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Pandemic scams

The downturn in economic activity during the pandemic lockdowns did not lead to a pause in various forms of financial fraud. In fact, new twists on identity theft are emerging all the time, so everyone must remain on guard.

Medicare fraud

Medicare loses an estimated \$60 billion per year to fraud, waste, errors, and abuse. That covers much territory, from billing for services never received to providing services for duplicate or unnecessary prescriptions. Some of the scams are aimed at seniors, including phony Medicare plans. Keep in mind:

- Medicare does not make calls to “update” or “verify” information.
- Neither do they call demanding payment of medical bills.
- Medicare does not send representatives to homes to verify information, conduct a home-safety inspection, or deliver products or equipment.

Keeping a medical-care diary and reviewing paperwork promptly are important steps in combating Medicare fraud.

Unemployment fraud

Along with the sharp increase in unemployment last year came an increase in fraudulent unemployment claims. The scammer with a stolen ID filed for unemployment, and the benefits were sent to the scammer. The victim won’t know what has happened until he or she receives a Form 1099-G reporting their unemployment compensation. Unless the fraud is reported and corrected, the victim could be taxed on the fraudulent benefits.

Scams aimed at tax professionals

Two approaches have been reported for phishing for critical information from tax professionals. One is the “new client” approach, in which the scammer asks to become a new client and attaches a prior year’s tax return and perhaps an IRS notice. The attachments may contain malware, so they should not be downloaded or opened.

The other is an email that purports to be from “IRS Tax E-Filing” and asks that the professional takes steps to update or renew Electronic Filing Identification Numbers (EFIN) and Centralized Authorization File (CAF) numbers. Such emails should be reported to the Treasury Inspector General for Tax Administration.

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