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U.S. Attorney Carpenito, AG Grewal, Acting Comptroller Walsh Announce Federal-State COVID-19 Fraud Task Force

03/30/2020

Residents Encouraged to Report COVID-19 Related Fraud to Disaster Hotline: 866-720-5721

NEWARK, N.J. – U.S. Attorney Craig Carpenito, New Jersey Attorney General Gurbir S. Grewal, and New Jersey Acting State Comptroller Kevin D. Walsh today announced the formation of a joint federal-state task force to investigate and prosecute a wide range of misconduct arising from the COVID-19 pandemic, including the unlawful hoarding of medical supplies, price gouging, charity scams, procurement fraud, insurance fraud, phishing schemes, and false and misleading investment opportunities.

The New Jersey COVID-19 Fraud Task Force will marshal the collective investigative power of federal and state law enforcement agencies by forming joint investigative and prosecution teams to quickly address fraud complaints. In addition, the Task Force will share information publicly about common frauds so individuals and businesses can better protect themselves. Residents are encouraged to report possible misconduct through a hotline established by the National Center for Disaster Fraud at **(866) 720-5721** or **disaster@leo.gov (mailto:disaster@leo.gov)**. Complainants may remain anonymous.

“Attorney General Grewal and I have a well-established, close working relationship, and we both felt it was incredibly important at this time that we combine our resources and form a joint COVID-19 Task Force,” U.S. Attorney Carpenito said. “Our two offices, working in concert with all of our law enforcement partners, will ensure that that there is a solid front protecting the public from criminals who are attempting to illegally profit from this health crisis. Whether you’re price-gouging on necessities or hawking phony cures or protections, if you’re trying to rip off the public, we will find you and come after you.”

“An unprecedented public health crisis creates an unprecedented opportunity for scammers and con artists,” Attorney General Grewal said. “Now more than ever, we need to work together to protect our community from fraud. I applaud U.S. Attorney Carpenito for his national leadership on this issue, and I thank Acting Comptroller Walsh for his work protecting New Jersey’s taxpayers from waste, fraud, and abuse.”

“The Office of the State Comptroller has a long and productive history of collaboration with both the United States Attorney’s Office and the New Jersey Office of the Attorney General,” Acting Comptroller Walsh said. “Our investigators, auditors and attorneys stand ready to combat any fraud, waste or abuse connected to our state’s battle against COVID-19. I thank U.S. Attorney Carpenito and Attorney General Grewal for their leadership of this important COVID-19 Task Force and I am ready to assist in its important mission.”

The Task Force will be led by the U.S. Attorney for the District of New Jersey, the New Jersey Attorney General, and the Acting State Comptroller, and will include the following federal agencies: the Federal Bureau of Investigation; the Department of Health and Human Services, Office of the Inspector General; the U.S. Secret Service; the U.S. Postal Inspection Service; Immigration and Customs Enforcement, Homeland Security Investigations; Social Security Administration, Office of Inspector General; and the U.S. Department of Education, Office of Inspector General.

In addition, the Task Force will include several divisions within the New Jersey Attorney General's Office, including the New Jersey State Police, the Division of Criminal Justice, the Division of Consumer Affairs, the Division of Law, the Office of the Insurance Fraud Prosecutor, and the Office of Public Integrity and Accountability.

The Task Force warned New Jerseyans about the most common types of COVID-related frauds and misconduct, including:

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- **Unlawful hoarding**: The Department of Health and Human Services (HHS) issued a Notice pursuant to President Trump's Executive Order 13910 and the Defense Production Act, which designated health and medical resources necessary to respond to the spread of COVID-19 that are scarce or the supply of which would be threatened by excessive accumulation. These designated materials are subject to the hoarding prevention measures authorized under the Executive Order and the Act. Individuals or businesses that violate the Act will be subject to prosecution.
- **Price-gouging**: Individuals and businesses may sell essential goods, like hand sanitizer, for significantly higher prices than in a non-emergency setting. New Jersey's price gouging law bans excessive price increases during a declared state of emergency and for 30 days after it ends. A price increase is considered excessive if the new price is more than 10 percent higher than the price charged during the normal course of business prior to the emergency. Price gouging violations are punishable by fines of up to $10,000 for the first violation and $20,000 for each subsequent violation.
- **Treatment scams**: Scammers are offering to sell fake cures, vaccines, and advice on unproven treatments for COVID-19.
- **Supply scams**: Scammers are creating fake shops, websites, social media accounts, and email addresses claiming to sell medical supplies currently in high demand, such as surgical masks. When consumers attempt to purchase supplies through these channels, fraudsters pocket the money and never provide the promised supplies.
- **Provider scams**: Scammers are also contacting people by phone and email, pretending to be doctors and hospitals that have treated a friend or relative for COVID-19, and demanding payment for that treatment.
- **Charity scams**: Scammers are soliciting donations for individuals, groups, and areas affected by COVID-19.
- **Phishing scams**: Scammers posing as national and global health authorities, including the World Health Organization (WHO) and the Centers for Disease Control and Prevention (CDC), are sending phishing emails designed to trick recipients into downloading malware or providing personal identifying and financial information.
- **App scams**: Scammers are also creating and manipulating mobile apps designed to track the spread of COVID-19 to insert malware that will compromise users' devices and personal information.
- **Investment scams**: Scammers are offering online promotions on various platforms, including social media, claiming that the products or services of publicly traded companies can prevent, detect, or cure COVID-19, and 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 the smallest of companies with limited publicly available information.

The Task Force urged everyone to avoid these and similar scams by taking the following steps:

- Independently verify the identity of any company, charity, or individual that contacts you regarding COVID-19.
- Check the websites and email addresses offering information, products, or services related to COVID-19. Be aware that scammers often employ addresses that differ only slightly from those belonging to the entities they are impersonating. For example, they might use “cdc.com” or “cdc.org” instead of “cdc.gov.”
- Be wary of unsolicited emails offering information, supplies, or treatment for COVID-19 or requesting your personal information for medical purposes. Legitimate health authorities will not contact the general public this way.
- Do not click on links or open email attachments from unknown or unverified sources. Doing so could download a virus onto your computer or device.
- Make sure the anti-malware and anti-virus software on your computer is operating and up to date.
- Ignore offers for a COVID-19 vaccine, cure, or treatment. Remember, if there is a medical breakthrough, you won’t hear about it for the first time through an email, online ad, or unsolicited sales pitch.
- Check online reviews of any company offering COVID-19 products or supplies. Avoid companies whose customers have complained about not receiving items.
- Research any charities or crowdfunding sites soliciting donations in connection with COVID-19 before giving. Remember, an organization may not be legitimate even if it uses words like “CDC” or “government” in its name or has reputable looking seals or logos on its materials. For online resources on donating wisely, visit the Federal Trade Commission (FTC) website.
- Be wary of any business, charity, or individual requesting payments or donations in cash, by wire transfer, gift card, or through the mail. Don’t send money through any of these channels.
- Be cautious of “investment opportunities” tied to COVID-19, especially those based on claims that a small company’s products or services can help stop the virus. If you decide to invest, carefully research the investment beforehand. For information on how to avoid investment fraud, visit the U.S. Securities and Exchange Commission (SEC) website.

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For the most up-to-date information on COVID-19, visit the Centers for Disease Control and Prevention (CDC) and World Health Organization (WHO) websites.

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