

**Statement for the Record
Senate Judiciary Committee
Hearing on COVID-19 Fraud: Law Enforcement's Response to Those Exploiting the
Pandemic
June 9, 2020**

Thank you, Mr. Chairman. I understand that, today, the Committee is focusing on an issue related to the coronavirus pandemic.

However, while the issue of fraud is important, I hope that we do not lose sight of the other issues that remain of immediate importance when it comes to addressing the coronavirus pandemic.

Just last week Henry Lucero—the Executive Associate Director of Enforcement and Removal Operations at U.S. Immigration and Customs Enforcement—testified to this Committee that testing is still not widely available in immigration detention facilities.

That remains true even though the rate of infection is over 51 percent for detainees who have been tested for COVID-19.

Likewise, in one Bureau of Prisons facility in Lompoc, California, nearly the entire inmate population has tested positive for the virus. In the face of that staggering data, Bureau of Prisons Director Michael Carvajal still would not commit to universal testing of inmates.

Mr. Chairman, at a time when so many people continue to contract the virus and die from it, that's an area where I believe this Committee needs to focus more of its time and attention. We need to see that agencies within our jurisdiction respond to this crisis, and not ignore our requests for information and action.

Today, we will learn what the federal government is doing to protect consumers and state and local governments against price-gouging and fraud schemes related to the coronavirus pandemic.

The Federal Trade Commission has reported that, as of June 7, 2020, consumers have lost nearly \$48 million due to coronavirus-related fraud. This includes scam offers for vaccines, test kits, miracle cures, and air filters that were falsely advertised as capable of removing COVID-19 from the air in people's homes. These are fraudulent business practices and they must be stopped.

There have also been clear instances of unacceptable price-gouging on basic items such as hand sanitizer and disinfecting wipes. For example, at one point, bottles of Purell hand sanitizer were being sold in New York for \$25 apiece.

There have also been sophisticated schemes targeting state governments. In Washington State, for example, criminals used stolen personal information to file fraudulent unemployment claims.

Fortunately, Washington State was able to recover the \$300 million that it had paid in fraudulent claims related to one such scheme. And I am interested in hearing from our witnesses today what they know about the fraud against Washington State and whether other states are having similar problems.

States also have faced difficulty obtaining personal protective equipment – masks, gloves, gowns, and hand sanitizer – for their health care workers and first responders. They have struggled, as well, to find more sophisticated medical supplies such as ventilators.

This situation was not helped by the lack of federal coordination and leadership – with the President announcing during a March 16 conference call with governors: “Respirators, ventilators, all of the equipment—try getting it yourselves.”

The resulting race among states to find much-needed supplies “has also drawn fraudsters looking to hoard items and resell the equipment at a steep price.”

In one case, a White House team recommended that New York State use a vendor who had no background selling medical equipment. New York signed a contract to purchase ventilators for \$86 million, paying more than twice what each ventilator would have cost before the pandemic.

The ventilators never arrived. New York was able to recover the bulk of the \$69 million dollars it had already transferred to the vendor under the contract, but \$10 million dollars still has not been recovered.

Simply put, a lack of federal leadership and planning has sown confusion and helped contribute to conditions that are ripe for fraud and abuse.

This country is still facing a crisis responding to the pandemic, and there are those who fear it may get worse in the coming months.

As we focus today on the question of fraud, I hope our witnesses can also address what more this Congress and this Committee can do to ensure that vital aid gets to those in need.

Thank you, Mr. Chairman.