



Second Quarter 2019

Unemployment Insurance Fraud and Identity Theft

How to Protect Yourself and Your Employees

Now, more than ever, it's vital as an employer to partner with the Employment Development Department (EDD) in preventing identity theft and the imposter fraud that can come with it through the Unemployment Insurance (UI) program.

UI imposter fraud occurs when someone steals personal information belonging to an employee and uses the information to obtain fraudulent UI benefits. Unchecked, these fraudulent benefits will increase your UI rate and, therefore, increase your cost of doing business. While the EDD actively investigates these cases, we need your help to protect the integrity of the UI Fund and to preserve the fund for future qualified workers' benefits.

To minimize potential fraud, protect your employees' identity, and safeguard your UI reserve account from improper charges and a potentially higher tax rate, **we urge you to carefully review any EDD statement and/or notice and respond as directed in a timely manner.**

1. If you receive an EDD notice stating that an employee has filed a UI claim for benefits, but the employee still works for you and has informed you that he or she did not file that claim, **immediately** alert the EDD of these critical facts so we can take action.

2. If you have already returned the notice before learning that your employee did not file a claim for benefits, please take a few minutes to file an online **fraud report**.

Both of these actions will prevent UI benefits from fraudulently being paid and provide critical evidence needed by the EDD to pursue criminal prosecution. If no response is received from you within 10 days of the notice, the EDD is required to determine eligibility for benefits based only on the information provided by the claim applicant and any other available facts.

To help you in this important role, the EDD provides an electronic option for responding

to EDD information requests with a system known as **SIDES** (State Information Data Exchange System). Using SIDES can get notifications to you faster, allowing you more time to gather information and respond timely, as well as help reduce errors and administrative costs. For more information, visit **SIDES**.

In addition, you can help your employees who may be victims of identity theft by:

1. Providing them with the brochure ***Protect Your Identity and Stop Unemployment Insurance Fraud (DE 2360EE) (PDF)***.
2. Connecting them with information available through the **California Office of the Attorney General**.

We appreciate you, our employer partners, for helping us in this committed effort to fight fraud.

A Look at Workers' Compensation Fraud and a Call to Report It

Workers' compensation fraud costs the citizens of California billions of dollars each year. It is more than an employee exaggerating a medical condition, workers' compensation fraud can come in other forms such as: health care providers billing for services never performed, employers under-reporting payroll, or attorneys, claims adjusters facilitating claimant fraud, etc.

The consequences of workers' compensation fraud are serious. It is a felony to make a false or fraudulent statement to obtain or deny any compensation. It is also a crime to knowingly assist, conspire with, or solicit any person in an unlawful act of workers' compensation insurance fraud. The same is true for making, or causing, a false or fraudulent statement to be made in regard to entitlement of benefits with the intent to discourage an injured worker from claiming benefits or pursuing a claim.

A conviction for workers' compensation fraud may be punishable by:

- Imprisonment up to one year in county jail, or two to five years in a state prison.
- Receiving a fine not exceeding \$150,000, or double the amount of the fraud, whichever is greater.
- Being charged investigation-related costs.
- Being ineligible to receive or retain compensation owed or received as a result of workers' compensation fraud.

Mandatory restitution will be ordered (if convicted) for any medical evaluation or treatment services obtained or provided.

To get more information or to report workers' compensation fraud, call the Department of Insurance fraud hotline number at 1-800-927-4357. You can also visit the **Fraud Division's** website to obtain more information and locate the phone number for the Fraud Division office nearest you.

e-Services for Business. Online. Anytime.

Statement of Charges to Reserve Account (DE 428T)

Your DE 428T Will Be Heading Your Way Soon

In a few short months, your annual *Statement of Charges to Reserve Account* (DE 428T) will be arriving in your mailbox. To ensure your DE 428T is sent to the correct address, be sure to notify the EDD immediately if there are changes to your address and/or agent information. Remember, you can also submit an electronic request using [e-Services for Business](#) to update your address.

The DE 428T statement notifies you of the UI benefit charges and credits to your reserve account during the fiscal year from July 1, 2018, through June 30, 2019. The itemized charges to your reserve account are based on the UI benefits paid to your former employees. These charges may increase your UI contribution rate for the 2020 tax year, therefore, it is important to review your DE 428T for accuracy.

If you disagree with any of the charges listed on the DE 428T, you may file a protest online using e-Services for Business or in writing within 60 days from the issued date on the DE 428T to be considered timely. For further information, please refer to the [Information Sheet: Statement of Charges to Reserve Account \(DE 428T\) \(DE 428I\) \(PDF\)](#) or the [DE 428T Protest Sample Form \(DE 428C\) \(PDF\)](#).

The DE 428T is also available to view through your e-Services for Business account. If you are not enrolled in e-Services for Business, enroll today and learn more about other available features and benefits.

If you need assistance enrolling, accessing your employer payroll tax account using e-Services for Business, or have questions on how to view your DE 428T online, contact the Taxpayer Assistance Center at 1-888-745-3886.

Updated Disability Insurance and Paid Family Leave Forms are Now Available to Order

New payment options for Disability Insurance (DI) and Paid Family Leave (PFL) were made available to your employees effective April 1, 2019. As a result, the DI and PFL benefit forms and publications have been updated to reflect the new changes. Now is a good time to review your supply of forms and publications for the most current revisions.

The current forms and publications will indicate the revision (Rev) number and year as shown below:

- [Claim for Disability Insurance \(DI\) Benefits \(DE 2501\) Rev. 80 \(4-19\)](#)

- [Disability Insurance Provisions \(DE 2515\) \(PDF\) Rev. 66 \(3-19\)](#)
- [Claim for Paid Family Leave \(PFL\) Benefits \(DE 2501F\) Rev. 3 \(4-19\)](#)
- [Paid Family Leave Brochure \(DE 2511\) \(PDF\) Rev. 17 \(3-19\)](#)

If you need to order the updated forms and publications, visit the [EDD Forms and Publications](#) page or call 1-800-480-3287 for DI or call 1-877-238-4373 for PFL.

For additional information or to request a webinar presentation, visit the [Outreach Events Calendar](#).

AB 1245 Noncompliance Penalties Are in Effect

As an employer, you are required to electronically submit employment tax returns, wage reports, and payroll tax deposits. Effective January 1, 2019, non-compliance penalties began to be charged for paper submittal. Penalty charges are located in the table to the right.

You can prevent these penalties by using e-Services for Business to comply with the e-file and e-pay mandate. e-Services for Business is a no-cost online service that is available 24 hours a day, 7 days a week. You and your employer representatives/payroll agents can file and pay online with [e-Services for Business](#) by directly entering return, report, and payment information or by uploading bulk return and bulk payment files for multiple accounts. Express Pay can also be used for online payments. You can learn more about the approved electronic [File and Pay Options](#) from our website.

For step-by-step assistance with e-Services for Business enrollment, filing, and paying, view the [e-Services for Business User Guide \(DE 160\) \(PDF\)](#) or take advantage of the [e-Services for Business Tutorials](#). They're available 24 hours a day, 7 days a week.

If you are unable to file and pay electronically, please submit an [E-file and E-pay Mandate Waiver Request \(DE 1245W\) \(PDF\)](#) today. If you are an employer with an approved e-file and e-pay mandate waiver, you will automatically receive payment coupons and tax forms in the mail.

Type	Forms	Penalty
Tax Returns	<ul style="list-style-type: none"> • Quarterly Contribution Return and Report of Wages (DE 9) • Employer of Household Worker(s) Annual Payroll Tax Return (DE 3HW) • Quarterly Contribution Return (DE 3D) 	\$50 per return
Wage Reports	<ul style="list-style-type: none"> • Quarterly Contribution Return and Report of Wages (Continuation) (DE 9C) • Employer of Household Worker(s) Quarterly Report of Wages and Withholdings (DE 3BHW) 	\$20 per wage item
Payments	<ul style="list-style-type: none"> • Payroll Tax Deposit (DE 88) 	15% of amount due



The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 1-916-651-7572. TTY users, please call the California Relay Service at 711.

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