford. Not to mention, the Department of Labor and U.S. Secret Service have revealed as much as \$400 billion in fraudulent unemployment payments were made, some payments making their way into the hands of foreign criminals," said Rep. Fitzgerald. "Governor Evers must answer for how his past and current efforts have kept Wisconsin tax dollars secure. In the meantime, the evidence is clear, we must scale back these federal unemployment bonuses."

You can read the full text of the letter [HERE](#) or find it below:

Dear Governor Evers,

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.

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. In May, the U.S. Secret Service released a memo warning states of a well-organized effort to commit large-scale fraud. Even the Wisconsin Department of Workforce Development recognized the increase in fraud throughout last year.

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. 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.