



U.S. Department of Labor & Office of Inspector General

NEWS RELEASE



PRESS RELEASE

US Department of Labor, Office of Inspector General Jointly Demand Financial Institutions Freeze Funds Tied to Pandemic Unemployment Fraud

May 21, 2026

FOR IMMEDIATE RELEASE

U.S. Department of Labor, Office of Inspector General

WASHINGTON – The U.S. Department of Labor and its Office of Inspector General today announced they have jointly issued formal letters demanding that financial institutions immediately preserve funds held in prepaid debit card accounts linked to fraudulent unemployment insurance claims issued across many states during the COVID-19 pandemic.

In a letter, Acting Secretary of Labor Keith Sonderling and Inspector General Anthony P. D'Esposito called on the financial institutions to freeze all identified accounts through December 31, 2026, while federal investigators work to recover potentially fraudulent funds tied to pandemic-era UI schemes. The action, in coordination with President Donald J. Trump's [White House Task Force to Eliminate Fraud](#), led by Vice President J.D. Vance, seeks to prevent stolen taxpayer dollars from disappearing through state unclaimed property processes known as escheatment.

“During the pandemic, criminals and bad actors exploited weaknesses to steal billions of dollars from the American people,” said Acting Secretary of Labor Keith Sonderling. “Under President Trump’s leadership, we have made it clear that those days are over. We are working with Vice President Vance to ensure we use every tool at our disposal to track down stolen funds, hold fraudsters accountable, and return money to the taxpayers to ensure this program is used as intended.”

“Our office has already issued alert memoranda sounding the alarm, and the time for excuses is over. Every dollar lost through delay or inaction is taxpayer money handed directly to fraudsters. We will pursue every avenue to recover these funds, and we will not allow bureaucrats or criminals to run out the clock,” said Inspector General Anthony P. D’Esposito.

During the COVID-19 pandemic, unemployment insurance programs experienced an unprecedented surge in fraudulent claims. Bad actors exploited program vulnerabilities to collect benefits they were never entitled to, in many cases through prepaid debit card accounts administered by financial institutions on behalf of state workforce agencies. Some of those funds remain dormant in accounts that, under normal circumstances, would soon be transferred to state unclaimed property agencies – a process that would make them significantly harder or impossible to recover.

To prevent that outcome, the department and its OIG are requesting that the financial institutions:

- Freeze and preserve all accounts identified in a confidential attachment through Dec. 31, 2026.
- Cooperate proactively with federal investigators to keep funds identifiable and recoverable.
- Coordinate directly with the department and its OIG on compliance and preservation efforts.

For additional information on DOL OIG, please visit oig.dol.gov. If you suspect wrongdoing involving DOL programs or operations, contact the DOL-OIG Hotline at (800) 347-3756 or oig.dol.gov/hotlinecontact.htm.

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