

United States Senate

January 27, 2023

The Honorable Michael E. Horowitz
Chair
Pandemic Response Accountability Committee
441 G Street, NW
Suite 1517
Washington, D.C. 20548

Dear Inspector General Horowitz,

I would like to thank you and all of the members and staff of the Pandemic Response Accountability Committee (PRAC) for your continued vigilance on behalf of taxpayers monitoring pandemic-related programs to detect and combat waste, fraud, abuse, and mismanagement.

As the Ranking Member of the Senate Committee on Small Business and Entrepreneurship, I am particularly interested in your oversight of programs administered by the Small Business Administration (SBA), such as [the ongoing project by PRAC's Pandemic Analytics Center of Excellence](#) (PACE) which has already identified tens of thousands of federal employees who applied for and received small business loans for which they were not eligible.

I would encourage you to conduct a similar review to determine how many unscrupulous bureaucrats wrongfully took advantage of the federal pandemic unemployment and lost wages assistance programs. There is ample evidence that thousands of federal employees working for various federal agencies may have fraudulently applied for and received payments from these programs.

Nearly 2,000 [Department of Homeland Security \(DHS\) employees](#) or fraudsters may have been paid more than \$2 million in fraudulent COVID-19 unemployment benefits, according to a review by the Department's Office of Inspector General (OIG), for example.¹

The OIG determined 935 of the DHS employees signed up and approved to receive Lost Wages Assistance were ineligible and another 874 were potentially ineligible for the program. In fact, 336 of the DHS employees

¹ The Federal Emergency Management Agency (FEMA) provided financial assistance from the Disaster Relief Fund to individuals unemployed as a result of the COVID-19 pandemic in 2020 through the [Lost Wages Assistance \(LWA\) program](#). LWA paid eligible claimants \$300 or \$400 per week for up to 6 weeks for the weeks ending August 1 through September 5, 2020 in addition to weekly unemployment benefits. Claimants did not need to separately apply for the LWA program. Instead, they only needed to be eligible for and receive support from one of nine UI programs to qualify for LWA, although they were required to provide self-certification that they were unemployed or partially unemployed due to disruptions caused by COVID-19.

The DHS OIG determined FEMA did not implement controls to prevent more than \$2.6 million in potentially fraudulent LWA claims by DHS employees, or fraudsters who stole the identities of DHS employees. The OIG found 1,809 DHS employees who received LWA were ineligible or potentially ineligible and another 167 cases that showed a risk of fraudulent activity.

"More than \$2.6 Million in Potentially Fraudulent LWA Payments Were Linked to DHS Employees' Identities," Department of Homeland Security Office of Inspector General. September 27, 2022;

<https://www.oig.dhs.gov/sites/default/files/assets/2022-09/OIG-22-73-Sep22.pdf>.

claiming to be unemployed received overtime pay. The ineligible recipients were found to be employed by the Secret Service, FEMA, Transportation Security Administration (TSA), and other DHS component agencies. While some of these fraudulent claims are likely the result of identity theft, some DHS employees *used the department's own computer network to file for unemployment benefits!*²

They weren't alone in this scheme to rip off taxpayers.

Employees of other federal agencies, including the Internal Revenue Service,³ Amtrak⁴, and the U.S. Postal Service⁵ have also been caught fraudulently collecting unemployment payments, despite being on the federal payroll.

It is appalling for anyone fortunate enough to have the reliability of a government paycheck to take advantage of financial assistance intended to provide a lifeline to Americans who lost their jobs or were unable to work as a result of the COVID-19 pandemic. These misbehaved bureaucrats have also tarnished the reputation of the other dedicated civil servants, many of whom worked long hours in essential jobs during the pandemic.

I look forward to reviewing PACE's findings regarding the number of federal employees who wrongfully received SBA loans when the project is completed and once again encourage you to conduct a similar review to identify how many federal employees applied for and received pandemic unemployment and lost wages assistance for which they were not eligible.

² "More than \$2.6 Million in Potentially Fraudulent LWA Payments Were Linked to DHS Employees' Identities," Department of Homeland Security Office of Inspector General, September 27, 2022; <https://www.oig.dhs.gov/sites/default/files/assets/2022-09/OIG-22-73-Sep22.pdf>.

³ While employed full-time by the IRS, a Tennessee woman falsely claimed that she was not employed and fraudulently obtained \$16,050 in unemployment insurance benefits.

"Five Current or Former IRS Employees Charged with Defrauding Federal COVID-19 Relief Programs," Department of Justice Office of Public Affairs, October 4, 2022; <https://www.justice.gov/opa/pr/five-current-or-former-irs-employees-charged-defrauding-federal-covid-19-relief-programs>.

⁴ A Louisiana man applied for and obtained more than \$1,000 in unemployment benefits despite being fully employed by Amtrak.

"Amtrak Employee Charged with Cares Act Fraud and Theft of Government Funds," Department of Justice U.S. Attorney's Office Eastern District of Louisiana, March 7, 2022; <https://www.justice.gov/usao-edla/pr/amtrak-employee-charged-cares-act-fraud-and-theft-government-funds>.

A Pennsylvania woman who falsely claimed that she had lost her job due to the pandemic received \$9,379 in unemployment benefits despite being an Amtrak employee at the time.

"AMTRAK OIG INVESTIGATION LEADS TO INDICTMENT OF FORMER AMTRAK EMPLOYEE FOR PANDEMIC RELIEF FRAUD," Amtrak Office of Inspector General, September 29, 2022; <https://amtrakoig.gov/news/investigations-press-release/amtrak-oig-investigation-leads-indictment-former-amtrak-employee>.

⁵ Four individuals in Illinois are charged with applying for fraudulent unemployment insurance benefits while being employed by the U.S. Postal Service

"ATTORNEY GENERAL RAOUL CHARGES SIX COOK COUNTY RESIDENTS OVER UNEMPLOYMENT, SMALL BUSINESS ADMINISTRATION LOAN FRAUD; Charges Stem from Investigation by Raoul's Task Force on Unemployment Insurance Benefits Fraud into Alleged Fraud by Postal Service Employees," Illinois Attorney General, June 23, 2022; https://illinoisattorneygeneral.gov/pressroom/2022_06/20220623c.html.

Two individuals in Pennsylvania fraudulently applied for and received pandemic unemployment benefits while being employed by the U.S. Postal Service.

"Philadelphia, Lehigh Valley Postal Workers Agree to Repay Fraudulently Obtained Unemployment Assistance Benefits," Department of Justice U.S. Attorney's Office Eastern District of Pennsylvania, January 6, 2023; <https://www.justice.gov/usao-edpa/pr/philadelphia-lehigh-valley-postal-workers-agree-repay-fraudulently-obtained>.

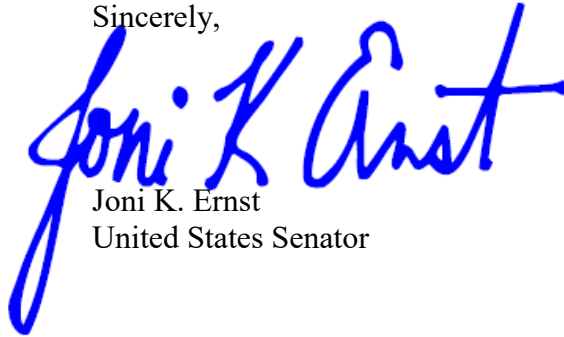
A reported suspect in Ohio successfully claimed unemployment under her own name, even though she was working for both the U.S. Postal Service and the Ohio Department of Job and Family Services at the time.

Thomas Brewster, "States Spent Millions On Deloitte's 'Anti-Fraud' Covid Unemployment Systems. They Suffered Billions In Fraud," Forbes, October 31, 2022; <https://www.forbes.com/sites/thomasbrewster/2022/10/31/covid-pandemic-fraud-hits-billions-despite-deloitte-contracts-worth-hundreds-of-millions/?sh=1bbe46f5669f>.

I hope this money can be recovered, and, to deter those who might ever think of trying to do this again in the future, those who abused the public trust will have their federal employment terminated.

If you would like to discuss this matter further, please do not hesitate to contact me or Roland Foster (Roland_Foster@ernst.senate.gov) of my staff at (202) 224-3254.

Sincerely,

A handwritten signature in blue ink that reads "Joni K. Ernst". The signature is fluid and cursive, with the first name "Joni" and last name "Ernst" clearly legible. The middle initial "K" is smaller and positioned between the first and last names.

Joni K. Ernst
United States Senator