

U.S. DEPARTMENT OF LABOR Employment and Training Administration Washington, D.C. 20213	CLASSIFICATION
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	CORRESPONDENCE SYMBOL
	TEUMC
	DATE
	February 8, 1985

DIRECTIVE :           UIS INFORMATION BULLETIN NO. 14-85  
  
 TO :                   ALL REGIONAL ADMINISTRATORS  
  
 FROM :                CAROLYN M. GOLDING *CMG*  
                           Director  
                           Unemployment Insurance Service  
  
 SUBJECT :            Memorandum of Understanding (MOU)  
                           Regarding Unemployment Compensation  
                           (UC) Criminal Investigations Between  
                           this Department's Office of the  
                           Inspector General (OIG) and the  
                           Employment and Training Administration  
                           (ETA)

Attached is a copy of the subject MOU which was signed by Assistant Secretary Casillas on January 3, 1985. The MOU establishes the role of the OIG in dealing with cases of fraud or other crimes in UC programs.

The interim instructions transmitted by TWX from Bert Lewis to all RAs dated May 15, 1984, SUBJECT: Unemployment Insurance Incident Reporting will remain in effect pending forthcoming issuance of additional procedural guidelines.

If you have any questions, please contact Bob Gillham on 8-376-7195.

Attachment

RESCISSIONS	EXPIRATION DATE

DISTRIBUTION

MEMORANDUM OF UNDERSTANDING  
U.S. DEPARTMENT OF LABOR  
OFFICE OF THE INSPECTOR GENERAL  
AND  
EMPLOYMENT AND TRAINING ADMINISTRATION  
REGARDING  
UNEMPLOYMENT COMPENSATION CRIMINAL INVESTIGATIONS

1. Purpose. This document establishes the role of the Office of the Inspector General (OIG) in dealing with cases of fraud or other crimes in unemployment compensation programs. The OIG has assumed the responsibility for activities formerly performed by the Federal Bureau of Investigation and will assist the State Employment Security Agency (SESA) investigative units in additional areas of mutual investigative concern to assure that all criminal allegations are thoroughly investigated and that prosecution is pursued as appropriate.
  
2. Required Notice to OIG by the SESA Upon Discovery of Fictitious Employer Schemes and Theft/Embezzlement/Fraud by SESA Employees and Investigation by OIG. OIG will commit resources to the investigation of these offenses on a priority basis and anticipates working these crimes jointly with SESA criminal investigative personnel. The potential for nationwide fraud vulnerability and sizable losses are present with these offenses and an appropriate investigative response utilizing the resources of both the OIG and the SESA is essential. The existence of these offenses shall be promptly reported to OIG and as circumstances dictate should be initially telephoned to the Regional Inspector General for Investigations or the Chief of the Security and Special Investigations Branch (RIGI/CSSI) within twenty-four hours from discovery (followed by written confirmation). Response to these complaints will be decided within one working day from notice to the RIGI/CSSI.
  
3. Scope of OIG Claimant Fraud Investigative Responsibilities. Claimant fraud cases which will be routinely referred to the RIGI/CSSI with a copy of the referral also sent to the Regional Administrator (RA) are within the following programs:
  - A. Unemployment Compensation for Federal Employees (UCFE);
  - B. Unemployment Compensation for Ex-Servicemembers (UCX);
  - C. Trade Adjustment Assistance for Workers (TAA/TRA);
  - D. Disaster Unemployment Assistance (DUA);
  - E. Redwood Employee Protection Program (REPP); and
  - F. Federal Supplemental Compensation (FSC).

The criteria for referral of claimant fraud cases to OIG within these programs will be:

- A. The fraudulent overpayment exceeds \$1,000; or
- B. The fraudulent overpayment (regardless of amount) involves the use of a false governmental identification document to claim entitlement for benefits (violation of 18 USC 1028); or
- C. Other factors which in the judgment of the SESA or ETA officials indicate a need for OIG investigation (for example, offenses of an extremely flagrant nature, offenders no longer in the state, etc.)

Referral of these claimant fraud cases will be via a narrative summary from the SESA to the appropriate RIGI/CSSI on a memorandum, state report form or DOL Incident Report\*\* which shall set forth the offender's identity (race/sex, DOB, physical description, address, etc.), type of scheme, dollar loss, factual information developed, etc. The following types of information should be attached to the referral: copies of applications, certificates, statements or affidavits in which false allegations of material facts are made, copies of payrolls, samples of signatures and such other evidence as the SESA may obtain.

Within five days, the RIGI/CSSI will make written acceptance of the referral or will return to the SESA those complaints which OIG will not investigate. In those referrals accepted, OIG will conduct such investigations as it deems necessary in preparing the case for prosecution and will keep the SESA advised on a confidential basis of the status of the case. When a claimant fraud complaint has been referred to OIG for investigation, the SESA will coordinate all claimant contacts with the RIGI/CSSI to insure that these actions will not interfere with the pending criminal investigation and prosecution. After the case is closed, the RIGI will notify the SESA with a copy to the Employment and Training Administration (ETA) Regional Administrator (RA) of the outcome of the case.

If the referral criteria should be changed within a jurisdiction due to workload, the known attitude of prosecutors or adequacy of SESA obtained prosecutions, the Assistant Inspector General for Investigations and the Administrator, Office of Program and Fiscal Integrity, ETA, will authorize an adjustment of the referral criteria. The OIG policy will be to avoid unnecessary referral of cases which will not be investigated.

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\*\*OIG has no objection if ETA wishes to make mandatory the use of the DOL Incident Report (DLI-156).

4. Availability of OIG Investigative Resources to Assist SESA Investigative Staff. The RIGI/CSSI will assist SESA investigative units in other claimant fraud cases on a case-by-case basis upon request by the SESA. The nature of the assistance will depend upon local circumstances and might include problems encountered with suspects outside the state, lack of resources to investigate sizable frauds which involve Extended Benefits, the use of false governmental identification documents to claim entitlement for benefits, interstate claims, etc. These matters will be decided by the RIGI/CSSI and appropriate SESA officials with the knowledge of the RA.
  
5. Reports. The RIGI/CSSI will provide an Advise of Scheduled Investigation (OIG Form 104B) to the SESA with a copy to the RA for those cases accepted for investigation. An Investigative Memorandum will be provided to the RA when an investigation discloses SESA employee misconduct, program weaknesses or other issues of significance to program management. Information which will impact program administration or current benefit payments will be brought to the attention of the RA when discovered by OIG. The RA will be immediately advised by the RIGI when notice is received from a SESA upon discovery of a fictitious employer scheme or theft/embezzlement/fraud by a SESA employee. The RIGI/CSSI will notify the SESA with a copy to the RA of the outcome of each case after closing.
  
6. Federal Guidelines to the SESAs. Federal guidelines with regard to all aspects of unemployment compensation programs are provided to the States through a series of handbooks issued by the Employment and Training Administration. These handbooks will be modified to reflect the OIG's role in unemployment compensation programs. The Assistant Inspector General for Investigations will be consulted prior to any issuance which impacts OIG.

APPROVED:

  
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J. BRIAN HYLAKD  
Inspector General

  
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FRANK C. CASILLAS  
Assistant Secretary  
Employment and Training  
Administration

Dec 14, 1984  
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DATE

1-3-85  
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Date