



Thursday, February 28, 2019

500 Still Owed Refunds For False UI Fraud Charge; Or Is It More?

Governor Gretchen Whitmer and **Attorney General Dana Nessel** said Thursday that the remaining 500 people owed a refund from the state for the penalties, interest and principle they paid after the Michigan Unemployment Insurance Agency falsely determined they committed fraud to get unemployment benefits can still claim a refund.

Between 2013-15, when a computer was largely handling fraud determinations, some 37,000 people were wrongly found to have committed fraud. Under the law at the time, they then had to repay the benefits plus interest and penalties equal to four times the benefits received. Penalties in the tens of thousands were common. Eventually the state found it was wrong 70 percent of the time during that period in fraud determinations.

In a statement, the state said more than \$20.8 million has been refunded to those who had fraud determinations reversed, but 500 have yet to claim refunds.

The UIA has established a **website** for those who believe they are owed a refund. Claimants can also log into their Michigan Web Account Manager to inquire if they have a refund pending.

"We are making sure we explore every avenue to return funds to each person owed monies resulting from unemployment insurance fraud determinations between 2013 and 2015," Ms. Whitmer said in a statement. "And that means reaching out to our fellow Michiganders to help us in this statewide search for those who have not yet claimed their refund."

There are two principle lawsuits against the state involving the false fraud charges.

One case filed in state court was dismissed by the Court of Appeals that found it was filed too late to meet the deadline in the Court of Claims Act. The plaintiffs have appealed that ruling to the Supreme Court, which could rule at any time on that issue.

In better shape is a lawsuit at the U.S. District Court in Detroit that a judge has ruled can move forward into discovery.

Michael Pitt, attorney for the case in state court, said the state has provided the same data to him as it released Thursday, and he is skeptical.

"We have some serious concern about the accuracy of the representations because we have interviewed hundreds of claimants and not one has told us that the refund they received was accurate or complete," he said.

Some clients said they received checks without any explanation or documentation on how the state calculated the refund, Mr. Pitt said. He said his firm has asked the Department of Attorney General to provide it with the calculations, but those requests have not been fulfilled.

"We are doubtful that the information supplied by the agency is accurate, and this whole refund exercise is going to require a careful audit by the auditor general or some other independent body to verify that the right people received the right amount," he said.

In November, Mr. Pitt said both Ms. Whitmer and Ms. Nessel as candidates expressed interest in discussions if they won on finding an equitable solution to the case. But unless and until the Supreme Court reverses the Court of Appeals and revives the lawsuit, there's nothing to settle, Mr. Pitt said.

In any case, the refunds only represent a small portion of the harm those wrongly found to have committed fraud sustained. Last year, Gongwer News Service reported that some 1,100 of those wrongly found to committed fraud also filed for bankruptcy though whether they would have filed anyway even without the false fraud accusations was unclear.

"We have many people with shattered lives resulting from this. ... Bankruptcies, loss of homes, loss of vehicles, damaged reputations, divorces," he said. "We need some type of a truth and reconciliation about what happened here. We're hopeful the state will step up to make it right for these people."

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