

Goodwin Alerts

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COVID-19: US DOJ Prioritizes Coronavirus-related Fraud Investigations; Announces First Civil Enforcement Action

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As is often the case in times of crisis, fraudsters will see opportunities to commit crimes. DOJ, state and local law enforcement are all paying increased attention to potential fraud activity during the COVID-19 pandemic, but will experience obvious challenges in conducting investigations. Businesses and individuals must remain vigilant in identifying and avoiding potential fraud pitfalls.

DOJ INITIATIVES

On March 20, 2020, Attorney General William Barr issued a [press release](#) urging the public to report fraud schemes related to the COVID-19 (or “Coronavirus”) pandemic to the National Center for Disaster Fraud. The DOJ’s announcement notes that a wide variety of fraudulent activity is likely to result from the current public health crisis – ranging from medical providers using patient information obtained for COVID-19 testing to fraudulently bill for services not provided, to cyberattacks like “ransomware,” “phishing” and other cyber schemes. These crimes are designed to exploit the public’s efforts to share Coronavirus-related information and otherwise take advantage of the fact that millions of Americans are using their home computer networks to work remotely.

The DOJ also announced that the Attorney General has directed all U.S. Attorneys to prioritize investigating and prosecuting Coronavirus-related fraud. As part of that effort, Deputy Attorney General Jeffrey Rosen has directed each U.S. Attorney to appoint a “Coronavirus Fraud Coordinator” to act as legal counsel for each respective federal judicial district on Coronavirus-related matters and direct the prosecution of Coronavirus-related crimes.

Several U.S. Attorney’s Offices have issued similar [releases](#) and established dedicated COVID-19 fraud [pages](#) on their websites. Among others, Scott Brady, the United States Attorney for the Western District of Pennsylvania [stated](#), “I think we are really going to see an unprecedented wave of cyber attacks and cyber fraud. And that’s what we’re trying to prepare our partners and the public for.”

THE FIRST CASE

Just one day after the Attorney General’s announcement, the DOJ filed its [first Coronavirus-related civil action](#) in the Western District of Texas—a harbinger of additional civil and criminal prosecutions that are likely to follow. The complaint contains one count of wire fraud against an unknown individual the DOJ alleges was selling fraudulent “World Health Organization vaccine kits” through the website “coronavirusmedicalkit.com.” The DOJ successfully obtained a temporary restraining order against the unknown individual, thereby removing the website from public view.

In making these recent announcements and filing its first civil action, the Department of Justice has made clear its plans to dedicate significant resources to identifying and prosecuting a wide range of fraud that is likely to result from the COVID-19 health crisis. While this initial action is civil in nature and designed to quickly shut down the fraudulent website, we can expect that DOJ will pursue criminal actions in the future, certainly once grand juries and other court operations are closer to usual capacity.

CONCLUSION

With businesses facing unprecedented challenges on many fronts, they must remain vigilant in ensuring that their systems and transactions are not susceptible to fraud. This is critical for businesses who provide services to the government or invest in companies that are government contractors, particularly those providing materials or services to the government in response to the COVID-19 pandemic. It is certain that federal law enforcement will closely scrutinize any allegations of fraud in connection with such contracts. Attention to cyber security as well as vendor or other transaction irregularities should be viewed as integral parts of safeguarding ongoing business operations now more than ever.

Please reach out to Goodwin's [White Collar Defense](#) and [Government Investigations + Enforcement](#) teams to review or continue the discussion.

Also visit Goodwin's [Coronavirus Knowledge Center](#), where firm lawyers from across the globe are issuing new guidance and insights to help clients fully understand and assess the ramifications of COVID-19 and navigate the potential effects of the outbreak on their businesses.

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