

## How to Address Complex WC Claims Inflated by Cyber Currencies

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Page | 1

In workers' compensation, an injured worker with multiple business enterprises (jobs or gig business) creates a more complex claim because the wages earned from ALL income sources need to be added together when calculating wage benefits. The rise of cyber currency apps like Venmo and CashApp creates the risk of award inflation through combining non-work and work payments into a larger benefit award.

Apps like Venmo or CashApp are now mainstream ways to easily move money between individuals and are often used to quickly pay a gig-sized vendor. But these apps can cause confusion in a workers' comp claim scenario because the recipient of Venmo payments may not be very good at bookkeeping, blending personal and business payments into a single stream of income used to inflate their WC award.

The best way to describe the risk is through an example. Let's talk about our injured worker "Todd" who works for a retail store and does auto mechanic work on the side. He uses cyber currency app Venmo as his payment method for all his mechanic work. Venmo records transactions but does not necessarily tie payments to an invoice or tax id number. ([see this helpful article about Venmo payments being considered "cash" transactions by the IRS](#))

Further complicating the matter, let's assume last month was Todd's birthday, and his favorite aunt sent a \$500 Venmo payment for his birthday, then his parents send an unrelated rent payment of \$3000 in the same month, also using (you guessed it) Venmo. In this scenario, Todd has a Venmo account with a lot of transactions but no clear labels for the transactions, or ties to invoices for the transactions, because Todd does not have experience with business accounting and performs most of his work on a 'handshake contract'.

In an injury claim, Todd could submit gross revenue for his business of \$4500/month based on the activity log on Venmo. What should an adjuster accept as basis for wage benefit calculation or, more importantly, how do you dispute any of it? Return to work becomes even more problematic especially when the claimant has the agenda of staying off work to continue working on his rapidly growing, successful business.

Adjusters can reach into their claims toolbox to address this scenario, with social media investigation as the first line of defense. Most people with a successful side hustle advertise in social media -- sometimes on a business profile page or even within their own personal profile. In the best-case scenario, the injured worker posts photos of completed projects, which can then match up by date with the transactions shown in Venmo. Others will display their price lists online, allowing adjusters to match up transaction values and approximate how much came from a side gig versus gifts and reimbursements by family and friends for gas, rent, and other miscellaneous social expenses.

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Once social media illuminates the nature of the work performed while on WC, physical surveillance can be assigned to take photos of the work to provide even more evidence about possible transferrable skills and general level of activity.

With these two bodies of evidence, defense counsel can subpoena bank records to view line-item transactions. Counsel will need to consider that a side hustle might have a separate bank account for the transactions. If counsel receives a bank statement that does not show transactions that appear in a social media report, then counsel will know to request the “other” bank account statements.

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Page | 2

Meanwhile vocational rehab can review the social media report to determine RTW transferrable skills to get the worker back on the job at a skill level demonstrated online.

By assembling a team of vendors to facilitate the correct calculation of benefits while working toward the rapid resolution of this complex claim.