

Nearly \$163 Billion of US Taxpayer-Funded Pandemic Aid Stolen from Federal and State Agencies

Criminals stole nearly \$163 billion of American taxpayer money from the pandemic-related unemployment aid that was meant for American workers, families, small businesses and industries. And many of the thieves were from foreign countries, so the money may never be recovered.

Just over a year after Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020 and the Coronavirus Response and Consolidated Appropriations Act in 2021, experts were warning that criminals may have stolen as much as half of the unemployment benefits the U.S. government made available, amounting to some \$400 billion.

According to some estimates, the bulk of the money probably ended up in the hands of foreign crime syndicates – making this not just theft, but a matter of national security, the news outlet Axios reported.

Fast-forward to March of this year when U.S. Department of Labor Inspector General Larry Turner testified before a Senate committee saying he believed American taxpayers lost \$163 billion through pandemic-related unemployment benefits fraud.

“Instead of a thorough examination of an applicant’s eligibility, many programs substituted this requirement with quicker self-reported information, which contributed to funds mistakenly being sent to deceased individuals; ineligible applicants, for fraudulent criminal schemes,” said Senate Committee on Homeland Security and Governmental Affairs Chairman Gary Peters (D-Mich.).

So how did these crooks gain access? They used Americans' personal information exposed in past data breaches, according to the news outlet Newsy.

"It's kind of shocking, but the cost of buying those sort of basic identifiers on the dark web is pennies on the dollar," American Enterprise Institute Senior Fellow Matt Weidinger told the outlet.

Woody Talcove, CEO of LexisNexis Risk Solutions – Government, told InsideSources that the fraud rate for unemployment insurance is currently estimated at %, the highest of any government benefits program.

No Barriers for Criminals

Brett Johnson, a cyber-crook turned cybersecurity expert, told InsideSources that the passage of the CARES Act not only expanded unemployment eligibility but also decreased barriers to fraud. And federal agencies were not the only ones affected. State agencies were widely targeted.

"There was no security in place for six months," Johnson said. "State unemployment offices had never really seen any fraud before. There was some fraud, but not at scale, and not with the type of attackers that had been hitting them."

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