



May 28, 2026

MEMORANDUM FOR: HENRY MACK  
Assistant Secretary  
for Employment and Training

FROM: ANTHONY P. D'ESPOSITO  
Inspector General

SUBJECT: **Alert Memorandum:** Additional Findings Regarding the  
Recovery of Significant Unemployment Insurance Holdings  
Escheated by Financial Institution 1  
Report No. 50-26-003-03-315

Through our Alert Memorandum<sup>1</sup> remitted to the Employment and Training Administration (ETA) on January 30, 2026, the Office of Inspector General (OIG) notified ETA of urgent concerns the OIG identified through its ongoing work with financial institutions, including concerns related to unemployment insurance (UI) funds still held or escheated by Financial Institution 1 (FI1).

You will recall that, at the time the OIG issued its findings regarding FI1's UI fund holdings, the OIG assessed that:

- \$738,475,819 in total UI funds were being held by FI1 as of September 2025<sup>2</sup> on prepaid card accounts that had not been escheated, including substantial amounts previously reported to ETA as potentially fraudulent.<sup>3</sup>
- \$266,853,492 in UI funds were escheated<sup>4</sup> by FI1 as of September 2025.

In February 2026, FI1 provided the OIG an updated list of escheated UI funds and UI funds scheduled for escheatment, which my office then provided to ETA.

<sup>1</sup> Alert Memorandum: The Employment and Training Administration Needs to Ensure State Workforce Agencies Take Action to Recover Significant Unemployment Insurance Holdings Still Held by Financial Institution 1's Prepaid Card Program, Report No. 50-26-001-03-315 (January 30, 2026)

<https://www.oig.dol.gov/public/reports/oa/2026/50-26-001-03-315.pdf>

<sup>2</sup> September 2025 reflects the timing of OIG's receipt of Financial Institution 1's first subpoena productions; totals referenced herein are approximate due to rounding.

<sup>3</sup> Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to \$45.6 Billion, Report No. 19-22-005-03-315 (September 21, 2022),

<https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>

<sup>4</sup> In the referenced alert memoranda, the term escheatment refers to the mandatory obligation for financial institutions to surrender unclaimed funds. These requirements and their deadlines vary by state, and funds from a single account may not be transferred all at once but rather determined by the date of deposit against the state's required time period. These funds are not surrendered directly to SWAs, but instead go to state unclaimed property administrators.

Due to the OIG's ongoing concerns about UI funds from one state workforce agency (SWA) being escheated to various other jurisdictions' unclaimed property administrators,<sup>5</sup> I directed my special agents and data science team to examine FI1's updated UI escheatment schedule. The OIG assesses that:

- \$376,134,538 (a 41 percent increase) in UI funds were escheated by FI1 between September 2025 and February 2026.
- An estimated \$500,000,000 or more in total UI funds once held by FI1 will have been escheated by September 2026 if ETA does not take further action.

Finally, the OIG used the February 2026 FI1 data to analyze which jurisdictions' unclaimed property administrators ultimately received UI funds from FI1.<sup>6</sup> Based on this analysis, the OIG assessed that:

- 53 jurisdictions' unclaimed property administrators received escheated UI funds from the SWAs that were clients of FI1.
- On average, 34 different jurisdictions' unclaimed property administrators received FI1-escheated UI funds originally issued by the SWAs.
- \$315,071,914 in UI funds escheated to date (an average of 80 percent per state) were deposited with the unclaimed property administrator located in the same jurisdiction as the SWA that originally issued the UI funds (see Table 1 below).

**Overall, the OIG Identified  
about \$376 Million in FI1 UI Funds That Have  
Escheated to Date**

The OIG found this updated escheatment estimate represents about a 41 percent increase in the escheatment estimate the OIG cited in its January 30, 2026 Alert Memorandum,

and

The OIG found about \$315 million (about an 80 percent average per state) of the escheated UI funds were deposited with the unclaimed property administrator located in the same jurisdiction as the SWA,

and

The OIG found that more than \$120 million in FI1 UI funds will escheat by September 2026 without further action by ETA.

<sup>5</sup> Fifty states, as well as several territories, have funds with agencies administering unclaimed property.

<sup>6</sup> The OIG has not included information on all jurisdictions' unclaimed property administrators and UI prepaid card accounts affected but can provide that information to ETA upon request.

## **Conclusion**

As a result of this analysis, the OIG assesses that an opportunity exists for ETA to: ensure SWAs finalize and remit their fraud findings for all F11 UI prepaid card accounts to ETA; communicate historical escheatment data findings to state unclaimed property administrators; and assess methods to temporarily pause or otherwise address F11's ongoing escheatment of UI funds.

The OIG provided a draft of a non-public version of this alert memorandum to ETA for technical review. ETA responded timely with comments on the draft, which the OIG substantially incorporated into this alert memorandum. We also issued further details to ETA. We look forward to continuing to work with ETA personnel on this urgent concern and appreciate the cooperation and courtesies ETA has extended to us.