

# Viewpoint

IEWS, PERSPECTIVES AND READERS' LETTERS

## Protect your company and employees from identity theft

Just when we thought the COVID-19 crisis had reached its peak and begun to calm down a bit, a new problem has emerged, presenting huge challenges for employers, workers and government agencies: rampant unemployment identity theft.



DAVID EVETTE

States throughout the country are seeing a significant increase in fraudulent unemployment claims with fraudsters attempting to take advantage of the large backlogs and processing difficulties over the past year to submit illegal claims. Many state agencies were simply unprepared to handle the volume of claims, creating an opening for bad actors to game the system and a need for enhanced vigilance from employers and workers alike.

Some of these claims were discovered when employers were notified of wage audits, some when those whose identities were stolen received communication from state agencies. However, the next wave is happening right now as people are receiving 1099-G forms from the IRS. These workers are on the hook for paying taxes on unemployment payments they did not receive unless they can prove the claims were fraudulent.

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David Evette  
president, QBS

and employers who took PPP loans to retain workers could run into trouble with these claims, as well, adding to the frustration and potentially dire consequences on both sides. Further, these pay-outs add strain to an already overburdened system, using up limited state and federal funds and increasing our



collective future tax burden following a time of unprecedented economic and social difficulty.

### Prevalence

According to Bureau of Labor Statistics data, over the course of the pandemic, 32 million Americans, or roughly one-fifth of the U.S. workforce has been unemployed for a period of time, creating an incredible strain on the system and confusion in the claims process. As a result, unemployment identity theft related fraudulent claims have been uncovered in all states dating back to the earliest days of the pandemic. The U.S. Department of Labor, the Secret Service and the Federal Bureau of Investigation have all issued warnings and guidance on possible fraudulent claims, while some states uncovered fraud before claims were paid. For example, the state of Maryland uncovered nearly 50,000 fraudulent claims through its wage auditing and flagged the claims before any money was paid, while California had gotten so many trigger warnings about possible claim issues that it shut down its claims processing temporarily until more safeguards could be put into place.

### Personal information

The good news here is that most of the

personal information used to file these claims was not stolen through employer records, indicating that employers are generally doing a good job of keeping data safe. The bad news, however, is that large-scale hacking and data breaches have become somewhat commonplace, and a good deal of information is easily obtained through the internet. Recent possible large hacks have been well covered in the media, with major department stores, hotels and even banks experiencing breaches that have impacted millions. Other bad actors have used information readily available through the internet and social media, such as birthdate, place of employment and address to piece together fraudulent claims.

### How to report and resolve

Constant vigilance is required by employers, consultants, state agencies and workers alike, and all are urged to report any of these signs of trouble immediately. Employers should notify employees that unemployment identity theft is on the rise and educate them on possible clues to fraud and educate them on the steps they should take if they have been victimized. It's also important for employers and employees to work closely with federal and state agencies, as these crimes must not only be reported to state

agencies and federal agencies, such as the Federal Trade Commission and the IRS, but to law enforcement as criminal activity. Filing a fraudulent unemployment claim is a felony punishable by criminal prosecution, fines, possible incarceration, attachment of wages, forfeiting of future tax refunds and permanent loss of eligibility for unemployment insurance.

For employers, the most critical action is to file a response with the state unemployment agency to notify them that a claim was fraudulently filed using the identity of an active employee and monitor their accounts to ensure that no erroneous claims are made related to the claim. Employers should also instruct the employee to contact the fraud unit directly to report that their identity has been used to file an invalid claim for unemployment benefits.

For a victim of identity theft, a fraudulent unemployment claim may be only the tip of the iceberg. It's important to contact bank and credit card companies, communicate with the Internal Revenue Service and the Federal Trade Commission and complete the forms associated with identity theft, contact all three credit reporting agencies and place a freeze on their account to prevent additional fraud, such as loan or credit applications, and contact the Social Security Administration. Remember that it can take some time to get these issues resolved, and the burden of proof of fraud is largely on the victim, so it's necessary to play an active role in resolving these issues, while keeping thorough records and documentation. Filing a criminal report with local law enforcement can help establish provenance.

The Federal Trade Commission website offers step-by-step guidance for victims of identity theft. Go to <https://www.consumer.ftc.gov/> and click on the "privacy, identity and online security" tab. Another source of helpful information is [www.identitytheft.gov](http://www.identitytheft.gov).

### Other potential schemes

While most of the unemployment fraud we are currently seeing is the result of identity theft, employers should also be aware of other possible types of unemployment fraud among active employees who may knowingly submit false information, continue to receive benefits while ineligible, not meeting certification requirements, or intentionally fail to report or under-report wages while collecting benefits. These types of fraud have

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## Three things hoteliers should start doing today

Some hoteliers hit the pause button in March 2020 with COVID-19's arrival to wait and see what would happen, but now is the time to set things into motion again. Why? The world is reopening and as more countries welcome travelers, hotels need to be open and ready for business.



ALIA BOSTAJI

Here is a list of key things hotels need to be doing now as they return to operations.

### No. 1: Press Play

Some hoteliers hit the pause button in March 2020 with COVID-19's arrival to wait and see what would happen. So why is now the time to press play? Simply put: The world is beginning to move forward and reopen, and halting operations in hopes of the pandemic suddenly vanishing may be more harmful than helpful.

For over a year, the world has experienced the first strain of the virus and now it evolves almost daily. The virus and vaccines are adapting, which means hotel industries need to as well. Pausing each time something new happens often leaves opportunities untapped. If there is one thing the virus has taught everyone, it's the importance of evolving and adapting to stay functional, efficient and safe.

Hoteliers need to be asking the questions: How can I provide a safe hotel experience for my staff and guests to generate revenue? How can I resume high-quality amenities and services for my guests in a safe and efficient manner?

It's time to press the play button again

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also increased dramatically during the chaos of the past year, and any employer who becomes aware of such issues should report them immediately to state agencies, as well as their unemployment insurance vendors to protect their accounts and trust fund balances.

### Protecting yourself and your employees

While it's important to note that most cases of fraud can not be attributed to any fault in employer systems, it is a reminder to both employers and employees of the need to keep personally identifying information private and secure. Employers should invest in enhanced encryption and data security technologies, while employees should be aware of how the information they share publicly can be



and market the property, staff and services — now more than ever. While the public slowly eases their travel fears, the best support hoteliers can offer is to clearly advertise the actions the property is taking to provide a safe and pleasant experience for travelers. Marketing the property during these times will keep the hotel top of mind and show how it has adapted to stay ahead of the curve.

### No. 2: Be Strategic

Many owners were scrambling at the initial pandemic announcements, not knowing what to do. Some hotels thought doing something was better than doing nothing, however, they lacked a plan or strategy on the necessary actions to take.

Not having a crisis plan or emergency strategy can be costly, and in this market, losing talent can be just as detrimental as losing revenue. During the start of the pandemic, the hospitality market saw various layoffs. Many hotel owners rushed into laying off staff as services were halted due to travel bans and business closures.

Then, as the first round of the Paycheck

Protection Program was issued, many tried to reinstate their former staff only to learn they were too late. Their talent had sought other opportunities. Don't be reactive this year — be strategic! Take 2020's experiences as a learning opportunity to develop or strengthen the hotel's crisis management strategy and ensure that it will emerge with organizational stability, a consistent revenue stream and customer trust intact.

### No. 3: Reinvigorate

The world may be beginning to move forward, however, the term "normal" should probably be thrown out of common vernacular for now. Things may never be exactly the same, but this presents new opportunities. It's time to stop repeating and regurgitating the old business cycles, models, processes and plans.

For the next few years, suburbs, metropolitan areas, neighborhoods, downtowns, outer districts, etc. will reflect a new look and feel, some of which are being highlighted now. Masks, social distancing and safer sanitizing standards may be here for a while. The key to success will be adapting

former routines to fit the new standards of safety to provide the best service for staff and guests. So take a red pen to the old plans and reinvigorate them.

As the pandemic nears an end, it's time that the hoteliers begin to operate with flexibility and perseverance. Bold moves, decisive actions and strategic planning will be essential. These may require certain sacrifices and calculated risks.

For some hoteliers this may mean planning to let go of one or two hotels out of their portfolio. However, they shouldn't fear; this doesn't have to be a bad divorce with a lender. Now more than ever, lenders are willing to listen and work with owners to collaboratively market, position and sell the property.

With a lender's guidance and understanding, this will help hoteliers move on and strengthen their position in the market. When the time is right again, hoteliers can resume acquisitions with the lender to build the portfolio again. Alternatively, hoteliers who have equity in some properties may want to leverage that equity to acquire a property that has stood the test of time.

Many hotel properties in the economy class fared well and sustained a cash flow for their owners during the pandemic. Resilient properties are out there. The pandemic changed the hotel industry significantly, prompting hoteliers to now evaluate and execute business plans, protocols and services differently. As the late Ruth Bader Ginsburg once said, "So often in life, things that you regard as an impediment turn out to be great, good fortune." For the hotel industry, the pandemic may have been a covert catalyst of opportunities. ◉

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actors and protect the common good. ◉

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### Correction

A story in the last issue of GSA Business Report incorrectly stated that Harper Construction Group was the general contractor for Limestone University's conference and student center. The general contractor was Hogan.

### We want to hear from you

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