

# Federal and State Officials Launch Joint Efforts to Investigate and Prosecute Fraud Related to the Coronavirus

WHITE COLLAR CRIME & GOVERNMENT INVESTIGATIONS | CORONAVIRUS | MARCH 31, 2020



**Adam P. Schwartz**



**Simon A. Gaugush**



**Erin J. Hoyle**



**Edward J. Page**



**Michael S. Pasano**



**Gene Rossi**



**Michael L. Yaeger**

**VISIT THE CARLTON FIELDS CORONAVIRUS RESOURCE CENTER**



*As the coronavirus pandemic affects the normal way of life across the country, federal prosecutors and investigative agencies have begun establishing initiatives to investigate and combat fraudulent schemes related to the virus.*

On March 23, in response to executive order 13910 and the increased threat of fraud presented by the coronavirus, the Department of Justice (DOJ) launched a national task force to combat coronavirus-related crime. In particular, the DOJ will prioritize the detection, investigation, and prosecution of fraudulent activity, hoarding, and price gouging related to medical resources needed to respond to the coronavirus.

Several U.S. attorney's offices formed local task forces geared to combating schemes taking advantage of the pandemic. To date, the Eastern and Western Districts of Kentucky, the Eastern and Western Districts of Virginia, and the Western District of Pennsylvania have established joint federal–state partnerships to identify, investigate, and prosecute such fraud. Additional districts are expected to create similar units in the coming weeks.

According to press releases from the applicable U.S. attorney's offices, all credible leads of fraud associated with the virus, regardless of the loss amount, will be reviewed and investigated. Federal prosecutors will join forces with their agency counterparts from the FBI and state police to prioritize cases and allocate necessary resources. Schemes to exploit vulnerable populations, including the elderly, will merit heightened focus.

Even without an established task force, numerous other districts have announced that investigating and prosecuting COVID-19-related fraud schemes is a priority.

Identified schemes include:

- **Treatment scams:** Offers to sell fake cures, vaccines, and advice on unproven treatments for COVID-19.
- **Supply scams:** Fake shops, websites, social media accounts, and email addresses claim to sell medical supplies currently in high demand, such as surgical masks, but never provide the promised supplies.
- **Provider scams:** Individuals pretending to be doctors or hospitals treating a friend or relative for COVID-19 demand payment via phone calls or email for that treatment.
- **Charity scams:** Soliciting donations for individuals, groups, and areas affected by COVID-19.
- **Phishing scams:** Posing as national and global health authorities, such as the World Health Organization and the Centers for Disease Control and Prevention, phishing emails trick recipients into downloading malware or providing personal identifying and financial information.
- **App scams:** Creating or manipulating mobile apps designed to track the spread of COVID-19 insert malware to compromise users' devices and personal information.
- **Investment scams:** Online promotions on various platforms, including social media, claim the products or services of

publicly traded companies can prevent, detect, or cure COVID-19 and assert that the stock of these companies will dramatically increase in value as a result. These promotions are often styled as “research reports,” make predictions of a specific “target price,” and relate to microcap stocks, or low-priced stocks issued by small companies with limited publicly available information.

- **Price gouging scams:** Individuals and businesses sell essential goods, like hand sanitizer, for significantly higher prices than in a non-emergency setting. Thirty-five states and the District of Columbia have laws prohibiting acts of price gouging in the event of a declared emergency.

On March 22, the DOJ filed its first COVID-19-related enforcement action in the Western District of Texas. The complaint detailed a wire fraud scheme tied to a website offering fraudulent coronavirus vaccine kits. In response to the DOJ’s request, the court issued a temporary restraining order requiring immediate action by the website’s registrar to block public access to the site.

In the face of this unprecedented pandemic, our Government and Internal Investigations attorneys stand ready to provide strategic counsel to corporate and individual clients facing government investigations. Our attorneys also help navigate the investigatory process from agencies like the DOJ, FBI, FDA, SEC, and Health and Human Services–Office of Inspector General.

For more information or assistance, contact (813) 223-7000 or the authors of this article.

©2021 Carlton Fields, P.A. Carlton Fields practices law in California through Carlton Fields, LLP. Carlton Fields publications should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information and educational purposes only, and should not be relied on as if it were advice about a particular fact situation. The distribution of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship with Carlton Fields. This publication may not be quoted or referred to in any other publication or proceeding without the prior written consent of the firm, to be given or withheld at our discretion. To request reprint permission for any of our publications, please use our Contact Us form via the link below. The views set forth herein are the personal views of the author and do not necessarily reflect those of the firm. This site may contain hypertext links to information created and maintained by other entities. Carlton Fields does not control or guarantee the accuracy or completeness of this outside information, nor is the inclusion of a link to be intended as an endorsement of those outside sites.