

BOISE, FRIDAY, FEBRUARY 7, 2025 AT 8:50 A.M.

IN THE SUPREME COURT OF THE STATE OF IDAHO

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| SEAN C. FLYNN, |) | |
| |) | Docket No. 50921 |
| Claimant-Appellant, |) | |
| |) | |
| v. |) | |
| |) | |
| THE SUN VALLEY BREWING COMPANY, |) | |
| COMMUNITY SCHOOL, INC., Employers; |) | |
| and IDAHO DEPARTMENT OF LABOR, |) | |
| |) | |
| Defendants-Respondents. |) | |

Appeal from the Industrial Commission of the State of Idaho.

Strindberg Scholnick Birch Hallam Harstad Thorne, Boise, for Appellant.

Raúl R. Labrador, Idaho Attorney General, Boise, for Respondent.

This appeal seeks clarification from the Idaho Supreme Court on what conduct is considered “willful” in connection with unemployment insurance fraud. Sean C. Flynn applied for unemployment benefits in March 2020 after his primary employer, Sun Valley Brewing Company, closed during the Covid-19 pandemic. At the time, Flynn was still employed part-time as a French teacher at a local school. When he applied for unemployment benefits, he indicated that he had a part-time job. However, he failed to report the income from that job during the thirteen weeks he received unemployment benefits. Flynn returned to full-time work when Sun Valley Brewing reopened but continued to receive unemployment benefits for one additional week after the reopening. During that week, he underreported his income by approximately \$200.

During a routine audit, the Department of Labor discovered a discrepancy between Flynn’s and Sun Valley Brewing’s reported income. The Department determined that Flynn had “willfully” omitted material facts on his application for unemployment benefits and that he had received an overpayment of benefits. As a result, the Department retroactively denied Flynn’s application and ordered Flynn to repay all benefits he had received plus a civil penalty. Flynn appealed the determination to the Appeals Bureau, arguing he made an “honest mistake” and that his conduct was not “willful.” The Appeals Examiner determined that Flynn had not “willfully” omitted income from his second job, but that he “willfully” underreport his income from Sun Valley Brewing. As a result, the Appeals Examiner removed the civil penalty and changed the amount Flynn was required to repay. However, the Department appealed to the Industrial Commission, which reversed the Appeals Examiner’s decision and reinstated the Department’s original determination and civil penalty. Flynn timely appeals the Commission’s decision to this Court.

Flynn argues on appeal that he made an “honest mistake” and that he did not “willfully” omit material facts from his unemployment claim so that he would receive benefits. He maintains that the term “willful,” in this context, does not include accidental acts, omissions resulting from negligence, nor does it apply in his case, which he claims involved a misunderstanding of the reporting requirements. According to Flynn, his actions would only be considered “willful” if he consciously or knowingly omitted material facts. He argues the Commission applied the wrong standard. He alleges the Commission found his conduct was “willful” because he “should have known” about the Department’s reporting requirements. Flynn seeks reversal of the Commission’s decision and an award of attorney fees on appeal.