

117TH CONGRESS  
1ST SESSION

# H. R. 4190

To impose anti-fraud requirements with respect to certain unemployment benefits authorized under the CARES Act, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2021

Mrs. STEEL (for herself, Mr. MCCARTHY, Mr. HARDER of California, Mr. LAMBORN, Mr. LAMALFA, Mr. NUNES, Mr. ISSA, Mr. GARCIA of California, Mr. CALVERT, Mr. MCCLINTOCK, and Mr. VAN DREW) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To impose anti-fraud requirements with respect to certain unemployment benefits authorized under the CARES Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Pandemic Unemploy-  
5 ment Assistance Fraud Protection Act”.

1 **TITLE I—TAXPAYER AND UNEM-**  
2 **LOYED WORKER PROTEC-**  
3 **TION**

4 **SEC. 101. STATE ANTI-FRAUD REQUIREMENTS.**

5 (a) IN GENERAL.—Section 2118 of the CARES Act  
6 (15 U.S.C. 9034) is amended—

7 (1) in subsection (b)(3), by inserting “the devel-  
8 opment and implementation of a recovery plan and  
9 the establishment of an anti-fraud task force as de-  
10 scribed in subsection (d) and” after “including”;

11 (2) by adding at the end the following:

12 “(d) ANTI-FRAUD REQUIREMENTS.—

13 “(1) IN GENERAL.—As a condition of receiving  
14 a grant under subsection (b)(3), the Secretary of  
15 Labor shall require that each State or territory re-  
16 ceiving such a grant take the following actions:

17 “(A) RECOVERY PLAN.—Not later than 30  
18 days after the date of enactment of this sub-  
19 section, each such State or territory shall sub-  
20 mit to the Secretary of Labor a plan to recover  
21 all amounts of pandemic unemployment assist-  
22 ance paid under section 2102 to individuals who  
23 fraudulently obtained such assistance.

24 “(B) TASK FORCE.—Not later than 90  
25 days after the date of enactment of this sub-

1 section, each such State or territory shall estab-  
2 lish an anti-fraud task force to investigate and  
3 recover amounts described in paragraph (1),  
4 and to develop a strategy for the implementa-  
5 tion of the plan described in such paragraph.  
6 Such task force shall seek the cooperation of  
7 relevant entities in the State or territory, in-  
8 cluding local law enforcement, State law en-  
9 forcement, and the State Office of the Inspector  
10 General.

11 “(C) REPORTS BY STATE OR TERRI-  
12 TORY.—

13 “(i) IN GENERAL.—At such times and  
14 in such manner as the Secretary of Labor  
15 may provide, each such State or territory  
16 shall submit to the Secretary of Labor a  
17 report specifying the ratio (expressed as a  
18 percentage) of—

19 “(I) amounts described in para-  
20 graph (1) that have not been recov-  
21 ered as of the date of such report, to

22 “(II) the total amounts of pan-  
23 demic unemployment assistance that  
24 have been paid to individuals under

1 section 2102 by such State or terri-  
2 tory.

3 “(ii) ENFORCEMENT.—In any case in  
4 which the Secretary of Labor determines  
5 that a State or territory has failed to sub-  
6 mit any report under clause (i), section  
7 1202(b)(10)(A) of the Social Security Act  
8 shall not apply with respect to such State  
9 or territory for any period after the date of  
10 such failure.

11 “(2) REPORTS BY SECRETARY OF LABOR.—

12 “(A) RELATING TO STATE RECOVERY  
13 PLANS.—Not later than 45 days after the date  
14 of enactment of this subsection, the Secretary  
15 of Labor, in consultation with the Secretary of  
16 the Treasury, shall provide Congress with each  
17 plan submitted under paragraph (1)(A) and  
18 shall certify which such States and territories  
19 have submitted such a plan.

20 “(B) RELATING TO STATE REPORTING.—

21 “(i) IN GENERAL.—For each month  
22 beginning after the date of enactment of  
23 this subsection and ending on or before the  
24 termination date specified in clause (ii),  
25 the Secretary of Labor shall submit to the

1           Committee on Ways and Means of the  
2           House of Representatives and the Com-  
3           mittee on Finance of the Senate a report  
4           that includes, subject to clause (ii), the  
5           percentage described in paragraph  
6           (1)(C)(i) for each State or territory that  
7           has received a grant under subsection  
8           (b)(3).

9           “(ii) TERMINATION DATE.—The ter-  
10          mination date specified in this clause is the  
11          earlier of December 31, 2025, or, with re-  
12          spect to each State or territory required to  
13          submit reports under paragraph (1)(C),  
14          the date of the first such report in which  
15          the percentage specified in such report  
16          does not exceed 5 percent.”.

17          (b) AUTHORIZATION OF FUNDS FOR FEDERAL LAW  
18          ENFORCEMENT.—There are authorized to be appropriated  
19          to the Attorney General \$50,000,000 for each of fiscal  
20          years 2022 and 2023 for purposes of partnering with  
21          State anti-fraud task forces and State and local law en-  
22          forcement to implement section 2118(d) of the CARES  
23          Act.

1 **SEC. 102. RECOVERY OF OVERPAYMENTS ATTRIBUTABLE**  
2 **TO FRAUD.**

3 (a) RECOVERY OF OVERPAYMENTS BY THE TREAS-  
4 URY.—

5 (1) IN GENERAL.—Section 2102(f)(3) of the  
6 CARES Act (15 U.S.C. 9021(f)(3)) is amended by  
7 adding at the end the following: “In any case in  
8 which a State agency makes an overpayment of as-  
9 sistance to any individual under an agreement under  
10 this section, the State shall make restitution to the  
11 Secretary for the amount of such overpayment.”.

12 (2) EFFECTIVE DATE.—The amendments made  
13 by paragraph (1) shall take effect as if included in  
14 the enactment of the CARES Act (Public Law 116–  
15 136).

16 (b) PROCESSING FEE FOR UNRECOVERED OVERPAY-  
17 MENTS ATTRIBUTABLE TO FRAUD.—

18 (1) IN GENERAL.—Section 3304(a) of the In-  
19 ternal Revenue Code of 1986 is amended—

20 (A) in paragraph (4), by striking “and” at  
21 the end of subparagraph (F), by inserting  
22 “and” at the end of subparagraph (G), and by  
23 adding at the end the following:

24 “(H) amounts may be withdrawn for the  
25 payment of fees in accordance with paragraph  
26 (19);”; and

1           (B) by striking “and” at the end of para-  
2           graph (18), by redesignating paragraph (19) as  
3           paragraph (20), and by inserting after para-  
4           graph (18) the following:

5           “(19) in the case of any State that fails to re-  
6           cover at least 75 percent of amounts of pandemic  
7           unemployment assistance paid to individuals who  
8           fraudulently obtained such assistance under section  
9           2102 of the CARES Act prior to December 31,  
10          2022, the payment of a processing fee to the Sec-  
11          retary of the Treasury, for each withdrawal made  
12          from the unemployment fund of the State, in a total  
13          amount equal to the amounts of such assistance un-  
14          recovered as of such date, to be amortized, as deter-  
15          mined by the Secretary of Labor, over a 5-year pe-  
16          riod beginning on January 1, 2023, except that in  
17          no case may the method governing the computation  
18          of regular compensation (as defined in section  
19          205(2) of the Federal-State Extended Unemploy-  
20          ment Compensation Act of 1970) under the State  
21          law be modified in a manner such that the number  
22          of weeks, or the average weekly benefit amount, of  
23          regular compensation (as so defined) which will be  
24          payable after any such withdrawal be less than the  
25          number of weeks, or the average weekly benefit

1 amount, of the average weekly benefit amount of  
2 regular compensation (as so defined) which would  
3 otherwise have been payable at such time under the  
4 State law, as in effect on January 1, 2020; and”.

5 (2) CONFORMING AMENDMENT TO SOCIAL SE-  
6 CURITY ACT.—Section 303(a)(5) of the Social Secu-  
7 rity Act (42 U.S.C. 503(a)(5)) is amended by strik-  
8 ing “; and” at the end and inserting “: *Provided fur-*  
9 *ther*; That amounts may be withdrawn for the pay-  
10 ment of fees in accordance with paragraph (19) of  
11 section 3304(a) of the Internal Revenue Code of  
12 1986”.

## 13 **TITLE II—PAYMENTS FOR ENTI-** 14 **TLED AMERICANS AND ANTI-** 15 **FRAUD**

### 16 **SEC. 201. STATE CROSS-CHECK REQUIREMENTS.**

17 (a) IN GENERAL.—Section 2102(f) of the CARES  
18 Act (15 U.S.C. 9021(f)) is amended by adding at the end  
19 the following:

20 “(4) COMPARING INFORMATION FOR FRAUD  
21 PREVENTION.—As a condition of any agreement  
22 under this section, a State shall—

23 “(A) enter into an agreement with the At-  
24 torney General under which the list of individ-  
25 uals receiving pandemic unemployment assist-



1           ance under this section shall be regularly com-  
2           pared with a list of each prisoner in Federal  
3           custody at a Federal correction facility within  
4           that State;

5           “(B) establish a regular comparison of  
6           such list of individuals with a list of each pris-  
7           oner in the custody of that State at a correc-  
8           tional facility in that State;

9           “(C) participate in the E-Verify Program  
10          described in section 403 of the Illegal Immigra-  
11          tion Reform and Immigrant Responsibility Act  
12          of 1996 (division C of Public Law 104–208; 8  
13          U.S.C. 1324a note) with respect to applicants  
14          for pandemic unemployment assistance; and

15          “(D) use the results of the comparisons  
16          and participation described in subparagraphs  
17          (A), (B), and (C) to investigate and prosecute  
18          fraud relating to pandemic unemployment as-  
19          sistance under this section.”.

20          (b) EFFECTIVE DATE.—The amendment made by  
21          subsection (a) shall apply with respect to pandemic unem-  
22          ployment assistance paid under section 2102 of the  
23          CARES Act on or after the date of enactment of this Act.

1 **SEC. 202. TEMPORARY ENHANCED PENALTIES FOR FRAUD**  
2 **AND IDENTITY THEFT.**

3 Any violation of section 1341 or 1343 of title 18,  
4 U.S.C., occurring in connection with an application for,  
5 or continuing receipt of, pandemic unemployment assist-  
6 ance under section 2102 of the CARES Act (15 U.S.C.  
7 9021) during the period beginning on the date of enact-  
8 ment of this Act and ending on December 31, 2021, shall  
9 be treated, for purposes of the final sentence of section  
10 1341 or 1343 of such title, as a violation of such section  
11 1341 or 1343 in relation to a presidentially declared major  
12 disaster or emergency.

13 **SEC. 203. PROTECTIONS RELATING TO TAX LIABILITY.**

14 (a) IN GENERAL.—Section 2118 of the CARES Act  
15 (15 U.S.C. 9034), as amended by section 101(a), is fur-  
16 ther amended—

17 (1) in subsection (b)(3), by striking the period  
18 at the end and inserting “: *Provided*, That up to 10  
19 percent of the amount made available under sub-  
20 section (a) may be used, pursuant to a grant de-  
21 scribed in this paragraph, for the establishment of  
22 the fraud hotline and claim processing procedures  
23 described in subsection (e).”; and

24 (2) by adding at the end the following:

25 “(e) PROTECTIONS RELATING TO TAX LIABILITY.—

1           “(1) IN GENERAL.—As a condition of receiving  
2 a grant under subsection (b)(3), the Secretary of  
3 Labor shall require that each State or territory re-  
4 ceiving such a grant take the following actions, at  
5 such times and in such manner as the Secretary of  
6 Labor may provide:

7           “(A) FRAUD HOTLINE.—Each such State  
8 or territory shall establish a fraud hotline de-  
9 signed to encourage individuals who are the vic-  
10 tims of unemployment fraud and who have re-  
11 ceived an incorrect statement of unemployment  
12 compensation furnished under section 6050B of  
13 the Internal Revenue Code of 1986 for a cal-  
14 endar year to report such fraud to the State or  
15 territory.

16           “(B) PROCESSING OF CLAIMS.—Each such  
17 State or territory shall—

18           “(i) maintain a database of all reports  
19 made as described under paragraph (1);

20           “(ii) investigate and make a final de-  
21 termination with respect to each such re-  
22 port;

23           “(iii) notify the Commissioner of In-  
24 ternal Revenue—

1                   “(I) of each such report received  
2                   with respect to an individual for a cal-  
3                   endar year; and

4                   “(II) of the final determination  
5                   made with respect to such report.

6                   “(2) REPORT TO CONGRESS.—Not later than  
7                   90 days after the date of enactment of this sub-  
8                   section, the Secretary of Labor, in consultation with  
9                   the Secretary of the Treasury, shall submit a report  
10                  to Congress certifying whether each State or terri-  
11                  tory receiving a grant under subsection (b)(3) has  
12                  taken the actions described in paragraph (1).”.

13                  (b) TIMELINESS OF TAX REFUNDS.—If the Commis-  
14                  sioner of Internal Revenue is notified by a State that an  
15                  individual has filed a report under section 2118(e) of the  
16                  CARES Act with respect to an incorrect statement of un-  
17                  employment compensation furnished under section 6050B  
18                  of the Internal Revenue Code of 1986—

19                  (1) the Commissioner shall not delay making  
20                  any refund with respect to a return of tax by such  
21                  individual solely on account of a difference between  
22                  the amount of unemployment compensation included  
23                  on such return and furnished on such statement;  
24                  and

1           (2) except as otherwise provided in section 6851  
2           or 6861 of such Code, no assessment of any portion  
3           of a deficiency that is attributable to such any dif-  
4           ference may be made,  
5           unless such delay or assessment is based on the final de-  
6           termination made by the State with respect to such report.

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