

Justice Department Announces Results of Nationwide COVID-19 Fraud Enforcement Action

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Department Also Announces the Launch of Two New COVID-19 Fraud Strike Forces

The Justice Department announced today the results of a coordinated, nationwide enforcement action to combat COVID-19 fraud, which included 718 enforcement actions – including federal criminal charges against 371 defendants – for offenses related to over \$836 million in alleged COVID-19 fraud.

“The Justice Department has now seized over \$1.4 billion in COVID-19 relief funds that criminals had stolen and charged over 3,000 defendants with crimes in federal districts across the country,” said Attorney General Merrick B. Garland. “This latest action, involving over 300 defendants and over \$830 million in alleged COVID-19 fraud, should send a clear message: the COVID-19 public health emergency may have ended, but the Justice Department’s work to identify and prosecute those who stole pandemic relief funds is far from over.”

The announcement was made by Deputy Attorney General Lisa O. Monaco at a roundtable meeting of senior Justice Department officials, law enforcement partners, and Office of Inspector General (OIG) executives. Deputy Attorney General Monaco also announced the launch of two additional COVID-19 Fraud Enforcement Strike Forces: one at the U.S. Attorney’s Office for the District of Colorado, and one at the U.S. Attorney’s Office for the District of New Jersey. These two strike forces add to the three strike forces launched in September 2022 in the Eastern and Central Districts of California, the Southern District of Florida, and the District of Maryland.

“The law enforcement actions announced today reflect the Justice Department’s focus – working with our law enforcement partners nationwide – on bringing to justice those who stole from American businesses and families at a time of national emergency,” said Deputy Attorney General Monaco. “The two new Strike Forces launched today will increase our reach as we continue to pursue fraudsters and recover taxpayer funds, no matter how long it takes.”

At the meeting, Michael C. Galdo, Acting Director of COVID-19 Fraud Enforcement, detailed the results of the three-month coordinated law enforcement action that took place from May through July 2023, which included criminal, civil, and forfeiture actions. More than 50 U.S. Attorneys' Offices, including the COVID-19 Fraud Enforcement Strike Forces, the Justice Department's Criminal and Civil Divisions, and more than a dozen law enforcement and OIG partners worked together to conduct the sweep.

"I applaud the hard work of our prosecutors around the country," said Acting Director Galdo.

"However, this announcement is not a victory lap. Our mission is not complete. We know from our investigative partners that identifying those who committed pandemic relief fraud and recovering stolen funds is difficult work. But the Justice Department, including our strike forces, U.S. Attorneys' Offices, and the Criminal and Civil Divisions, is committed to using our criminal, civil, and forfeiture tools to hold these fraudsters accountable."

As part of the effort, 718 law enforcement actions occurred, including criminal charges, civil charges, forfeitures, guilty pleas, and sentencing, with a combined total actual loss of more than \$836 million. Criminal charges were filed against 371 defendants, and 119 defendants pleaded guilty or were convicted at trial during the sweep. Over \$57 million in court-ordered restitution was imposed. 117 civil matters occurred during the sweep, with over \$10.4 million in judgments. Prosecutors worked with law enforcement to secure forfeiture of over \$231.4 million.

As part of the announcement, Acting Director Galdo said that 63 of the defendants had alleged connections to violent crime, including violent gang members also accused of using pandemic funds to pay for a murder for hire. Twenty-five defendants have alleged connections to transnational crime networks.

Many of the cases in the enforcement action involve charges related to pandemic unemployment insurance benefit fraud and fraud against the two largest pandemic Small Business Administration programs: the Paycheck Protection Program and Economic Injury Disaster Loans. Additional matters involved pandemic healthcare billing fraud, fraud against the Emergency Rental Assistance program, and fraud committed against the IRS Employee Retention Credit program (ERC), a refundable tax credit for businesses and tax-exempt organizations that had employees and were affected during the COVID-19 pandemic. IRS Criminal Investigations (IRS-CI) worked with the California Strike Force and the U.S. Attorney's Office for the District of New Jersey to bring multimillion dollar ERC fraud cases during the enforcement action.

In May 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force (CFETF) to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The task force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and

techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts.

The COVID-19 Fraud Enforcement Action cases were prosecuted by the following Justice Department entities: Criminal Division's Fraud Section; Civil Division's Fraud Section, Consumer Protection Branch; and by the following U.S. Attorneys' Offices: Northern District of Alabama, Southern District of Alabama, Arizona, Eastern District of California, Central District of California, Northern District of California, Southern District of California, Colorado, Washington, D.C., Delaware, Middle District of Florida, Northern District of Florida, Southern District of Florida, Middle District of Georgia, Northern District of Georgia, Southern District of Georgia, Southern District of Indiana, Idaho, Northern District of Illinois, Northern District of Iowa, Eastern District of Kentucky, Western District of Kentucky, Western District of Louisiana, Massachusetts, Maryland, Eastern District of Michigan, Western District of Michigan, Eastern District of Missouri, Western District of Missouri, Northern District of Mississippi, Maine, Montana, Eastern District of North Carolina, Western District of North Carolina, New Hampshire, New Jersey, Nevada, Northern District of New York, Northern District of Oklahoma, Northern District of Ohio, Southern District of Ohio, Oregon, Eastern District of Pennsylvania, Middle District of Pennsylvania, Western District of Pennsylvania, Puerto Rico, Rhode Island, Eastern District of Texas, Northern District of Texas, Southern District of Texas, Western District of Texas, Eastern District of Virginia, Western District of Virginia, Eastern District of Washington, Western District of Washington, Eastern District of Wisconsin, and Northern District of West Virginia.

The cases were investigated by the following agencies: FBI; U.S. Secret Service; IRS-CI; Defense Criminal Investigative Service; Homeland Security Investigations; U.S. Postal Inspection Service; Army Criminal Investigations Division; Food and Drug Administration's Office of Criminal Investigations; the Diplomatic Security Service; and the Offices of Inspectors General from the Small Business Administration, Department of Labor, Department of Homeland Security, Federal Deposit Insurance Corporation, Department of Health and Human Services, Department of Veterans Affairs, Federal Housing Finance Agency, Federal Reserve Board, Social Security Administration, the Special Inspector General for Pandemic Relief, Treasury, and the Treasury Inspector General for Tax Administration.

OCDETF Fusion Center and OCDETF's International Organized Crime Intelligence and Operations Center, the Pandemic Response Accountability Committee, the Financial Crimes Enforcement Network, and the National Unemployment Insurance Fraud Task Force provided key support.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Justice Department's National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form.

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