

Massive Fraud Against State Unemployment Insurance Programs

The United States Secret Service has received reporting of a well-organized Nigerian fraud ring exploiting the COVID-19 crisis to commit large-scale fraud against state unemployment insurance programs. The primary state targeted so far is Washington, while there is also evidence of attacks in North Carolina, Massachusetts, Rhode Island, Oklahoma, Wyoming and Florida. It is extremely likely every state is vulnerable to this scheme and will be targeted if they have not been already.

Unemployment benefits from Washington State can be identified by the following:

ODFI: Key Bank (041001039)

Company Description: UI BENEFITS

Originating Company: WA ST EMPLOY SEC

From Massachusetts:

ODFI: People's United Bank Bridgeport, CT (221172186)

Company Entry Description: CARES ACT

Company Name: MA DUA

With the fraudulently obtained benefits, the account number and name in the Entry do not match.

Settlement Dates are occurring daily.

The fraudsters are believed to convince someone to give them their account information to provide as part of the fraudulent unemployment claim. The victim would then forward the funds to the fraudster.

RDFIs posting credits based on the account number in the Entry are indemnified under the NACHA Operating Rules. If you choose to return the credit entries, use one of the following Return Reason Codes, as appropriate:

- **R03 - No Account/Unable to Locate Account** - The name in the credit entry does not match an account holder.
- **R16 - Account Frozen/Returned per OFAC Request** - The RDFI has taken action to protect the account and/or account holder, perhaps from themselves.

Some have reported being requested by the ODFI to return the items using R23 – Credit Entry Refused By Receiver. We do not recommend using that code if the account holder is not requesting the return.

RDFIs receiving a request from the ODFI to return an Entry should use R06 – Returned per ODFI's Request.