Fraud and COVID-19: An unintended downside of government aid during the pandemic

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FRAUD AND COVID-19:
AN UNINTENDED DOWNSIDE OF GOVERNMENT AID DURING THE PANDEMIC

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In Partial Fulfillment
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University Honors with Distinction

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has been approved as meeting the thesis or project requirement for the Designation University Honors with Distinction

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Purpose

Last year, COVID-19 brought an unprecedented global crisis to the world. As experts continue to analyze the virus itself, it is also necessary to study the aftermath of the pandemic. This includes any unforeseen consequences from the actions taken by people and governments trying to navigate their way through the chaos. This project aims to focus on one of these consequences: fraud. Past disasters and crises have unfortunately shown that these times of need for people are often when third parties, businesses, or even victims themselves take advantage of the situation for personal gain, often at the expense of those looking only to provide aid. This study will analyze trends of fraud in relation to COVID-19, specifically those committed against the US Government, and use the results to provide a clear view of the impact these frauds have had on the nation. This pandemic has taken so much from this country, including the lives of over 600,000 Americans (Centers for Disease Control and Prevention, 2021). Fraud is yet another element of the pandemic’s destruction that people may not be aware of. Analyzing this data will help gauge the total economic impact of COVID-19 related fraud, and more importantly, can help prevent future instances of the same fraud across new disasters the country finds itself in the wake of.

Literature Review

COVID-19

To fully understand how fraud is born from this global crisis, it is important to first understand the crisis itself. Doctors began treating dozens of cases of pneumonia with an unknown origin in late 2019, with the virus being identified right as the year drew to a close. The virus had reached the United States by the end of January 2020, and first took the life of an American citizen on February 29th, just a month later (Taylor, 2021). The infection rates spiked
exponentially from there, and eventually the country, and the better part of the globe, was turned on its head. On March 11th, the World Health Organization (WHO) declared a global pandemic, and the US followed with an emergency declaration on March 13th, just two days later. This would mark the beginning of a period of financial uncertainty and instability for many businesses, and COVID-19 variants continue to threaten the country through the fall of 2021.

Businesses began to experience unprecedented financial loss from the pandemic. Many industries that were deemed non-essential were forced to shut down for weeks at a time or operate at limited capacity, and many small businesses were never able to recover from the setback. The Bureau of Labor Statistics (BLS) and the US Census Bureau work together to release Current Population Surveys (CPS). These surveys provide monthly insight into the labor force. In February of 2020 the number of active business owners was 15 million. March is when COVID-19 hit the United States with full force. By April that number had shrunk to 11.7 million, a drop of 22 percent. Although there were strong rebounds in May and June, estimates for the number of businesses lost through COVID-19 still sit at 8 percent at best (Fairlie, 2020). Even with this conservative estimate, this is nearly one tenth of the total businesses in the United States. These numbers were alarming to the federal government, who turned to legislation to help struggling business owners.

**CARES Act**

The primary piece of legislation passed by the US Government in response to COVID-19 was the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act for short. Although there were many objectives outlined in this bill, this research project is focused primarily on the benefits provided to individuals and small businesses, as these two areas impact the most people
and create the most opportunities for fraud. The table below outlines key benefit programs of the CARES Act that are relevant to this study of government program fraud.

<table>
<thead>
<tr>
<th>Form of Aid</th>
<th>Abbreviated Name</th>
<th>Dates Active</th>
<th>Intended Recipients</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stimulus Checks</td>
<td>---</td>
<td>3 Rounds: April 2020 - December 2020 - March 2021</td>
<td>Individuals</td>
<td>Money given directly to Americans to offset pandemic-driven hardship</td>
</tr>
<tr>
<td>Expanded Unemployment Benefits</td>
<td>---</td>
<td>March 27th, 2020 - December 31st, 2020 (later renewed through the American Rescue Plan)</td>
<td>Individuals</td>
<td>An extra $600 dollars a week on top of other unemployment benefits received</td>
</tr>
<tr>
<td>Paycheck Protection Program</td>
<td>PPP</td>
<td>April 3rd, 2020 - May 31st, 2021</td>
<td>Small Businesses</td>
<td>Loans equal to 2.5 times a business’ average monthly payroll or a maximum of 10 million dollars; eligible for loan forgiveness if specific rules are followed</td>
</tr>
<tr>
<td>Economic Injury Disaster Loan</td>
<td>EIDL</td>
<td>These loans have existed, and still exist, but advances were only issued until funds allocated from the CARES Act depleted</td>
<td>Small Businesses</td>
<td>Loans that existed before the CARES Act, but the act included funding for more loans and EIDL advances of up to 10,000 dollars; these advances are essentially grants and do not need to be paid back</td>
</tr>
</tbody>
</table>

Snell, 2020
What is Fraud?

The Federal Bureau of Investigation (2010) defines fraud as, “The intentional perversion of the truth for the purpose of inducing another person or other entity in reliance upon it to part with something of value or to surrender a legal right (para. 14).” In relation to this study, “something of value” will refer mostly to the aid programs discussed above, and the entity in question will primarily refer to the US Federal Government.

Disaster Fraud

When a disaster strikes, the aftermath comes in several phases, each with its own defining characteristics (Kerstein, 2006). The first phase of the disaster is the immediate aftermath of the disaster. This is easy to identify with an event like an earthquake, but with an ongoing disease, it is easier to imagine this as the days following the spikes of cases within the United States.

During the first phase, law enforcement’s primary concern is health and safety, and not much consideration is given to any frauds being committed, but it is also important to note that fraud is least likely to occur in this stage. The next phase is the short-term recovery from the disaster. This is the point where temporary remedies for problems due to the disaster begin to arrive, but larger issues are still going unaddressed. In relation to COVID-19, this is the introduction to concepts everyone became quite familiar with, like masks, social distancing, and other tactics recommended by professionals to keep people safe until more can be learned about this virus.

Price gouging and charitable fraud are most likely to occur here, two frauds that will be studied throughout this research. The final stage is the long-term recovery, and this is the point where the doorway is really widened for fraud to occur. Pandemic-wise, this is the phase that saw the
introduction of government programs to help combat COVID-19. Manipulation of these programs will likely be one of the most prevalent forms of fraud throughout the pandemic.

Once fraud begins to occur, it is important to identify which type of disaster fraud is occurring. There are widely considered to be five major categories of disaster fraud (Kratcoski, 2018). Charitable solicitation fraud (1) involves an individual posing as a legitimate organization for the purpose of collecting charitable funds from willing donors who think they are donating to a good cause. Contractor/vendor fraud (2) involves a fraudster playing the role of a legitimate vendor to collect payment for a duty, and usually ends with the criminal performing lackluster work or simply not performing the service to begin with. Price gouging (3) is the act of raising prices on goods and services to amounts well over what is considered reasonable, simply because the product or service is of high demand and need. Property insurance fraud (4) is simply filing false or misleading claims to collect an insurance benefit. Although property insurance claims are common after natural disasters, this category can include false claims made on loan or grant applications as well, tying this category into several government programs initiated in 2020. Forgery (5) is the act of pretending to be somebody else for the financial gain received from doing so (Kratcoski, 2018). As data is examined throughout this study, it will become necessary to classify the fraud cases in a similar manner. This will be crucial to help organize the data as the number of cases extends into the hundreds and will also help determine if COVID-19 fraud trends line up closely with those of past disasters, or form patterns of its own.

Learning tactics to detect disaster fraud can be instrumental in preventing new cases of fraudulent behavior. As a CPA, James Stavros (2019) is trained on some of the red flags that can allude to suspicious behavior on a claim following a disaster. Assertion towards a quick
settlement, irregular financial information, out-of-sequence checks, missing documents, inconsistent accounting, and failing to provide key documents when asked could all be signs of a wider fraud occurring under the table. Stavros, in an article published by the Pennsylvania CPA Journal, also warns of businesses trying to make a large interruption claim, when past financial information indicates the company was performing sub-par well before the disaster. It is important to verify, particularly during a disaster, the revenues, expenses, and overall profit for a business when handling a claim or application, as these basic figures are the most common to be manipulated by a business looking to capitalize on the situation.

There are several factors that determine how effective a fraudster will be in committing disaster fraud (Brody & Kimball, 2006). The first is speed. The internet of modern times changes minute to minute, and it becomes easier each day to get information out to people, even if that information is not correct. If someone can get information out before official recommendations or warnings of false information can be published, the fraud could have already been committed, leaving the victim helpless. Another major scam success factor is location. The location of a disaster often brings distinct circumstances that help make certain kinds of fraud easier to commit. COVID-19 impacted the entire globe, so the effects of it will be magnified based on the sheer number of people that are affected. Confidence is the third factor. People who commit fraud during disasters often carry with them a sense of optimism that what they are doing will work for them, and it often allows them to be extremely convincing while preying on victims. The last factor is attitude, specifically the attitude people carry towards those they have the potential to commit fraud against. Divisiveness and low approval can be accelerants for an individual’s desire to commit fraud, and varying opinions on how their state and federal
government handled COVID-19 will factor into the number of people committing fraud throughout the pandemic.

**Past Disaster Frauds**

Next, it is pivotal to examine some past examples of disaster related fraud on a large scale, as fraud trends often travel from disaster to disaster, and understanding fraud from these perspectives will help as the data is analyzed and interpreted this fall. The first event to focus on is the terrorist attacks that occurred in New York City on September 11, 2001. The Committee on Homeland Security of the U.S. House of Representatives released a report five years after the attacks. This report detailed how the funds given to New York by the government were allocated. One man collected almost 300,000 dollars in federal loans for physical damages to his business. The catch? His business moved out of the tower in July of 2001 (Committee on Homeland Security, 2006). The report goes on to highlight other examples of widespread fraud including embezzlement of funds allocated to rubble search and recovery by two examiner’s office employees. Fraudulent loan claims like this one will surely arise with the current disaster and the government programs that accompany it.

Mental health fraud also occurred after 9-11. Dozens of firefighters and other first responders were coached on how to behave as someone with depression and/or anxiety. The motive of this was to successfully file claims with insurance companies to be compensated for these “injuries.” The responders received over 500,000 dollars before they were finally caught (Katersky, 2014). There is no doubt that the year 2020 took a mental toll on thousands of Americans, but this is another alarming story from a past disaster that should be considered.
Another instructive source of information on widespread disaster fraud is Hurricane Katrina. Between the fraud, investigation and prosecution of the fraud, and waste, it cost taxpayers close to 2 billion dollars. This is about 11 percent of the total given by the Federal Emergency Management Agency (FEMA), and 6 percent of all funds given by the government (Lipton, 2006). Bribing seemed to be a common practice for fraudsters through the hurricane recovery period, so it will be interesting to see if there are cases of bribery as the COVID-19 data is examined this fall. At the time of the source providing these statistics, there were 355 individuals facing criminal charges related to Hurricane Katrina fraud. This storm was only a regional issue, so it is both possible and probable that the number of criminal cases and the total amount of fraudulent funds for pandemic relief will be much higher than those reported for Hurricane Katrina.

A third example of past disaster fraud worth examining is the Great Recession of 2009. Bruce Dorris is the president and CEO of the Association of Certified Fraud Examiners (ACFE). In a statement posted on the organization’s website, Dorris drew parallels from the Great Recession to the pandemic. In a survey sent to hundreds of professionals, over half of the responses indicated a significant observable increase in the number of frauds committed through the Great Recession, and 80 percent of respondents believed that fraud levels will increase dramatically during times of economic turmoil (Dorris, 2021). Dorris also explained the importance of the fraud triangle when discussing fraud following economic disasters. The three elements of the fraud triangle are pressure, opportunity, and rationalization. Many employees are feeling the pressures of economic struggle in their personal lives, and this is only magnified as hardships are encountered. Opportunity also shoots up, as internal auditing and compliance are
often the first place companies look towards when budget cuts must happen, and economic crises are sure to cause companies to make cuts somewhere. The fraud triangle and how it impacted the Great Recession is yet another perspective to use when analyzing the data collected from this pandemic.

A common thread through each of these disasters is the misappropriation of federal funds, something that is sure to occur through the current disaster. Identifying this trend before beginning the study will help with later analysis and is ultimately why the primary focus of this study is government programs. The fraud triangle is another useful way to tie the past with the present, as the three corners of the triangle can certainly be applied to the pandemic just as they were to the Great Recession. Many citizens are feeling the pressure of financial hardships. Thousands of loan applications create great opportunity. Civil unrest and political polarization provide many with rationalization. It seems the conditions for fraud are present and using these past disasters as a guide will provide meaningful insight to future trends.

**Research Questions to Be Answered**

With all of the above information considered, the following three questions were developed to guide this study:

1. What kinds of government program fraud relating to COVID-19 are the most prevalently prosecuted at the federal level?

2. What trends exist within the cases of COVID-19 related fraud at the federal level?

3. How does COVID-19 related fraud compare to fraud from other disasters such as 9/11, Hurricane Katrina, and the Great Recession?
Methodology

The steps this project took to achieve its goal of understanding fraud during a global pandemic will be laid out below. This first step was pinpointing the data to be used in this study. The data used in this project came from the Department of Justice (DOJ), specifically the press releases available from the DOJ website for the US Attorneys (https://www.justice.gov/usao/pressreleases). With the filter set to financial fraud and the search term set to COVID, all cases related to pandemic fraud over the course of six months were examined. The time frame for this data was March 1st, 2021, through August 31st, 2021. The total number of cases from the six-month period was 215, providing a great amount of data to analyze.

It is important to note that the cases being analyzed will all be at the federal level, and no state cases will be included. Because of this, the three most common charges found were wire fraud, mail fraud, and bank fraud. These are three forms of transmitting information associated with fraud. Mail fraud is committed through the mail system, wire fraud is committed electronically, and bank fraud is committed through a financial institution. If one of these acts is committed, the crime is automatically a federal crime and will be treated at the federal level of the US court system.

Once the cases were selected, the next step was to read through the cases and begin to collect the data points necessary for analysis. This data included various statistics such as the type of fraud, the total monetary value of the fraud, and the criminal charges facing the defendant. Below is a list of data points collected:

- date
- state of crime
- state of trial (sometimes the trial is not where the crime happened)
With the data collected, it was time to analyze the data. Using a data visualization software, charts and graphs were created to help understand and identify trends within the data.
Results

Below are some of the major findings from the research. The charts and graphs below were compiled using Tableau as a visualization software and are sorted below based on the information they contain.

Plea

Of the cases analyzed, only 119 out of 215 (55%) were at the point in which a plea had been entered. The cases in which no plea had been entered yet are not reflected below in Figure 1, and it should be noted that the sampling pool of data for the plea of the case is effectively much smaller than the other information being measured. Because fewer cases have a plea associated with them, this estimate for future cases may be less accurate than the rest of the estimates. Based on the cases that already had a plea entered, the research shows that the vast majority of pleas entered were guilty. 104 cases (87%) brought in a guilty verdict, while the remaining 15 cases (13%) brought in a not guilty verdict. If this trend was to hold across the entire 215 cases analyzed, roughly 188 of the cases would have a guilty plea, and the remaining 27 would be not guilty.
Date

There is no apparent correlation in the number of cases across the six-month period. From March-August, the number of cases were 27, 43, 34, 45, 36, and 30 respectively. The highest number of cases came in June and the lowest number came from March. As more time passes since the original CARES Act, there are likely to be fewer cases in the coming months and years.

Location

Over six-months, frauds were reported in 40 different states. Figure 2 below indicates the breakdown of cases by state. The darker the orange on the map, the more cases there were in this state. Figure 3 is similar, but reflects what state the trial was held in. The state of the trial can be
different from where the crime was committed. As a result, only 19 states held a trial related to COVID-19 fraud. As far as location is concerned, higher population states tended to see more cases, with California leading the way at 19. This seems logical, but there were also some lower population states like Virginia and Massachusetts that hosted 13 and 15 cases respectively. Interestingly enough, Iowa presented 6 cases, while a state with almost 3 times the population, Michigan, had only 4. There is certainly a correlation between the population and the number of cases although it does not appear to be an absolute correlation.

Figure 2: State of Crime
Figure 3: State of Trial

Charge(s)

Figure 4 breaks down the various types of fraud that defendants were charged with. As mentioned above, the three charges to zone in on are mail fraud, wire fraud, and bank fraud, as these are what make the case a federal case in most instances. The chart shows these three charges, various combinations of these three charges, and also an “other” category. Although there were some cases with multiple charges, a singular charge was the most common throughout this data. At 108, almost exactly half of the cases were wire fraud. Bank fraud and mail fraud are another significant chunk of cases, with 36 and 31 respectively. Any combination of these charges accounted for another 24 cases. In total, 199 of the 215 cases (93%) had one or more of these charges associated with them. The rest are lumped under “other” in this chart and included charges like identity theft and theft of government property.
An interesting trend to consider was the correlation between the charge and the associated dollar amount of damage. As made evident above in Figure 5, wire fraud and bank fraud tended to be the most damaging. The three highest columns on this visual are wire fraud, bank fraud, and a combination of both charges. Based on these results, mail fraud does not seem to be as financially damaging as the other two kinds of fraud. This is likely because there was a greater online presence for the CARES Act programs like PPP and EIDL applications. A heavy concentration of mail frauds were due to unemployment, which by nature carries a smaller value than large loans taken under PPP and EIDL.
Government Programs

Figure 6 indicates the breakdown of what programs were frauded most frequently. PPP loans are at the top of this with 68 cases. Right underneath is unemployment benefits fraud, with 67 cases. EIDL loans account for another 20 cases. As with the charges, these cases often dealt with more than one program being frauded at a time. There were 25 instances of PPP and EIDL fraud in the same case, 6 with PPP and unemployment, and 7 with EIDL and unemployment.

Some types of COVID fraud were much less common. Only 4 cases involved stimulus checks, and another 9 involved PPE related crimes like price gouging or false claims of the ability to supply large orders of PPE to people or businesses. People claiming a false treatment or cure to COVID-19 only saw 3 cases.
Similar to how the charges were analyzed above, Figure 7 considers the average amount of damage in relation to the associated program that was frauded. The reason PPE is highest on this list is due to one particular case which saw damages of almost $40 million. This case brings the average up with it. Because of this, a second graph (Figure 8) with the same comparison has been provided without PPE taken into consideration. PPE aside, it is apparent that PPP loans are among the highest in monetary damage, averaging over $2 million per case. This matches up well with wire fraud contributing to the most damage, as a majority of PPP loans were filed online, which would constitute a wire fraud. Although unemployment frauds are among the most common throughout the data, they rank among the lowest in terms of damage caused. The
average damage for an unemployment fraud is only a little above $325,000. A typical unemployment fraud is claiming unemployment for a period of time under another individual’s name, or under one’s own name when not eligible for benefits. Because unemployment benefits received are significantly lower than a payroll loan for a major company, Figures 7 and 8 above makes sense with respect to PPP loans and unemployment benefits.

Figure 7: Average $ Value by Program
Sentencing

The heat map below (Figure 9) shows the average number of months per sentence associated with each state. The darker the blue, the longer the average sentence for that particular state is. New York led the way with 72 months, while Texas and North Carolina had averages in the 60s. There does not seem to be a trend in sentence times based on the number of cases in a particular state. New York has the highest average at 72 months. States with few numbers of cases like Texas and North Carolina saw higher sentences as well, sitting at 66 and 63 respectively.
Figure 9: Sentencing by State of Crime

Figure 10 shows a breakdown of sentencing among the frequent charges of cases. There is not much of an association among these two factors. Mail fraud is officially the highest in terms of average sentence time but is only a few months off from bank fraud and wire fraud, which came in at almost exactly the same number. Based on Figure 10, no conclusion can be drawn between the charge related to COVID and the length of any prison sentence.
Figure 11 is the most revealing chart relating to sentencing when compared to the two above it. Figure 11 compares the average sentence length to the type of COVID program that was frauded. These numbers vary significantly and can be used to draw conclusions about which crimes are considered the most serious in the eyes of the law. PPP loans hold the highest average sentence at 44 months, while unemployment sits slightly below this at 42 months. EIDL loans
average out to only 27 months. PPE cases fall under 2 years to 21 months, and stimulus frauds average only 6 months. It is quite interesting to note that there seems to be not a lot of correlation between the dollar amount and the prison sentence length. Unemployment frauds hold some of the longest sentences but represent some of the lowest average damages. This could be due to several factors, including the fact that many unemployment frauds involve a separate charge for identity theft, often adding on to the sentence.
Before relating the results back to the research questions, it is first important to acknowledge that this research was completed relatively early in the fallout of the CARES Act. Although it has been around 18 months since its passage, there could be more cases extending years into the future, depending on when and if they are discovered. The numbers presented in

**Discussion**

*Figure 11: Sentencing by Program*
the figures above provide excellent insight into trends and patterns among the data currently available, but this data may change with future cases that are continuously discovered.

**Research Question #1**

This question related to the kinds of programs that were most frequently frauded and prosecuted at the federal level. The answer to this question is a lot more straightforward and concrete than the other two will be. As seen in Figure 6, there is a high variance in the amount of cases relating to each fraud. PPP loan fraud and unemployment benefits fraud are the two most common types of fraud throughout the data collected. PPP fraud showed up in 46% of cases (99 out of 215), while unemployment fraud was present in 37% of cases (80 out of 215). The next most frequent program frauded was EIDL loans, showing up in 24% of cases (52 out of 215). Those totals are over 100%, because as mentioned earlier, some cases had multiple program frauds. These three programs represent those most prosecuted from the data collected. The other frauds present in the data occurred much less frequently, such as stimulus checks and PPE.

**Research Question #2**

Question two related to the overall trends discovered throughout the research. There are quite a few trends within all of this data, and a few of the most interesting will be discussed below. Although unemployment frauds were the most common type of fraud, the average monetary damage associated with these frauds was the second lowest overall. The frauds averaged only about $325,000 per case, and the only program that was lower was frauds relating to stimulus checks. The money given out by unemployment agencies per person is generally much smaller than the money issued by the SBA for business loans, but at the same time a lot of the cases of unemployment fraud dealt with people using their victim’s private information to file sometimes dozens of unemployment applications at a time. Even with dozens of applications
per case, the monetary damage is only a fraction to that of PPP loans, which often contains only 1 or just a few fraudulent applications.

Sticking with unemployment, the average sentencing for this fraud was near the top, as seen in *Figure 11*. As mentioned briefly above, this could be due to the fact that many unemployment cases contain identity theft as an additional charge. PPP and EIDL loans are often filed under a phony business name, or under a real business name with intentionally inaccurate data within the application relating to payroll expenses. For these applications, there is usually not an identity fraud to contend with unlike many unemployment cases. Another reason these sentences may be longer relates back to the instances of fraud per case. Unemployment frauds are likely to occur in succession, with many frauds occurring in each case. This translates to more charges of fraud, which could also explain the higher sentencing for unemployment.

Another trend to examine is the plea of these cases. As *Figure 1* shows, around 87% of the cases with pleas already given had a guilty plea. This number may seem really high, but it is actually right around the average across all crimes. A recent study by the Pew Research Center found that 90% of federal defendants pleaded guilty in 2018 (Gramlich, 2019). Based on this information, nothing seems out of the ordinary in relation to the pleas of the cases.

**Research Question #3**

A big emphasis of this project was placed on relating the frauds of COVID-19 back to the frauds of past disasters and crises. This is why the third question of the study asked for similarities between fraud of this disaster and past disasters. The major disasters mentioned in the literature review portion included 9/11, Hurricane Katrina, and the Great Recession of 2009. As far as similarities are concerned, sham loan applications are interwoven between both 9/11 and this pandemic. One particular case discussed above in the literature review relates to a man
filing and receiving a loan application for business property within the twin towers that was actually sold well before the terrorist attacks in September (Committee on Homeland Security, 2006). This is an example of someone trying to take advantage of a program put in place to help victims of a disaster, which is exactly what those filling out loan applications with inaccurate details through the CARES Act were doing. Many of the PPP and EIDL applications were for businesses actually owned by the filers. These individuals simply manipulated their revenues and payroll expenses to benefit more from the situation, as they knew this money would not have to be paid back so long as it was made to appear that the loans were going towards payroll and other qualified expenses. This is a gross disservice to those individuals and small businesses that may have been denied funds because of fraudulent claims taking up the pool of money. These trends certainly carried over from past disasters to this one. Anytime the government offers some kind of loan to help offset people struggling with any given issue, there are more than likely going to be individuals that do not need the support but go out of their way to unjustly benefit from the situation.

A second similarity between past frauds and COVID frauds deals with bribery. Bribing officials for preferential treatment on loan applications and FEMA funding was prevalent in the months following Hurricane Katrina (Lipton, 2006). One particular case from the pandemic deals with this same issue. A Florida man was sentenced to 46 months in prison after he accepted a bribe of $845,000 in exchange for granting two PPP loans to an individual who would have otherwise been rejected. Overall and as expected, there are strong correlations between the frauds committed by those in past disasters and those committed through the CARES Act.
Conclusion

COVID-19 took so much from the people of this country, and the purpose of this project from the beginning was to break down yet another problem of this pandemic: fraud. Although this virus is far from gone and must continuously be studied, it is important to also examine the unintended side effects such as this one. All of the information presented above provides a strong analysis of the frauds that occurred (and are still occurring) throughout the pandemic and associated government programs.

The research suggests that PPP loans and unemployment benefits fraud were the most common types of programs to be frauded under the CARES Act. PPP loan fraud was also one of the highest programs in terms of dollars per fraud in damage. On the opposite end of the spectrum, unemployment benefits saw a relatively low number for dollars per fraud. Putting this information together, it is clear from the data collected that PPP loans represent the most damaging form of fraud to occur after the CARES Act. Outside of the data on programs, states with higher populations tended to see more cases of COVID-19 fraud, although this trend was not absolute. Just under 90% of the cases with a plea entered brought back a guilty plea. In relation to sentencing, PPP and unemployment fraud also saw the highest average sentencing, and there seemed to be no relationship between the state of a trial and the length of a sentence. These are some of the key metrics that were observed through the research done in this study.

There are some inherent limitations of this study. As mentioned in discussion above, COVID-19 is still ongoing, and there will continue to be new cases of fraud related to the CARES Act as time passes. These new cases may confirm the prior data but could also result in completely new trends. An additional consideration is that all of these cases are at the federal level, and nothing at the state level was ever examined. Particular frauds may end up at the state
level more often. An example of this would be unemployment fraud, as states are typically who individuals go through to apply for unemployment benefits. Cases not tried at the federal level could change the overall trends as they relate to the programs most frequently frauded or even the states frauds were most common in.

This research provides a lot of great insight, but as always, there is more to be done. An examination of the demographics of those committing disaster fraud may help government officials identify individuals who may be more likely to commit fraud. It would be interesting to discover any relationship between disaster fraud and demographic factors such as income level, age, gender, or even occupation. This would be a great area for future research. Additional studies could also be done at a state level to compare and contrast state trends with the ones identified in this study. If more government programs are instituted as this pandemic continues, another insightful study might include measuring the frauds of later programs and stacking them up against the frauds committed through the CARES Act.

The results of this study are of noteworthy importance to the accounting profession. When working with clients, areas for potential fraud is something taught to every accounting student several times through education. Accountants working for the government agencies in charge of these programs can use this information to become more aware of where to look for fraud within these programs. Public accountants will know which kinds of government assistance programs are the most dangerous for fraud when examining the financials of a client. Lastly, private accountants can use this study to ensure their own company is following the law and to scrutinize the numbers when the company is applying for federal assistance during or after a disaster. Following this ongoing pandemic, this research project provides valuable information for the government, the accounting profession, and the public as a whole.
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