

Employment Insurance (EI) fraud is serious

The Employment Insurance (EI) Fund exists to provide temporary income support to Canadians who have lost their jobs and are looking for work or upgrading their skills. It also assists people who are out of the workforce while they are sick, pregnant, caring for a newborn or newly adopted child, or caring for a dying loved one. Protecting the Fund is an important responsibility, shared by workers, employers and the government.

Claimants', employers' and third parties' obligations

If you become unemployed and are receiving EI benefits, it is your responsibility to look for a job and be prepared to take available work. You must advise us if you are unavailable for work or if, for any reason, you are unable to look for or accept work. *

Claimants have the obligation to declare all gross earnings so that they can be taken into consideration when calculating weekly benefits. For more information on allowable earnings and money received that will not affect your weekly benefits, consult the publication appropriate to your situation: *Employment Insurance Regular Benefits or Employment Insurance Maternity, parental and sickness benefits and Compassionate Care Benefits*.

You must also report all absences from Canada, for example, if you were out of the country on holiday.

Neither claimants nor employers nor third parties (any other person acting for a claimant or an employer) should make false or misleading state-ments or representations with respect to a claim.

* **NOTE** : If you are receiving maternity, parental or sickness benefits or in an approved training program, you are not required to look for work, provided your circumstances do not change.

Errors and fraud

Mistakes can happen: sometimes, claimants make genuine mistakes when filling in forms or reporting changed circumstances.

However, if you knowingly hold back information or misrepresent the facts to make a false claim, you are committing fraud and may be penalized or prosecuted.

If you are an employer or third party and you help a claimant commit a violation, you too may be penalized or prosecuted when that fraud is detected.

Penalties for claimants and third parties

You could be given a penalty of up to three times your weekly benefit rate or three times the amount of your overpayment, depending upon the circumstances.

Entrance requirement penalties will also be imposed when a claimant commits fraud.

- If the value of the fraud is less than \$1,000, the claimant will need to work 25% more than the minimum entrance requirement to qualify for future benefits.

For example: if you would normally have required a minimum of 420 hours of work to qualify, you will now need 525 hours.

- If the value of the fraud is between \$1,000 and \$4,999, the entrance requirement increases by 50%.
- If the value of the fraud is over \$5,000, the entrance requirement increases by 75%.
- For repeat violations, entrance requirements double.

For example: if you would normally have required 420 hours you will need 840 hours.

The value of the fraud is calculated as the amount of the overpayment plus the estimated value of benefits that would have been paid over the course of the claim.

These higher entrance requirements will be in effect for five years or for the next two claims, whichever occurs first.

Penalties for employers

Employers who engage in fraud, such as falsifying or selling a Record of Employment, are also liable for a penalty of up to \$12,000 or the total of the claimant penalties in collusion cases.

Corporate directors, officers or agents may be penalized for fraud if they make false state-ments while acting for an employer. They can also be held liable to pay employer financial penalties if the employer cannot pay them.

Interest

As of July 1, 2002, interest is charged on new or existing debt resulting from intentional misrepresentation.

Prosecutions

EI fraud is a serious offence for which claimants, third parties and employers can be prosecuted. Prosecutions are initiated under the *Employment Insurance Act* or, if Human Resources and Skills Development Canada determines it is more appropriate, under the Criminal Code. Each year over 200 prosecutions are initiated and almost one million dollars in fines are imposed by courts.

EI fraud hurts everyone

EI Fraud hurts everybody. Abuse of the system costs other workers. It costs employers as well. It threatens the fabric of one of Canada's strongest social programs.

Every year, a number of claimants, employers or third parties attempt to defraud the EI program. Our investigations result in between \$250 and \$300 million in overpayments and penalties.

Protecting the Employment Insurance Fund with your help

We are determined to protect the Fund. The wealth of EI personnel experience and the development of powerful computer tracking and data systems have virtually closed off any possibilities of abuse going undetected for long.

It is everyone's responsibility to help detect and deter EI fraud.

Disclosures

Knowingly holding back information or making a false or misleading statement could lead to severe monetary penalties or prosecution and may also affect future claims. However, if you notify HRSDC of your actions before an investigation begins, we can waive monetary penalties or prosecution that might otherwise apply.

To make a disclosure, call our automated telephone information service at 1 800 206-7218, from 8:30 am and 4:30 pm, and press "0" to speak to a representative. You can also write or go to your local office.

