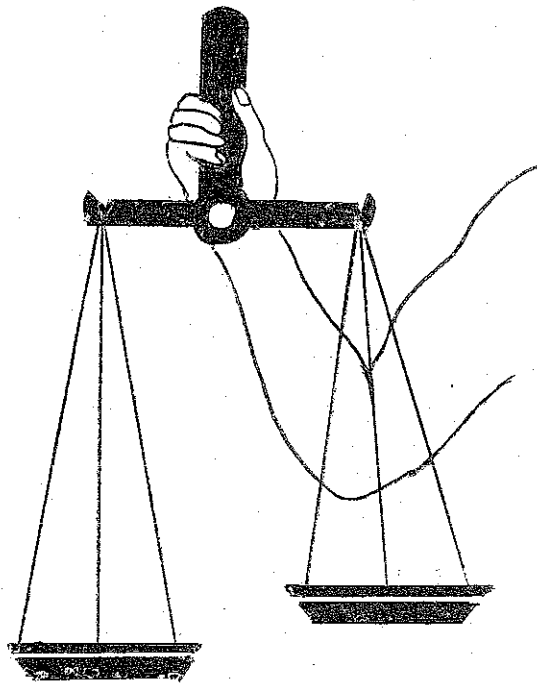


1-17-56  
Iowa Employment Security Commission  
Des Moines, Iowa 50319

# FRAUD PROGRAM



PREVENTION & DETECTION

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IOWA

EMPLOYMENT SECURITY COMMISSION

1956

IOWA EMPLOYMENT SECURITY COMMISSION  
IOWA STATE EMPLOYMENT SERVICE  
Affiliated with  
UNITED STATES EMPLOYMENT SERVICE

112 Eleventh Street

Des Moines 8, Iowa

December 30, 1955

ADMINISTRATIVE BULLETIN  
SERIES III, No. 212

TO: LOCAL OFFICE MANAGERS  
IOWA STATE EMPLOYMENT SERVICE

SUBJECT: IOWA UNEMPLOYMENT COMPENSATION FRAUD PROGRAM (1956)

The attached handbook sets forth information on the Iowa Unemployment Compensation Fraud Program. Material for this handbook was obtained from the following sources: Information disseminated by the U. S. Department of Labor; recommendations of the Interstate Committee on Fraud Prevention and Detection; methods of prevention and detection adopted by other states; information furnished by local office managers and claims-taking personnel; and data compiled by the Investigation Unit and through use of the Benefit Payment Survey.

The information contained in this handbook attempts to outline the fraud problem and provide some of the solutions. It is directed to local offices so that it may aid them in their efforts to prevent and detect fraudulent payment of unemployment compensation. This material should be used in the training of new claims-taking personnel and serve as a refresher for the experienced employee.

Yours truly,

IOWA EMPLOYMENT SECURITY COMMISSION

*Claude Stanley*  
Claude Stanley, Chairman

ih  
Att.

## PREFACE

LIBRARY  
Iowa District Court  
1000 East Grand Avenue  
Des Moines, Iowa 50319  
Commission

Material for this handbook was obtained from the following sources: information disseminated by the U. S. Department of Labor; recommendations of the Interstate Committee on Fraud Prevention and Detection; methods of prevention and detection adopted by other states; information furnished by local office managers and claims-taking personnel; and data compiled by the Investigation Unit and through use of the Benefit Payment Survey.

It is pointed out that the greatest deterrent to claimant fraud is the observance of good claims-taking and claims-examining techniques. The material set forth on the following pages places emphatic reliance on prevention and relies upon local offices for the solution. Every effort was made in preparation of this material to avoid any duplication of instructions which are set forth in Local Office Operating and Training Manuals.

The information contained in this handbook attempts to outline the fraud problem and provide some of the solutions. It is directed to local offices so that it may aid them in their efforts to prevent and detect fraudulent payment of unemployment compensation. This material should be used in training of new claims-taking personnel and serve as a source of reference and a refresher for the experienced employee.

If suggestions included in this handbook are followed the opportunity for fraud should be materially reduced and detection of any fraud which has been perpetrated made easier.

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## I. INTRODUCTION

The prevention of fraud, its detection and control are problems inherent in the Unemployment Compensation Program. Forms and procedures have been devised to help the claim-taker control the claim, but no system has or can be devised which would preclude the possibility of fraudulent claims.

### A. Definition of Fraud:

Chapter 96.16 of the Iowa Employment Security Law states that....

"1. Penalties. Whoever makes a false statement or representation knowing it to be false or knowingly fails to disclose a material fact, to obtain or increase any benefit or other payment under this chapter, either for himself or for any other person, shall be punished by a fine of not less than twenty dollars nor more than fifty dollars or by imprisonment for not longer than thirty days. Each such false statement or representation or failure to disclose a material fact shall constitute a separate offense."

Fraud may be summarized as follows: Fraud is a willful misrepresentation of material facts to obtain benefits. By accepting this definition fraud contains three distinctive parts: (1) Misrepresentation or non-disclosure of information is one part; (2) the action must be willful; and, (3) misrepresentation must be of a material fact (one in which non-disclosure of information would aid in obtaining benefits).

### B. A Problem Arises:

The claims-taking operation requires that the claims-taker make numerous decisions. He is required to determine the type of claim, the adequacy of available information, the necessity for further information or questioning, and at the same time he must be alert for the doubtful or improper claim. In reality the claims deputy has to determine the intent of each claimant.

As the work-load increased the employee found that less and less time could be devoted to interviewing each claimant. Yet it was important that the claims-taker detect the claims which were invalid and make every effort to prevent fraud from occurring.

C. Problem is Studied.

As a result of the increased work-load the administration began to search for more efficient and systematic methods which would aid in preventing, detecting and controlling fraudulent claims. Members of various states held conventions to discuss problems and recommend solutions. The U. S. Department of Labor studied the problem and encouraged states to set up individual Fraud Investigation Units to help solve this problem. As a result of the work of the Interstate Conferences of Employment Security Agencies and the U. S. Department of Labor certain conclusions and recommendations became apparent.

D. Conclusions of the Bureau, States and Committees:

Fraud in unemployment compensation is a problem which cannot be ignored. The problem is a permanent one--it requires that a program of control be developed which in itself will be permanent.

Any fraud control program which would be developed by the individual states would have to observe the following principles: (1) the program should be administrative in nature--the problem comes about and can only be solved through the proper claims-taking procedure at the local office level; (2) controls adopted must not be a bar to prompt and proper payment of benefits; (3) the program must be kept within bounds of reasonable costs; and (4) the program must uphold the democratic concept of the "dignity of the individual" and respect the rights of all claimants.

The Bureau, States and Interstate Committee on Fraud Prevention and Detection pointed out that a well-rounded fraud control program should include the following items.

Prevention of fraud must be the first line of defense. Under ordinary circumstances the local office is the first to uncover evidences of fraud--therefore, the local office personnel must not only be conscious of, but also interested in, the fraud control program. The prevention of fraud must be emphasized and the success

of a fraud control program to prevent fraud will depend upon efforts of the local office.

A program for the detection of fraud must be flexible. Each state must not rely entirely upon one detection device. Methods of detection should be developed and varied. Fraud may implicate other people such as employers or agency employees who may be in collusion with the recipient. Ways and means of disclosing and processing such cases must be taken into consideration.

The over-all fraud control program must be designed to give a continuous "look-see" at all operations of the Employment Security Agency. Adequate statistical records must be maintained so that the best approach to the fraud problem can be recognized. In addition, the program must have provision for follow through. The investigative findings must be analyzed, a solution must be recommended, and controls put into action.



## II. ORGANIZATION OF FRAUD INVESTIGATION UNIT:

In line with recommendation of the U. S. Department of Labor and the Interstate Committee on Fraud Prevention and Detection, a Fraud Investigation Unit was set up by the Iowa Employment Security Commission.

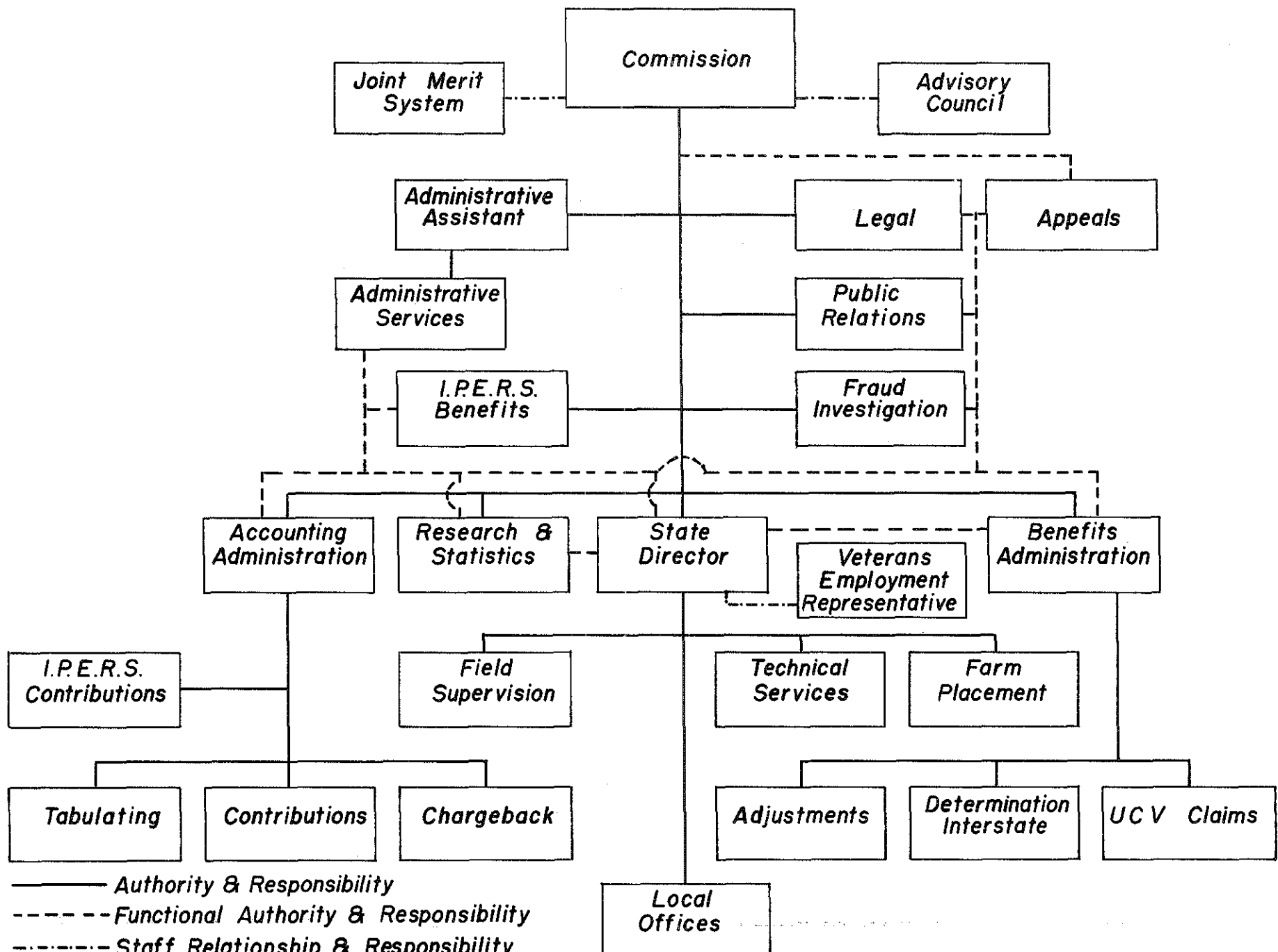
The purpose of this unit is to assist local offices in carrying out their responsibility for fraud prevention, detection and prosecution. The establishment of this unit does not take away the responsibility of the local office for uncovering fraudulent claims.

The Fraud Investigation Unit operates under the direct control of the Commission. At the present time the unit has two members. Each member has a different field of operation, but both have one purpose in mind--the prevention and detection of overpayments and fraudulent payments of unemployment compensation benefits. One member takes charge of overpayments, post-auditing (or cross-matching) of accounts, and veteran benefits. The other member of the unit is a Field Investigator who is responsible for conducting surveys and developing methods and procedures which will minimize the danger of fraudulent claims and act as an aid to local offices in carrying out their responsibilities in preventing and detecting fraud.

### (A) Place of the Fraud Control Unit:

On the following page will be found an organizational chart which shows how the Fraud Investigation Unit fits into the organizational pattern:

# Organization-Iowa Employment Security Commission



(B) What is the purpose of the Fraud Control Program?

The purpose of such a program is to prevent and detect the intentional and deliberate claiming of benefits which are not due. The program can only be successful through use of proper claims-taking procedures.

Since the local office is the first line of defense against fraud, it is important that local office employees be informed on the prevention, detection and control program. Most important, prevention must be continually emphasized by the local offices.

The Fraud Control Program naturally resolves itself into three main phases: first, the program must be designed so that weakness of the benefit payment operation may come to light; second, weaknesses in fraud prevention must be spot-lighted and a solution to the problem recommended; and third, methods of detecting fraud must be developed and put into operation.

III. HOW LARGE IS THE BENEFIT PAYMENT OPERATION?

In 1954, approximately two billion dollars were paid in Unemployment Compensation Benefits throughout the United States. This payment involved 6.6 million different individual claimants who were paid with more than 88 million different checks.

The Iowa Employment Service has thirty-four local employment offices serving the state. Over 112,000 individuals filed for benefits during the 1955 fiscal year and received over \$7,000,000 in unemployment compensation benefits.

From surveys conducted during two quarters and from information recorded in central office records it would appear that each year we have been able to reduce the amount of improper payments. Many of the improper payments result from errors made on the part of claims-taking personnel or honest misunderstanding of individual claimants. These errors are generally discovered by local office personnel or through the post-auditing method and the money is recovered.

#### IV. ANALYSIS OF THE BENEFIT PAYMENT OPERATION:

In the past considerable research has been conducted in an effort to analyze the benefit payment operation and establish the scope of the fraud and overpayment problem. Information was obtained from records compiled by the Central Office Investigation Unit; from information supplied by local office managers and claims-taking personnel; and through use of the Random Sampling Benefit Payment Survey Program.

##### (A) What are the characteristics of the claimants?

Information obtained from the statistical department indicates that in August, 1955, 47.6 percent of the individuals filing for benefits throughout the state were men; and 53.3 percent of the claimants were women. In reviewing statistical records it became apparent that during the summer months more women than men file for unemployment compensation. During the rest of the year, however, men file the greater percentage of claims.

During the course of the benefit payment survey program information was developed which indicated that approximately 60 percent of our claimants are persons who fall within the 25 to 55 years of age bracket and are normally considered to be full time members of the labor market.

(B) Which sex remains on benefits for the longer period of time?

Data obtained from the statistical department indicated that persons filing for unemployment benefits during the 1954 calendar year drew an overall average of 9.3 weeks of compensation. A study of survey cases indicated that 384 weeks of compensation were paid to all claimants selected for survey purposes. Of this total, women claimants received 256 weeks of compensation; men received 128 weeks. Consequently, women accounted for approximately 66.6 percent of the total compensable weeks which were drawn by persons that were included in the sample.

A further breakdown of this percentage indicates that 33 out of 50 claimants received less than 9 weeks of compensation; 17 out of 50 claimants received more than 9 weeks of compensation. It should be noted that of the 17 claimants who received 9 or more weeks of compensation, 12 claimants were women and 5 claimants were men. This would indicate that women accounted for approximately 70 percent of the claims in which 9 or more weeks of compensation had been paid.

(C) Which industry has a higher incident of fraud?

To determine if a higher incident of Fraud occurs in a specific industry additional information was needed. The table which follows records data compiled by the Central Office Benefit Section. These cases were discovered in the "cross-matching" operation and represent those claims in which a willful misrepresentation had been made by the claimant involved.

Willful Misrepresentation by Industry and Year

<u>Type of Industry</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>Grand Total</u>	<u>Percent</u>
Building and Construction	68	50	19	137	35.3
Manufacturing	26	35	16	77	19.8
Wholesale & Retail	20	26	13	59	15.1
Service (gas, hotel, ldry.)	31	33	11	75	19.7
Packing House	5	9	1	15	3.7
Produce Companies	3	3	--	6	1.5
Mining	4	1	--	5	1.4
Transportation	1	4	1	6	1.5
Baking	--	2	1	3	.7
Dairy & Creamery	--	1	1	2	.6
Farming	--	--	3	3	.7
TOTAL	158	164	66	388	100.0

Information developed on the preceding page indicates that the Building Trade accounted for 35.3 percent of the total willful misrepresentations. Manufacturing and Service were next with 19.8 and 19.7 percent respectively. Wholesale and Retail represented 15.1 percent of the willful misrepresentations.

An analysis of the individual statements show that most willful misrepresentation was made by the claimant during the first or last week in which he filed for compensation. Claimants neglected to inform the employment office when they returned to work in an effort to obtain one or two additional unemployment compensation checks.

(D) Does more fraud occur in some local offices than in others?

During the survey period twenty-three offices were visited by the field investigator. All offices offered excellent cooperation and made claim records available for survey purposes. For the most part claim record cards were complete and accurate. Claimants which were interviewed expressed a high opinion of the local employment office.

To determine if a higher incident of Fraud occurs in a specific office it was necessary to obtain additional information. The table which follows records data compiled by the Central Office Benefit Section. These cases represent 388 claims in which willful misrepresentations were made during 1952, 1953, and 1954.

Willful Misrepresentation by Local Office  
1952, 53 & 54

<u>No. of Cases</u>	<u>OFFICES</u>
0	Atlantic, Creston, Knoxville, Storm Lake, Washington
1 to 3	Algona, Ames, Clinton, Decorah, Fairfield, Newton, Perry, Shenandoah
4 to 6	Boone, Council Bluffs, Iowa City, Marshalltown, Oskaloosa, Webster City, Interstate
7 to 10	Centerville, Charles City, Ft. Dodge, Keokuk, Muscatine, Oelwein, Ottumwa, Spencer
11 to 15	Burlington, Mason City
15 to 20	Carroll, Cedar Rapids
22	Davenport, Iowa
26	Waterloo, Iowa
28	Sioux City, Iowa
114	Des Moines, Iowa

From information developed on the preceding page we see that five offices accounted for over fifty percent of the total willful misrepresentations during 1952, 1953, and 1954.

A review of central office statistical records show that the Sioux City area had the largest total area payment during the 1955 fiscal year--over \$977,000. Des Moines and Burlington were next with total area payments in excess of \$700,000.

Out of a total of 388 willful misrepresentations, Des Moines accounted for 114 or approximately 30 percent of the total. Sioux City had 28 misrepresentations and Burlington had 15. This is 7.2 percent and 4.0 percent of the total misrepresentations, respectively.

A closer examination of the local employment problem for Sioux City and Burlington may give us insight into the general fraud program.

Sioux City is commonly regarded as an area which has a high percentage of packing house workers. During 1954, Cudahy Packing Company, Sioux City, Iowa, stopped operation and over 2000 employees became unemployed as a result of this one shut-down. Most of these employees filed for unemployment benefits. They had little chance of finding the same type of work in Sioux City and many were forced to eventually leave the area. During the adjustment period, however, these workers drew benefits which would raise the total payment for the area. In addition, claimants generally had little chance of finding comparable employment in the Sioux City area and remained unemployed. It would appear that since "jobs were scarce" these claimants had less chance of "picking-up" additional work and consequently a smaller incident of fraud occurred.

During 1953 and 1954 the Iowa Ordnance Plant, Burlington, Iowa, cut back operations. This resulted in a lay-off of more than 2,000 employees in this area. Again most of these employees filed for total unemployment compensation and some drew benefits into their second benefit year. Consequently, this lay-off would tend to raise the total area payment, and make other employment more difficult to find.

If we may draw a conclusion from this general observation it would appear that a higher incident of fraud occurred when the individual claimant had a better chance of finding employment in a specific area than when employment possibilities in that area were limited.

(E) How effective is our Benefit Rights Interviews?

In all survey cases investigated the benefit rights interview was given and a notation appeared on the claimant's record card. The benefit rights interview was generally conducted in the following manner: (a) At the time the claimant filed his initial claim he was given Form IESC-120, "Eligibility Requirements"; and an informational booklet--"Information for Workers about Unemployment Compensation in Iowa"; (b) the claimant was then instructed to take the information home and read it, his initial claim was completed and forwarded to the Central Office for processing, and he was reminded to bring Form #120 with him on his next reporting day; (c) on his next regular reporting day the claimant was asked if he had read the form and if he had any questions. Questions were answered and Form #120 was signed by the claimant and retained by the Employment Office as part of his claim record. (d) on each subsequent reporting day the claimant was asked if he was able and available for work, diligently looking for work, and if he had any employment, earnings or income during the week for which he was claiming benefits. Claim and bookkeeping information was recorded on his claim record card and the claimant was asked to sign his name attesting to the information which had been recorded.

During the course of the benefit rights interview claimants were questioned specifically as to their understanding of "availability for work" and "deductible earnings". During survey interviews, however, claimants seemed confused on these points. It was observed that, although some claimants considered themselves available for work, they specified the hours and conditions under which they would accept employment.



Most male claimants expressed the view that they would be willing to accept any type of employment which was available. Women claimants who were not responsible for the support of their family listed stipulations under which they would be willing to accept employment.

It was observed that investigative techniques proved of value in developing questionable family circumstances which would affect availability. However, questions regarding availability could be best resolved by local offices with a "job test" procedure.

At the time the benefit survey was conducted it was noted that most local offices had very little information displayed which would help claimants to understand the eligibility requirements of the unemployment compensation laws. A few offices had signs warning claimants about heavy penalties for fraud. Other offices posted small news items regarding fraud prosecutions. It would appear that a larger variety of posters are needed by most local offices.

(F) How much time is budgeted for fraud control activities?

During the last fiscal year (1955) the State of Iowa used a total of 6,286 hours for fraud control activities. 4,114 hours were used by the Central Office primarily for the "cross-matching" operation. 1,518 hours were used by the Local Offices, and approximately 654 hours were used for the benefit payment survey program.

For the 1956 fiscal year a total budget of 11,164 hours has been allocated for fraud control activities. The total hours are broken down in the following manner: 6,681 hours for Central Office; 3,483 hours for Local Office use; and 1,000 hours for survey work.

Unemployment Insurance Program Letter #346 points out that each state agency is allowed a minimum of 1,000 hours for survey work. During the first quarter, 1956, fiscal year, the State of Iowa has used approximately 510 hours for the benefit payment survey program. It would appear that the field investigator will have to conduct one more quarterly survey to meet the minimum requirements of 1,000 hours.

The State of Iowa is averaging approximately 2,018 hours per quarter for fraud control activities. At the present rate it would appear that slightly over 8,000 hours will be used during the 1956 fiscal year. This will be 3,000 hours less than the 1956 budget allows.

(G) Summary of findings.

From information developed on the preceding pages it would appear that the survey procedure used during the first quarter, 1956, fiscal year gave a representative sample. The observations which follow give us some insight into the fraud control problem.

The Iowa State Employment Service has thirty-four local offices serving the state. Over 112,000 individuals filed for benefits during the last fiscal year and received over \$7,000,000 in unemployment compensation.

Sixty percent of our claimants are within the age bracket of 25 to 55 years of age and are normally attached to the full-time labor market. The remaining forty percent are divided equally between male and female claimants. These claimants may be classed as "doubtful" or "marginal" claimants who are only temporarily attached to the full time labor market. Over 68 percent of our claimants have less than a high school education and 26 percent have less than an eighth grade education.

During the summer months more women than men became unemployed and in turn received a larger percentage of the total benefit payments. More than fifty percent of these women claimants are employed in the manufacturing industry and experience a regular seasonal lay-off. Eighty-two percent of the women claimants are married and sixty-eight percent of these claimants have children of school or pre-school age.

During 1952, 1953, and 1954, 89.9 percent of the willful misrepresentation which were discovered by the "cross-matching process" occurred in four major industries. The Building Trade Industry accounted for 35.3 percent, Manufacturing 19.8 percent, Service 19.7 percent and Wholesale and Retail Trade 15.1 percent. Six local offices had over fifty percent of the total willful misrepresentations and accounted for less than half of the total claims activity. These offices were Des Moines, Davenport, Burlington, Sioux City, Waterloo, and Cedar Rapids.

During the 1955 fiscal year the State of Iowa paid unemployment compensation to 112,538 individual claimants. Claimants received a total of 345,632 weeks of compensation and were paid \$7,239,427.14. From surveys conducted in two separate quarters it was determined that approximately 5 percent of the claims had improper payments in the key week periods studied. If we can assume that our survey procedure was correct and the sampling representative, it would appear that over five thousand claims are presented annually in which improper payments are made in one or more key week periods. Some of the improper payments are found by local offices and the "cross-matching process".

Claimants received benefits through thirty-four full-time employment offices located in the state. Five of these local offices paid total benefits in excess of three million dollars. These five offices accounted for approximately 50 percent of the total claims activity. Following is a list of the offices:

<u>OFFICE</u>	<u>Amt. in Thousand of Dollars</u>	<u>Total Benefits Paid for Entire State During 1955, Fiscal Year:</u>
Sioux City	\$ 977,000	\$ 7,239,427.14
Burlington	751,000	
Des Moines	747,000	
Dubuque	488,000	
Davenport	<u>414,000</u>	
Total by Office: \$ 3,377,000		

V. WHAT METHOD CAN BE USED TO PREVENT FRAUD FROM OCCURRING?

(A) What is "Selective Processing of Claimants?"

1. Definition: "In cooperation with several States, the Bureau has begun developmental work on a method of claims taking designed to strengthen the basic claims process. Known as the "selective processing of claimants," the method provides for the identification of claimants into groups. These groups are (1) the "steady worker," whose attachment to the labor market is clearly demonstrated, and (2) the "doubtful" or "marginal" claimant, concerning whom a question exists as to his real attachment to the covered labor force."\*

"The latter group includes those with in-an-out employment records, pensioners, partially self-employed, farm residents, students, and others. By grouping claimants in this way, it is possible to give more intensive claims-taking scrutiny to marginal claimants, and to provide for special interviewing designed to reveal the extent of their labor force attachment and their true eligibility for benefits. This method gives promise of being an effective device in concentrating administrative effort in those areas which need the most attention. The Committee recommends that State agencies give their fullest cooperation to this developmental work and to the improvements in the claims process which it encompasses."\*

2. Experiences of Other States:

PENNSYLVANIA: The state of Pennsylvania in cooperation with the Bureau tested the classification plan. They recognized that individual claimants filing for Unemployment Compensation fell into two categories. (a) Individuals permanently attached to the labor market; and (b) Individuals temporarily attached to the labor market.

Pennsylvania then decided upon a type of a questionnaire which would be an aid to classifying claimants into these two categories. Yorktown, Pennsylvania was

\*Report of the Committee on Fraud Prevention and Detection, August 30, 1955.

selected as the office in which the test would be conducted. The questionnaire was adopted for use by the Yorktown office and claimants were asked to complete them. The local office then scanned each questionnaire for its completeness and forwarded it to the central office. The questionnaire was then examined for work history and general background data and claimants were divided into four groups.

- (a) Claimants permanently attached to the labor market.
- (b) Claimants whose questionnaires were not complete and needed additional information.
- (c) Claimants whose questionnaire indicated that they were temporarily attached to the labor market.
- (d) Claimants whose questionnaires indicated disqualifying information.

The classification given to claimants of the Yorktown office was reviewed and verified through interview. The purpose of this classification process was to call to the attention of the local office those claimants which needed additional periodic re-interviews so that they would be completely informed upon the requirements of the Unemployment Compensation Laws.

NEW YORK: A classification program was tested by New York. The test was conducted at the Utica, New York Employment Office. Again, a similar questionnaire was adopted and the claimants past eligibilities were examined. Once it was established that the claimant was eligible for Unemployment Compensation and received his classification the office devoted more time to the Class "C" claimants. The Utica office endeavored to give each of these claimants the individual help needed. In addition, every effort was made to find work for these claimants. At the present time a "time and cost study" is being conducted and results of this survey should be forthcoming in the near future. It is anticipated that when the results are obtained they will be compiled in manual form and the program will be adopted by all the New York employment offices.

MISSOURI\* Mr. Chatfield, Missouri Employment Service, made the following comments regarding the classification system. Missouri has adopted a modified form of the

\*Region #7 Conference, K.C., 8/8, 9, 10/55.

classification system. They have divided their claimants into three groups--A, B, and C. Again, the "A" group are those claimants who are permanently attached to the labor market. The "B" group are those claimants whose work history necessarily must be further checked before a determination can be made. He pointed out that group "B" claimants are carried in this classification for only one week or until a reinterview can be conducted. Then they are classified as "A" or "C" claimants. Mr. Chatfield pointed out that group "C" claimants were considered to be individuals whose past, present or future "availability" was questionable.

Mr. Chatfield stated the classification system had the following advantages. He believed that it saved time for local offices in their claims taking process. It eventually resulted in better placement possibilities and job opportunities for "C" claimants who needed special attention. He pointed out that Missouri found that care must be taken not to use the classification method as a means of disqualifying "C" claimants. He felt that if the classification system was properly used it would eventually lead to improved public relations. He added that it was important to treat group "A" claimants with respect since they had been long time employees of the labor market and may have previously experienced short-time lay-offs. Extensive questioning could easily irritate union groups and have a bad effect on public relations.

Mr. Chatfield stated that Missouri sub-grouped class "C" claimants with numeral designation. For example, "C-1", agricultural workers; "C-2", industrial workers; "C-3", construction workers; and etc.

Mr. Chatfield was of the opinion that such a classification system helped local office personnel to establish good habits of questioning. It made it possible to route the more difficult claimants to the experienced Interviewers and thereby improve the interviewing technique.

Chatfield estimated that the Missouri office devoted approximately .8 of a minute more to each interview by adopting this system. He pointed out that the questionnaire is handed to the claimant when he first reports to the employment office. The claimant subsequently completes the questionnaire and it is returned to the office. Approximately one half minute is then needed to review the questionnaire. He estimated that approximately 60% of the claimants fall into the "C" classification and approximately 40% of the claimants fall into the "A" classification.

Missouri has also tried to find approximately what percentage of overpayment and fraud cases fall into each classification group. A total of 346 fraud cases were reviewed and it was found that 37 cases or 11.1% fall into the "A" classification and 289 of the fraud cases or 88.9% were "C" claimants. Mr. Chatfield commented that to have a successful classification system the local office must be sold on the merits of the program and cooperate in every respect.

NORTH DAKOTA\* Mr. Joe Novak of the North Dakota Employment Office commented upon their experience in adopting a classification system. He pointed out that North Dakota has adopted a system which is somewhat similar to the system recommended by the Bureau of Employment Security. In this system the questionnaire is given to local office claims Interviewers as an aid to the interviewing process. Local offices distribute questionnaires to the individual claimants. The local office people later review the completed questionnaire and classify the claimants into the "A" or "C" groups. He stated that he had no additional information on the effectiveness of the system but felt that it was an aid to the claims taker and would eventually result in improved claims taking procedure.

### 3. What is Iowa doing with this program?

To develop a "classification program" for the State of Iowa, additional information is needed, and special consideration will have to be given to the value of adopting the program for the entire state. It should be noted that many of the Iowa

Local Offices are small in nature and the Claims Deputy may be personally acquainted with the individual claimant. For this reason it is felt that a classification system may not prove of value to the small office.

It is possible, however, that a revised "classification program" may be developed by making a study of the Des Moines local office. It is believed that the Des Moines Office can be considered "representative" since during the past three years it has accounted for thirty percent of the willful misrepresentations. In addition it ranked third in the total claims activity during the 1955 fiscal year.

If a classification program is proven to be of value it can then be expanded to include all claimants in Class #3 and #4 offices (Des Moines, Cedar Rapids, Davenport, Dubuque, Sioux City, and Waterloo). The Commission has given considerable thought to the "selective processing of claimants program" and has directed that a study be started of the Des Moines local office concerning the advisability of adopting such a system in the larger offices.

(B) Does the monotony of the claims taking procedure deter the prevention of fraud?

As outlined in the Interstate Conference Report of August 30, 1955, ".....one of the factors underlying the problem of improper payment is that of the monotony of the claims taking operation....This is a factor of which state agencies must become increasingly cognizant. It is an area of operation which is difficult of solution, but to which increasing attention must be given."

It is obvious that local offices play an important part in the prevention of fraud and improper payments. Unless local office cooperation is received it is probable that any over-all fraud program will be doomed to failure.

During the survey it was noted that the Benefit Rights Interview given by local offices became routine and impersonal. As a matter of expediency the offices have divided their building into two separate functions--"the employment office" and the "unemployment office". Although this division expedites the claims-taking procedure it creates new problems which have to be overcome. One of the problems created is



the problem created in the mind of the individual reporting to the office. One person may come to the employment office to find work--the other may come to sign-up for unemployment compensation.

To help overcome the impression which has been created the claims-taking personnel must continually emphasize the employment office is primarily concerned with helping the claimant find suitable employment. The claimant must be regularly attached to the labor market and make every effort to find work on his own behalf. Theoretically the claimant should be as interested in finding a job as the individual which reports to the office in search of work. It must be pointed out that claimants file claims for unemployment compensation on a week-to-week basis. Each week is decided on its own merit and he must meet all requirements of the law to be considered eligible for that week of compensation.

The Commission has given consideration to this problem and are of the opinion that a fraud manual would be of value in helping the claims-taking personnel "spot-light" weaknesses and overcome the monotony factor of the fraud control problem.

C. Is the benefit rights interview a factor in prevention of fraud?

This interview with the claimant is perhaps the most important function in the control of fraud. A careful interview can be very effective in shaping the claimant's attitude toward the system in order to prevent him from continuing a false claim, as well as detecting evidence of willful misrepresentation. Also this interview will prevent erroneous claims stemming from the claimant's misunderstanding of the law.

(a) What is the Problem?

During the Benefit Rights Interview the significance and importance of the certification with respect to each week for which a claim is made should be explained to the claimant. All of us are familiar with IESC Form #120 to which he certifies when he reports on his first regular reporting day. All of us should ask ourselves a question--i.e. does the claimant really know what he is signing?

Information developed during six months of survey work indicates that approximately 68 percent of our claimants have less than a high school education, 26 percent have less than an eighth grade education and 12 percent have less than six years of formal schooling. From this information it would appear that one problem the local office encounters in getting the unemployment compensation story before its claimant may be the inability of the claimant to understand what he has read.

All claims-taking personnel know that most claimant's will sign anything which is placed before them. How many of us have heard the following remark? "Well, Mabel, I have to go down to the Unemployment Office to sign up for my unemployment compensation." In other words when claimants walk in the front door of the Employment Office they are ready to sign their name. Our concern is not will the claimant sign, but does he understand the requirements of the law.

(b) What are other states doing to overcome the problem?

During a regional conference held at Kansas City in August, 1955, Mr. Arnie Solem, Regional Director, showed a movie that was adopted by the State of Utah. He stated that Utah found that local office benefit rights interviews were falling by the "way-side" because local office claims-taking personnel became lax in furnishing specific information to the individual claimants. Utah found that after personnel interviewed claimants for extended periods of time they generally adopted their own method of telling the Unemployment Compensation story which resulted in many pertinent facts being eliminated.

Utah subsequently presented their problem to an advertising agency and a motion picture was made using local office personnel as actors. In general the film contains a brief history of the Unemployment Compensation Laws along with the duties and rights of the individual. The advertising agency charged the State of Utah a total of \$3,500 for making the film. Additional prints cost \$150.00 apiece. The film is in color and has the accompanying sound. Although this advertising agency originally charged but \$3,500 they pointed out that it would be necessary to charge at least \$7,000 in the

future in order to make a profit. At the present time Utah is showing this movie to claimants, labor organizations and employers in the larger towns and making it available to smaller offices on request.

Some other states have been experimenting with a fresh treatment of local office posters warning against fraud. The new approach has been to use color and graphic art, limiting the idea to be expressed by a single poster to one particular aspect of eligibility. The posters are changed frequently from place to place and from time to time in the local office in order to keep them fresh and eye-catching.

(c) How will Iowa overcome their problem:

Mr. Merle Alden, Regional Office, advised that he has planned to request a copy of the Utah film. The film will be analyzed and discussed with an agency at Omaha, Nebraska, and the cost of making such a film will be determined. When all facts are in the Commission plans on evaluating this method for adaptation by the State of Iowa.

Copies of posters developed by the State of Massachusetts have been requested and as soon as they are available they will be distributed to the local offices.

If we assume that our benefit survey procedure gave us a representative sample then approximately 24 percent of our claims activity involves persons 55 years of age or older and 16 percent of our claims are filed by persons who are under 25 years of age. Thus approximately 40 percent of our claimants present a placement problem that requires additional attention.

One of the duties of the claims taker is to insure adequate opportunity for referral to suitable job offers through closer cooperation with the placement staff. Some of our offices have adopted a method whereby the "applicant shortage list" is posted on a blackboard and the claims taker can readily refer a claimant with a similar occupational code to the placement staff before the claimant leaves the office. A penciled notation can then be made on the claimant's #210 card and results of the interview can be checked when next the claimant reports to the office.

The work test is a deterrent to improper payments. The claimant's reaction to call-ins and referrals provides one of the best clues to ineligibility or disqualifying conditions. There is room for improvement in this method. In some instances the placement interviewer has neglected to report refusals of work and/or failures to answer call-ins. In other instances information relayed to the claims section is "pigeon-holed" and the claimant is not questioned why he refused the job or the call-in.

(d) What can we do to make Benefit Rights Interviews more effective?

A good interviewer starts an interview by asking questions. The value of asking questions is to find out what you don't know--i.e. does the claimant understand the requirements of the Unemployment Compensation Law. If the interviewer starts the interview by asking... "Have you read this form and do you have any questions?", the claimant's answers are obvious. The claimant remembers that you told him to read Form #120--and of course he does what he is told to do--so, his answer is "Yes." Next, if you ask "do you have any question on the requirement of the law?"...the claimant thinks for a minute (trying to remember what he has read); then he formulates a question around one point of the law that is familiar to him, and he asks a question to show you that he is "on-the-ball." Many of our Benefit Rights Interviews are terminated at this point. In reality the interview has accomplished nothing. It is true that legally he has committed himself again by signing another form, but the possibility of fraud and overpayment are still undetermined.

All of us know that there is no one infallible method of interview. All of us have our own method but each interview should have definite objectives and adhere to certain principles:

First, take time to interview the claimant. Each claimant that comes to your desk is one part of the over-all fraud control problem. Every claimant has circumstances surrounding his/or her eligibility which are peculiar to this one claim and you are the one that has to find out this information.

Second, make an effort to get acquainted with the claimant. You have his claim records before you; call him by name. Talk about where he was last employed. Find out how long he was employed by this company. What is the story behind his current unemployment. Does he expect to be recalled. If so...when does he expect to return to work, and why does he think he will be recalled?

In brief, find out if the claimant is a full-time member of the labor market. Is he a "steady worker", whose attachment to the labor market is clearly demonstrated, or is he a "doubtful" or "marginal" claimant, concerning whom a question exists as to his real attachment to the covered labor force.

If the claimant is a woman find out how long she has worked outside the home and what are her family responsibilities. How many children in her family; what are their ages; how does she care for them when she is working; who does she hire for a baby sitter, and etc. Additional information is also helpful in these type of claims... is her husband employed full time; where does he work; is he expecting a lay-off; does she have to work outside the home or is her unemployment of no concern to the family. Will she be willing to accept part-time employment and how much wages does she expect. What hours or shift does she want to find work. Is she willing to accept employment on any shift regardless of hours, or does she want to be at home with her husband at specific hours.

Additional information developed during the survey may throw some light on this phase of the problem. 80 percent of the women filing for unemployment compensation are married, and 68 percent of these married women have children of school age or pre-school age. It would appear that these married women filing for unemployment compensation have a family problem which needs consideration. Most of the women claimants were last employed in the manufacturing industry and experienced a regular seasonal lay-off. Many of these claimants experience this lay-off during the summer months and have no difficulty in caring for their children during the summer school vacation. In

most instances this type of claimant shows little activity in looking for work in her own behalf and seems content to await recall by her former employer. These claimants maintain, however, that in the event they are offered employment they will hire someone to care for their children. Very few are able to name who they plan on hiring or how much it costs. Make every effort to get all the facts.

The third factor which will help the claims-taker summarize, evaluate and conclude the interview is to ask the claimant specifically where he/or she plans to look for work. Review the requirements of the UC Laws with the claimant and outline their responsibilities. When factors, such as those mentioned above, have been determined the claim-taker can then decide whether or not the claimant meets the "qualifications" and how his particular claim may be controlled. A penciled notation in the remarks column of the claimant's #210 card should prove of value in controlling this claim and be an aid in determining subsequent certifications.

D. Is Publicity a Factor in the Prevention of Fraud?

"An important part of any program in the prevention of fraud is an active publicity program based on a carefully thought-out and planned policy. Occasional publication of a local story on a successful prosecution is not sufficient to create public understanding of this aspect of the program."\*

(a) What are other states doing?\*

As previously mentioned, several states are turning to the use of films in the benefit rights interview. Such a film can also provide the basis for an educational program directed toward labor unions and employer groups. Such a film has also been useful in acquainting judges and prosecutors with the unemployment insurance program, resulting in a stronger and more effective prosecution program.

In addition, some States have been experimenting with a fresh treatment of local office posters warning against fraud...Some agencies have also adopted the practice of having agency articles on employment security, including the problem of fraud, published in labor union house organs, as part of a part of a union employment education program.

(b) What central office publicity plans are in the making?

As was mentioned earlier in this handbook plans are presently under way which will result in the consideration and possible adaptation of the "film type" of media to the needs of Iowa. Posters developed by the state of Massachusetts have been requested and soon as they are received they will be forwarded to local offices. Consideration is also being given to the preparation of news releases which can be adapted to the local offices. These articles will present a positive approach--i.e. "What the State of Iowa is doing to Prevent Fraud in the payment of Unemployment Benefits." As these are developed they will be made available to local offices for publication.

(c) What can local offices do to secure favorable publicity?

Publicity on court decisions of claimants found guilty is probably the best deterrent to fraud and the means of uncovering fraud that is available to the local office.

Many local offices have had the experience of having claimants voluntarily report that they had erred in not reporting earnings after a court decision on a fraud case has been reported in the newspaper. One of the prime purposes of prosecuting fraud cases is to secure convictions so that we can publicize them as examples to "chiselers." In local communities where no fraud cases are reported in the newspapers, claimants may surmise that since there have been no prosecutions and since they need the money, they too can get by with failing to report their earnings while receiving benefits.

Newspapers will not accept publicity on convictions unless it is "news." Therefore it must be printed soon after the convictions, preferably, the same day. In some localities court reporters cover court decisions: and even in those places, it is advisable to contact the reporter to make sure the prosecutor, judge, and local office get credit for handling the case. Publicity of the proper kind is important. It should be carefully handled to avoid any indication of "persecution" but, rather, indicate that the firm hand of justice has been applied. Publicity should point out

the futility of fraud and should emphasize that procedures and methods of discovering fraud make it foolhardy.

Local office claim personnel can best inform claimants of the methods and procedures which we follow to detect fraud. Every claimant which reports to the office carries away an impression. It may be a good impression or a bad impression. He may get the impression that our office is very efficient and business-like or that it is sloppy. A good impression can help prevent fraud from occurring, the other invites fraudulent claims.

The local office should make every effort to inform the claimant and help the claimant realize that his claim will eventually be audited. It may be well to dramatize that the state has a "mechanical detective"--this is through reports submitted by employers regarding earnings of their employees. Every person who receives benefits has his account checked against the reported earnings to see if he had earnings while drawing unemployment compensation.

Part of our job is to carry out the requirements of the unemployment compensation laws. The "insurance fund" is designed to help the claimant only until he can resume his employment.

The field of publicity is one which needs much improvement. No one method or no one media can supply the answer. Every local office should continually analyze their method of getting the unemployment compensation story before the public and be alert to grasp new ideas and methods which will help them solve this problem. The Commission solicits your ideas on this matter. Ideas and methods which you have found effective should be sent to the Commission so other offices may benefit from your experiences.

E. What rules should local offices enforce to prevent internal fraud? One of our jobs as a public employee is to make sure all of our actions are above reproach. In a period of a year the State of Iowa pays out more than \$7,000,000 in unemployment benefits. Each employee is responsible for a certain portion of this payment, and must



continually be on guard to see that his actions are above questioning.

The Bureau, in cooperation with several states, has drawn up a list of "Rules for Personnel Handling Claims". They are as follows:

- (a) No certification should be taken nor any unemployment insurance transaction occur outside the local office premises or away from official post of duty.
- (b) Employees should avoid taking a certification from a friend or relative.
- (c) No employee should sign his or her name to a pay order covering a certification taken by another employee.
- (d) No employee should request a claimant to sign a blank form.
- (e) No erasure or crossing out of possible disqualifying information on the insurance record may be made.
- (f) No papers or notes construed to be official papers attached to or within insurance records may be destroyed or discarded.
- (g) No employee may offer information to claimants within or away from the office calculated to avoid ineligibility, suspension or disqualification which should ordinarily be imposed.
- (h) No employee may change or defer an Employment Service Reporting Date except where permitted under local office procedure and instructions.
- (i) Every employee will make sure his actions are above reproach.

#### VI. METHODS OF DETECTING FRAUD AND IMPROPER PAYMENTS:

##### A. What types of claims bear watching?

A study of the fraud and improper payment cases reveals certain characteristics which occur over and over again. We have isolated these characteristics and listed them by major category. We believe this list will assist in alerting you to circumstances or conditions which, if investigated, may eliminate some fraudulent claims or improper payments.

- 1. Work History: Seasonal, part-time, intermittent or self-employment.
  - a. Applicant is 65 or over and recent work history is part-time or intermittent. Possibly wants only work supplemental to OASI.
  - b. Work history shows no considerable full-time permanent work. Possible supplementary wage earner.

- c. Considerable self-employment, especially farm work, in work history. Possibly not regularly attached to labor market.
- d. Considerable part-time or intermittent employment in occupation which is normally full-time permanent. Possible supplementary wage earner.
- e. Work history shows claimant normally migrates, but now is not doing so.
- f. Claimant has combined covered and agricultural uncovered employment during seasonal work period.
- g. Previous annual earnings are intermittent and insufficient to live on. Possible self-employment.

2. Known Physical Limitations

- a. Left last job because of illness.
- b. Claimant refers to physical limitations or recent illness.
- c. Visible disability precludes employment in the occupation sought. Possible reclassification.
- d. Failed to get job in occupation because failed physical examination. Possible reclassification.

3. Earnings

- a. Consistent record of partial earnings. Possible supplemental wage earner or OAS.
- b. Reports casual earnings on job normally not casual occupation.
- c. Reports regular part-total earnings in occupation or industry normally full-time permanent.

4. Restrictions on Area

- a. Claimant limits self to area where he has worked before.
- b. Area specified uses limited number in occupation of claimant.
- c. Most employment in occupation of claimant is not in this area. Question of attachment to labor market.

5. Union Status

- a. Wants work where hiring is normally controlled by union, but is not a member.
- b. Is member of union known to have work currently available.
- c. Says is union member, but work history does not indicate work in union occupation.

- d. Says union controls all hiring, but office knows that union allows members to solicit own jobs.

6. Voluntary Quit

- a. "All employer's fault" - check with employer.
- b. Alleged layoff when employer not laying off.
- c. Alleged layoff when workers in demand in occupation.
- d. Doesn't know reason he was laid off.
- e. Reason for layoff is that claimant moved. Possible voluntary quit or firing for cause.

7. Seek Work

- a. Search for work shows no application to firms using the occupation.
- b. Area in which work sought uses few or none in occupation.
- c. Seeks work with employer known not to be hiring.
- d. Confines search to same employers.
- e. Confines search to very narrow area or area near local office all in one day.

8. Lack of Understanding (often results in overpayment)

- a. Has language barrier.
- b. Low grade intelligence
- c. Illiterate or partially so.
- d. Age of claimant.

B. Tips on discovering Fraud:

Ordinarily a fraudulent claim is not uncovered just by chance. Generally an employee, alert to indications of fraud, exerts both time and effort to ascertain the factual information necessary in order to determine whether that claim is fraudulent. Claims-taking personnel refer to circumstances which indicate fraud as "tips". Such tips or clues may become apparent when the employee asks himself the following questions:

(1) Is it important that I "observe" each claimant?

A local office staff member alert to the problem of fraud will observe each claimant at the counter, and if anything unusual is noticed, will question the individual. Some of the tips which may indicate the need for additional questioning are claimants who:

- a. Appear in work clothes or wearing industry or license badges peculiar to a certain occupation, such as taxi drivers, bell hops, porters, truck drivers, filling station operators, elevator operators, nurses, waiters, and waitresses, deliverymen, etc.
- b. Dirt, grease, oil, coal dust, paint, etc. on their hands, face or clothing.
- c. Seem nervous or evasive during questioning.
- d. Ride to the local office in a commercial vehicle.
- e. Seems unduly hasty or anxious in their manner.
- f. Carry occupational paraphernalia such as tools, sample case, brief case, material, school books, lunches, etc.
- g. Mention a pertinent fact of a suspicious nature.

While waiting to be processed claimants naturally will converse with each other. Any statements which are overheard and which may indicate the fraudulent claiming of benefits should be thoroughly checked.

In addition, it is an accepted fact that workers in some occupations cannot avoid carrying certain odors peculiar to the occupation in their clothing. For example, a fry cook may carry the odor of grease; a painter the odor of paint; a filling station operator the odor of gasoline; and etc. When such odors are apparent claimants should be questioned.

2. Is the Claimant "able" to work?

During the routine processing of a claimant, information may be presented which would appear to involve the individual's ability. Some of the conditions which would make the claimant's ability to work questionable, are:

- a. Advanced pregnancy.
- b. Marks of a disabling nature, such as:
  - (1) Walking on crutches.
  - (2) Arm in sling or cast.
  - (3) Bandages on hands or face.
  - (4) Swollen face, hands or limbs, black eye.
- c. Symptoms of serious illness, such as:
  - (1) Claimant is weak physically.
  - (2) Claimant appears to be nauseated, feverish.
  - (3) Claimant appears to be ill. If claimant faints in the local office, the services of both a doctor and a deputy are needed--the deputy to determine the claimant's ability to work.
- d. Inebriation or evidence of excessive drinking.  
 A claimant who is inebriated at the time he reports to the local office could be referred to a deputy in the current week to determine if he was in any condition to realize what the voucher execution involved. He could be referred during the subsequent week for a determination on availability for the day he reported to the local office in an inebriated condition.

3. Is the Claimant "available" for work?

Most frequently it is the claimant's availability, rather than his ability that seems doubtful. Some of the tips concerning claimant's availability become obvious in the process of "questioning" and "observing" the claimant. In addition the following items warrant checking:

- a. The claimant appears at the office with small children.
- b. Claimant has moved to a locality where jobs in his or her occupation do not exist.
- c. Claimant repeatedly reports at the office at a time different than that scheduled without sufficient justification.
- d. Repeated periods where unclaimed weeks were due to illness, not available, out of town, etc., raises the question, whether the claimant was available for weeks paid or currently being claimed.
- e. Consistent reporting of small odd job employment which is below the minimum allowance to avoid a detection. Perhaps it is a salve to conscience that claimants will sometimes report only their earnings up to \$3.00 per week since they know that figure will not effect their weekly benefit amount.

- f. Labor market conditions with respect to certain occupations may make a claimant's payment record appear irregular. For example, where there is a demand for carpenters, bricklayers, plasterers, and etc., it would be irregular for a claimant skilled in one of these occupations to be drawing benefits for extended periods.

C. What Should Local Offices Do About Complaints?

(1) Types of Complaints:

- a. Complaints from the public are received in almost all local offices. Some of these lack sufficient information for an investigation and others are inaccurate. However, experience has proven that these complaints should be investigated since they are often the source of the most flagrant cases.
- b. Complaints come from claimants. Such persons may argue that his claim should not be denied because certain other individuals are in the same circumstances and are receiving benefits. The names of these other individuals should be obtained and their cases should be investigated.
- c. Complaints may come from employers. This type of complaint should be handled quickly and efficiently. Many employers have the erroneous opinion that nothing is done about fraud and it would be a waste of time to report the matter to the office. Local offices should make every effort to overcome this impression and solicit the cooperation of reputable employers.

(2) Who is responsible for the investigation of complaints?

The purpose of the Fraud Investigation Unit is to assist local offices in carrying out their responsibility for fraud prevention and detection. The establishment of this unit does not take away the responsibility of the local office for uncovering fraudulent claims. Responsibility for investigations at the local office level rests with the local office manager who may delegate to the assistant manager or other personnel the job of "following-up" on complaints received by that office. It is apparent that one field investigator covering the state could not possibly handle every complaint personally. It is entirely feasible for the local office to request "investigative aid" from the Fraud Control Unit. This aid can be in the form of suggestions or supplying a field investigator where circumstances warrant such an action.

## VII. WHAT IS AN INVESTIGATION:

A. Definition: Webster defines investigation as ... "the process of follow-up or research by patient inquiry and observation and examination of facts." As we can see from the definition it is not a mysterious process which requires a "Sherlock Holmes". It is a process which requires patience, imagination, and a thorough study, observation and examination of facts.

All local offices know that every claimant which reports to the office may have a different set of circumstances which surrounds his claim. No two cases are exactly alike, and no form or forms may be devised which would preclude "thinking" (study, observation and examination of facts).

B. Purpose: The purpose of an investigation is to get all the facts. No absolute pattern can be set down for investigating fraud. However, skill in the techniques of obtaining and recording information can be developed. The material which follows attempts to outline a general approach to all investigative problems.

## VIII. WHAT ARE SOME STEPS IN CONDUCTING AN INVESTIGATION?

A. The Complaint: Complaints may come from four different sources: the public, other claimants, employers, or from observations and/or questions of local office personnel. The first obvious step is to secure as much information from the complaintant as is possible.

- (1) Who is supplying the information? What is his name and address; what is the claimant relationship to the complaintant; is he or she a relative or an acquaintance; how long has he or she known the claimant; and what is the motive or reason for the complaint (is it spite, revenge, jealousy or etc.).
- (2) What are the facts of the allegation? Who told the complaintant; what are the facts; where did the alleged violation occur; when did it occur; why did it occur (their opinion); and how did it occur.
- (3) Where is the claimant now? Is he working; where is he living; when is he home? Who else knows the claimant; how many in his family; and who are some of his relatives and acquaintances?

- (4) When did the alleged violation occur? Was he working at the time; where was he working; how long had he been working there; what does he do at this place of business; how much does he receive in pay and etc.
- (5) How did the complaintant learn of the violation? Who told them this information; what are their names and addresses; what relationship do they have to the complaintant and the claimant; would they be willing to cooperate with the employment service?

B. What information does our office have on the claimant?

The next logical step is to analyze the information which is in record in your office. In addition it is wise to check records to see if the person or persons which furnished information regarding the claimant has been drawing benefits, or if the claimants friends and associates have a claim. Background data may be obtained from "active" and "closed" file of #210 cards. Also review the claimants #511 card and talk to other local office personnel to see if anyone else can furnish background data on the claimant.

C. Should I record this background information?

Make a written record of information recorded on the claimants #210 and #511 cards. This will help you in your forth coming interview with the claimant and will insure that pertinent facts are not omitted.

- (1) Description of Claimant: Name, social security number, sex, marital status, age, address, education, number of dependents, veteran status, special skills or education and personal habits, general character, physical health.
- (2) Claimant's Work History: Is he a full-time member of the labor market (how long has he or she been employed, was it steady, how many lay-offs and etc.). Where did he work (names and addresses, length of service, type of work and pay). Has he been referred to any jobs (what was the outcome of job referrals, what is his occupational code, what type of work does he prefer, what are his chances of finding this type of work). Is he a member of a union (what local number, is the union active, can the union find him a job, do they place any limitations on his availability).
- (3) Analyze his Claim Records: Has he filed for benefits before, did he have a BRI. Is there a pattern to his unemployment. How many weeks has he drawn; any earnings? Any odd-jobs?



D. Do I need additional information regarding this claim?

After a claims-taker has reviewed information already in record it generally becomes apparent what additional information will be needed to make an intelligent recommendation. The next question which arises is who can supply this information.

No person is capable of earning a living and enjoying this life without making friends, acquaintances and contacts in his work and in his home. When checking to see if a person is employed it is generally a good idea to check with former employers to see if they know where the claimant is working. This information can be obtained by telephoning former employers. Also, neighbors, friends, and acquaintances know what the claimant is doing or where he is employed and can furnish information if approached with tact and a business-like attitude. Use the telephone where possible-- it can save time and effort.

IX. WHY MUST THE LOCAL OFFICE INTERVIEW THE CLAIMANT SUSPECTED OF FRAUD?

A. What is the purpose of the interview with the claimant suspected of fraud?

The purpose of the interview is to get all pertinent facts. To do this, it is necessary to obtain facts from the claimant; evaluate these facts; verify the facts; and record the facts and obtain a signed statement. After the Deputy has developed this information he can apply governing principles and policies and make a determination.

B. Why should the Deputy plan the interview in advance?

It is necessary to plan the interview with the claimant in advance so that all facts needed for a fair and accurate determination will be obtained. In order to do this the Deputy must become thoroughly acquainted with all information at hand and verify it through interview. It is important to be objective and approach the problem without a preconceived idea as to the claimant's guilt or innocence.

C. Why is it necessary to gain and hold the confidence of a claimant during interview?

The success of an interview can best be judged by analyzing the facts which were obtained. It is impossible to get information from a claimant unless the Deputy establishes a feeling of mutual confidence with the claimant. Mutual trust and understanding must be earned. The Deputy can best accomplish this by;

1. Being courteous and friendly.
2. Showing a genuine interest and thereby putting the claimant at ease.
3. Gauging the method of interview to conform with the age and general characteristics of the claimant.
4. Reflecting a business-like attitude.

D. Is it important that a Deputy give the claimant information?

The only sound basis for fact finding is one of honesty and frankness. The impartial Deputy will tell the claimant what he wants to know and why he wants to know it.

The claimant should be advised of the following:

1. There appears to be an irregularity in his claim.
2. He must be informed that his case is under investigation. The Deputy must be careful not to accuse the claimant of fraud but explain the evidence which indicates a possible irregularity.
3. If the claimant refuses or hesitates to answer questions he should be advised of the penalties which may be imposed if an investigation reveals that he is guilty of withholding information. If the claimant is advised of the advantages of giving all the facts he may be more willing to give complete and correct information. For example, it can be pointed out that if he withholds information there is no alternative other than to take the employer's statement or make a determination upon the information which is available.
4. Remember when talking to the claimant that the law considers an individual to be innocent until proven guilty. Inform him--do not threaten him. Although he has signed forms certifying that he is familiar with the penalties he may not have understood it, explain the law in words the claimant will understand. Use simple language.
5. If it is evident that fraud exists inform the claimant that he is under no obligation to make a statement which might incriminate him. Point out, however, that a true statement will save time and make his case less complicated and eliminate unnecessary investigation. He should be informed that existing circumstances will be taken into consideration but the determination will be based upon facts and not upon sentiment.

E. Is it necessary to control the interview?

Successful interviews do not just happen, they are planned. In order to obtain the necessary information as quickly as possible the Deputy must control the interview. If this is to be accomplished the Deputy must know the purpose of the interview. (What the claimant did, why he did it, and what were the actual facts). The Deputy should guide the conversation by asking skillfully phrased questions at the proper moment in order to obtain the pertinent facts.

F. How do we obtain pertinent facts?

It is important that the Claims Deputy knows what he wants to find out and how he can find out the information. It is well for the interviewer to ask himself the following questions:

1. Did the claimant draw benefits while he was employed?
2. What are the dates that he drew benefits and what were the dates of his earnings?
3. Did he have any other employment during the period in question?
4. What did the claims taker that took his claim tell him when he signed up for his unemployment compensation?
5. Did he receive his benefit warrants through the mail and did he read the red card which was attached?

G. Is it necessary to establish the intent of the claimant?

An important step in the interviewing process is to find out the intent of the claimant in claiming benefits illegally. Was it done unknowingly through honest error or was it done knowingly and willfully through intent to defraud.

To establish this aspect of fraud it is necessary for the Deputy to determine whether the claimant understands the unemployment compensation laws. If the claimant has collected benefits previously it is assumed that he had knowledge of the requirements for the receiving of benefits. Many facts must be kept in mind and conclusions drawn from the claimant's manner, evasions, attempts to withhold information, and, most important, the factual evidence.

It is well for the claims taker to ask himself the following questions:

1. Was the claimant informed or was he mis-informed?
2. Does he have a clear understanding of his benefit week?

3. Is his manner of answering questions forthright or evasive?
4. Does he attempt to find alibis through your manner of questioning?
5. Does he have a good understanding of the English language?
6. Has he collected benefits on a prior claim?
7. Has he previously reported earnings?
8. After all the facts have been secured will there be any mitigating circumstances?

H. What are some of the reasons given by claimant for collecting or applying for benefits illegally?

1. Did not think such small earnings were necessary to report.
2. Thought that unless he earned \$26.00 (\$30.00) he did not need to report any earnings.
3. Believed he could draw benefits until he received his first pay check.
4. Needed the extra money very badly because of sickness in the family.
5. I needed one weeks benefits as I did not have car fare to get to my work.
6. My rent was due and I would have been evicted.
7. I was off work a full week (not a calendar week).
8. I wasn't asked if I had earnings.
9. I forgot which day I actually worked and guessed at the date.
10. I didn't know I could not draw benefits while I was sick.

I. Is it important to record facts during an interview?

During the entire interviewing process the Deputy will be weeding out the irrelevant from the pertinent facts. If the pertinent facts are not included in the record they are worthless. It is important that facts learned during the interview be recorded and summarized into a signed statement when the interview is concluded. You must have tangible statements of facts in order to substantiate a disqualification.

J. Is the close of an interview important?

The close of the interview really requires more than the opening. Since the claimant knows by the very nature of the interview that he may be penalized or prosecuted the Deputy must exert every effort to conclude the interview in a way that will not impair public relations. It is also important that the Deputy ask himself the following questions:

1. Have I obtained all the facts?
2. Do I have a record of exactly what happened?
3. Is the claimant's statement correctly written and factual?
4. Do we have sufficient facts to make a sound conclusion?

Explain to the claimant that his determination will be mailed to him and that he will have a right of appeal. The interview then should be closed in a courteous and tactful manner. It is important to know when you have achieved your purpose.

X. SUMMARY.

In summary the writer has attempted to show how the local office and the central office of the Employment Service can improve the claims taking procedures which will help prevent fraud and over-payments from occurring. All of us should be open to new ideas and continually analyze our methods and procedures so that the fraud problem may be controlled.

A. What can local offices do to improve their interviewing techniques?

When the local office personnel interview the claimants they should ask themselves the following questions:

1. Do I know my objective. Why am I interviewing this claimant?
2. Am I planning my interview?
3. Am I familiar with information contained in the office records?  
Am I studying this information before the claimant arrives at my desk?
4. Am I being objective or do I have preconceived ideas of guilt or innocence.
5. Am I putting the claimant at ease? Am I courteous, friendly and business-like; do I show a genuine interest; and am I gauging my method of interview to suit the differences of individual claimants?
6. Am I giving current and sufficient information to the claimants I interview?
7. Am I controlling the interview? Am I keeping the claimant "on the tracks"?
8. Am I obtaining the pertinent facts?
9. Do I record these facts immediately and summarize them in a signed statement?
10. Do I close the interview tactfully after the objective has been reached?

B. What can the central office do to help prevent and detect fraud and over-payments?

1. Assist the local office in analyzing their methods and procedures.
2. Develop methods of more effective processing by surveys, studies and audits.
3. Post audit or cross-matching of wages and benefit accounts.
4. Supplying individual investigative help whenever it is needed.