

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515

February 3, 2021

Monty Wilkinson  
Acting Attorney General  
Office of Legislative Affairs  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW, Room 1145  
Washington, DC 20530

Dear Acting Attorney General Wilkinson,

I write today urging immediate assistance to end the fraud plaguing California's Employment Development Department (EDD) by requesting an investigation and prosecution of the international actors fraudulently accessing federal unemployment insurance funds. Now more than ever federal support is needed to protect the federal funds Congress allocated to California taxpayers and ensure these funds are not lost to international criminals.

Detecting and preventing international unemployment insurance fraud has been an ongoing problem at the EDD. Multiple reports note that the Coronavirus Aid, Relief, and Economic Security Act unemployment benefits have been fraudulently obtained by international actors ranging from Nigerian students,<sup>1</sup> to crime rings out of countries including Russia, China, and Nigeria.<sup>2</sup> The existing fraudulent domestic and internal cases put total unemployment insurance fraud over a staggering \$11 billion in California<sup>3</sup>. That's money that has been robbed out of the hands of the California taxpayers. During a global pandemic and at a time when people rely on these funds for their livelihoods, that's simply unacceptable.

Over the last year, the EDD has failed to prevent fraud. In fact, the California Secretary of Labor Julie A. Su stated herself that the "EDD was woefully unprepared for the unparalleled demands created by COVID-19." I couldn't agree more with that statement. However, the agency's lack of fraud prevention tactics predate the pandemic. A recent state audit revealed a history of significant flaws in the agency's fraud detection program, including many errors that could have been prevented if better safeguards were put in place by the agency. Support from the Department of Justice (DOJ) is needed to protect the California taxpayers.<sup>4</sup>

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<sup>1</sup> USA Today. Nick Penzenstadler. Dec. 30, 2020. [‘How scammers siphoned \\$36B in fraudulent unemployment payments’](#).

<sup>2</sup> Los Angeles Times. Patrick McGreevy. Jan. 28, 2021. [‘California failed to heed warnings of unemployment benefit fraud for months, state audit says’](#).

<sup>3</sup> Los Angeles Times.. Patrick McGreevy. Jan 25, 2021. [“California officials say unemployment fraud now totals more than \\$11 billion”](#)

<sup>4</sup> Auditor of the State of California. January 28, 2021. Report Number: 2020-628.2. [‘Employment Development Department: Significant Weaknesses in EDD’s Approach to Fraud Prevention Have Led to Billions of Dollars in Improper Benefit Payments’](#).

Given the gravity of this serious issues, I am urging swift action from the DOJ, including providing resources such those provided to the State of Nevada<sup>5</sup>, to hire a fraud-designated prosecutor to support the EDD and assist California in the identification and resolution of these international fraudulent unemployment insurance claims. Thank you for your attention to this critical matter and I look forward to your timely response.

Sincerely,

A handwritten signature in black ink that reads "Josh Harder". The signature is written in a cursive style and is positioned above a solid horizontal line.

Josh Harder

United States Representative (CA-10)

CC: EDD

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<sup>5</sup> Oversight.gov. Press Release. Dec. 23, 2020. [‘U.S. Attorney’s Office Announces: \(1\) Funding to Hire Prosecutor to Combat Unemployment Insurance Fraud and \(2\) Charges Against Man for Unemployment Insurance Fraud’](#).