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Scammers target Maine's stressed unemployment system

Criminals have used stolen personal information to file fraudulent jobless claims across the country as unemployment offices dole out historically large benefits.

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As Maine processes a historic number of unemployment claims, the state's benefit system is under assault by scammers using Mainers' stolen personal information to file fraudulent claims.

Hundreds of fake claims have been reported across the United States as state unemployment offices struggle to deliver benefits to tens of millions of people thrown out of work during the pandemic-induced economic crisis.

The Maine Department of Labor did not release information about the number of fraud complaints it has received, the volume of claims it is investigating or the amount of benefits it has paid to scammers when asked Tuesday. "I don't have numbers right now – that is part of further info we are hoping to get out soon in the next day or so," department spokeswoman Jessica Picard said.

The labor department issued a news release late Tuesday saying it was temporarily pausing benefits for 48 hours this week and reinstating its normal 10- to 14-day processing time for initial unemployment claims "to investigate and prevent fraud and further enhance security of the unemployment system."

The department had previously expedited the approval process to seven days in response to unprecedented demands brought on by the coronavirus pandemic.

“The Maine Department of Labor takes its responsibility to uphold the integrity of the unemployment program very seriously,” Labor Commissioner Laura Fortman said in the release. “(The department) will continue to work with our federal and state law enforcement partners to investigate and prevent fraud, while paying benefits to eligible Maine workers as quickly as possible.”

The Secret Service in May warned that an international group of criminals was targeting state unemployment insurance systems using a database of stolen personal information, such as names and Social Security numbers, to file false claims and receive benefits into a direct-deposit account, prominent cybersecurity journalist [Brian Krebs](#) and [The New York Times](#) have reported.

The FBI is “aware of allegations involving fraudulent unemployment claims being filed in Maine using stolen identities, and we are working with our law enforcement partners in investigating these allegations,” bureau spokeswoman Kristen Setera said.

Notification that four employees at Bachmann Industries in Auburn had filed for unemployment benefits in 24 hours came as a shock to the small firm’s chief financial officer, Terri Earley.

Bachmann, a small industrial equipment firm, hasn’t had layoffs recently, and one of the claims was supposedly from its CEO, Earley said.

“When the first one came in late Wednesday afternoon, we were taken aback, (and) it was shortly followed up by three others,” Earley said. “We were immediately concerned.”

It was clear something was wrong, she said, but less obvious what to do about it.

“It was very difficult to report a fraudulent claim,” Earley said.

An automated response system allows employers to review claims and check for errors, but there is no “this is fraudulent” option, she said.

The phone number on the labor department’s website also was unhelpful, Earley said. She eventually sent the department a notification that the claims were false via email and certified mail, and had the affected employees sign affidavits that they had not tried to access benefits.

Earley said she has yet to receive any response from the state.

“We had four of our 25 employees come through – I can’t imagine the scope across the state,” she said.

At least four Cape Elizabeth residents last week reported their identity had been stolen to file a fake benefits claim, according to the town’s police log.

Workers at MaineToday Media, the parent company of the Portland Press Herald, also have been victims of unemployment benefits fraud, Human Resources Director Jenn Gondek said. Affected employees have been notified and urged to change their online passwords and to protect private information.

The company has determined that at least four unemployment claims were made in the names of people who still work full time, Gondek said. She helped deal with similar fraud a few years ago, she added.

At that time, MaineToday worked with the state labor department to fix the problem. But getting in touch with the department these days is challenging. Gondek said she sent official letters about the fraudulent claims, wrote emails and tried to reach department staff on the phone. She has not heard back.

“I’m concerned about these people and their personal information,” Gondek said.

State and federal agencies are investigating alleged illegal claims and have urged people to file a report online – at maine.gov/unemployment/idtheft/ – if they believe they have been a victim. Victims of fraudulent claims may not realize their identity has been stolen until they try to file for benefits and realize someone else has been collecting them already using their information, the U.S. Attorney’s Office said.

A joint state and federal task force has been created to detect and prevent fraud. Maine’s labor department is working with financial institutions to find suspicious accounts, reviewing system changes to increase fraud detection and blocking web addresses linked to fraud in Maine and other states.

“Although perhaps not surprising, it is outrageous that criminals are capitalizing on the current emergency to file fraudulent unemployment claims using stolen identity information,” Halsey Frank, the U.S. Attorney for the District of Maine, said in a news release.

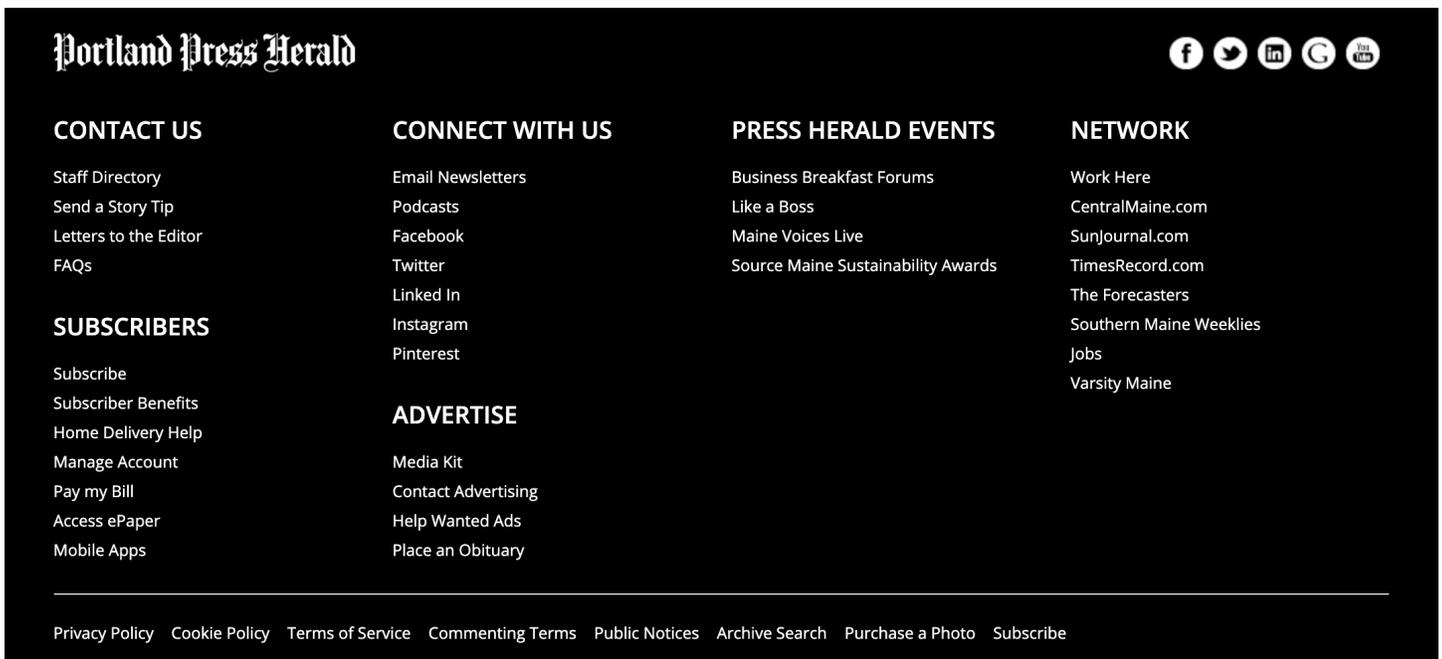
Personal information stolen in previous data breaches could be used to leech millions from unemployment systems that are stretched thin and working overtime to get benefits to jobless workers.

The [Seattle Times reported](#) this month that Washington state suspended unemployment payments for two days after discovering \$1.6 million in fraudulent claims. The FBI and Rhode Island authorities are investigating as many as 2,000 false claims, the [Providence Journal reported](#).

Unemployment benefits fraud is similar to a common scheme that uses stolen identities to [file for income tax refunds](#), said Stuart Madnick, the founding director of cybersecurity at the Massachusetts Institute of Technology’s Sloan School of Management.

The number of stolen individual personal information records doubled from 2018 to 2019, according to a recent MIT report, Madnick added.

“We count as many as 13 billion records, more than double the number of people on the planet,” he said. “So, it would be rather easy to accomplish this.”



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