



H.R. 8873, *Recover COVID Unemployment Fraud in Banks Act* Rep. Van Duyne (R-TX) and Rep. Suozzi (D-NY)

Background:

- Department of Labor Inspector General (DOL-OIG) recently found **nearly \$1 billion in unspent COVID-19 unemployment insurance (UI) funds** frozen and held by financial institutions across the country due to fraud.
- Funds were identified on **millions of prepaid debit cards issued by states** to distribute supplemental federal UI benefits during the pandemic.
- More than six years after the pandemic, **these accounts have been left “forgotten” by state workforce agencies, unreconciled**, and in some cases transferred by banks to state unclaimed property due to inactivity, complicating recovery efforts.
- Without Congressional action, **hundreds of millions in taxpayer dollars may go unrecovered.**
- In addition, **the statute of limitations for prosecuting pandemic UI fraud began to expire in March of 2025**; an extension is needed to provide more time for federal agencies to prosecute fraudsters and recover taxpayer dollars.

H.R. 8873, *Recover COVID Unemployment Fraud in Banks Act*:

- **Establishes a federal taskforce**, led by a National Recovery Coordinator, to coordinate with applicable state agencies to **identify federal pandemic UI payments issued on prepaid debit cards** held by financial institutions or transferred to state agencies responsible for unclaimed property.
- Requires the taskforce to develop model processes that **facilitate cost-effective recovery of payments and return them to the federal government.**
- Includes **due process protections and information for claimants found to have had their identity stolen** connected to fraudulent payments.
- Requires the issuance of guidance to financial institutions that **provides a legal pathway to return payments to the appropriate state agency.**
- Mandates the creation of guidance to states agencies responsible for unclaimed property on the obligations of their agencies **to review and return payments to the federal government.**
- **Extends the statute of limitations for criminal prosecution** and civil enforcement actions in pandemic unemployment programs **from 5 to 10 years** to provide law enforcement agencies more time to hold fraudsters accountable.