GAO U.S. Government Accountability Office

COVID-19 Relief: Consequences of Fraud and Lessons for Prevention

GAO-25-107746
Q&A Report to Congressional Committees
April 9, 2025

Why This Matters

Pandemic-relief programs were critical for assuring public health and economic stability. However, they also created unprecedented opportunities for fraud due to the dollars involved and other risk factors. These factors included changes to controls (e.g., reliance on self-certification) and the introduction of new programs.

Considering what was likely lost to fraud during the pandemic and assessing what lessons and insights can be taken to better prepare for both normal operations and future emergencies is critical for agencies. Beyond financial impacts, fraud erodes public trust in government and hinders agencies' efforts to execute their missions and program objectives effectively and efficiently. Therefore, taking steps to prevent fraud from occurring is crucial.

While the disbursement of pandemic-relief funds is largely over, the work of investigating, prosecuting, and recovering fraudulently disbursed funds is ongoing. The Department of Justice (DOJ) and its law enforcement partners continue to prioritize the investigation and prosecution of defendants (individuals or entities) that committed these offenses.

We performed this work under the CARES Act that includes a provision for GAO to report on our ongoing monitoring and oversight efforts related to the COVID-19 pandemic. This report provides information on the status of pandemic-relief program cases involving fraud-related charges brought by DOJ and how agencies can enhance fraud prevention.

Key Takeaways

- The full extent of pandemic-relief program fraud will likely never be known with certainty. However, estimates indicate that hundreds of billions of dollars in potentially fraudulent payments were disbursed.
- At least 2,532 defendants have been found guilty of fraud-related charges involving pandemic-relief programs, as of December 31, 2024. Those sentenced faced serious consequences, including prison time and restitution orders.
- Pandemic-relief program fraud was committed by individuals from all types of backgrounds. Although crime syndicates and career criminals were involved in some cases, many individuals who did not appear linked to organized fraud or criminal groups also defrauded these programs.
- While agencies may never be able to sway all fraudsters from attempting to defraud programs, actions—such as establishing adequate controls and emphasizing the consequences of fraud—can be taken to prevent and deter future fraudsters. We have made numerous recommendations to help agencies effectively manage fraud risks.

What is the extent of pandemic-relief fraud?

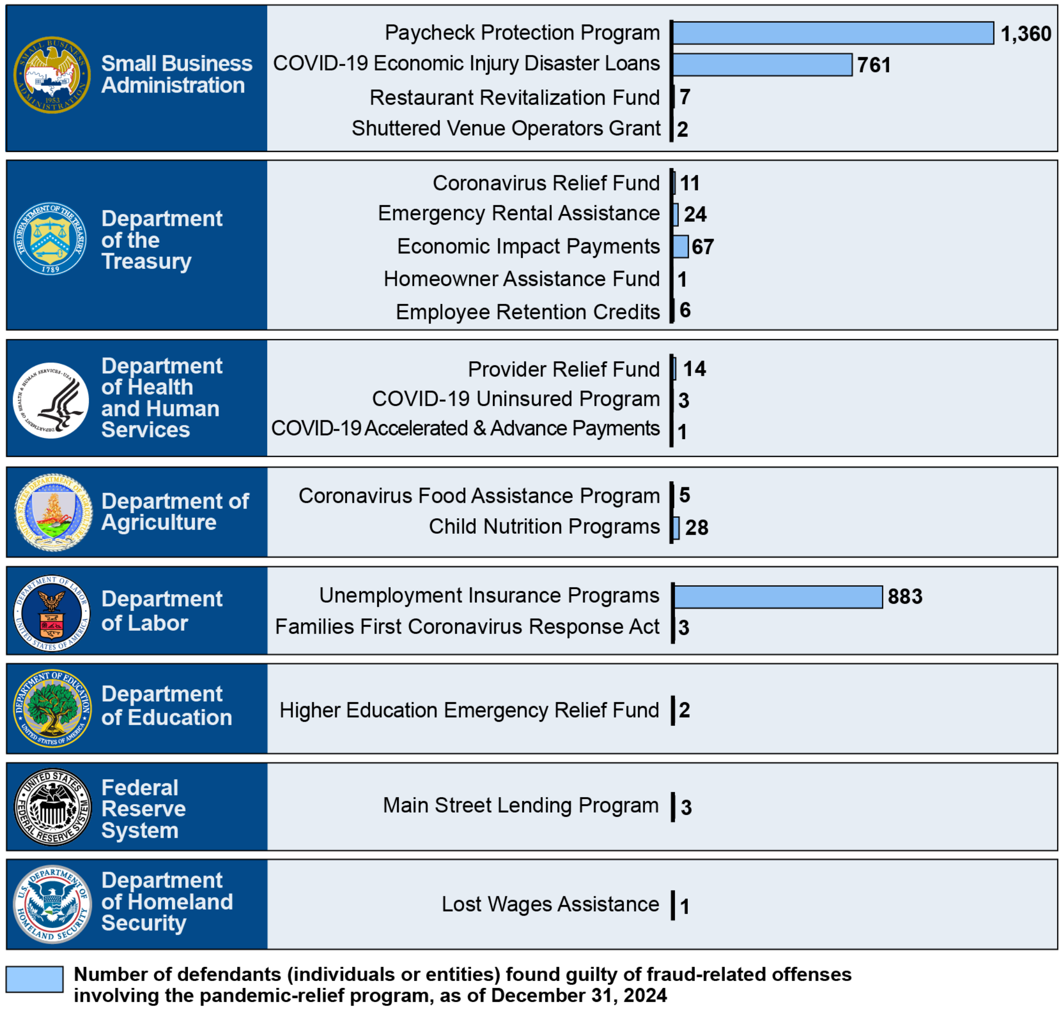
The full extent of fraud within the pandemic-relief programs will never be known with certainty. The scope of the pandemic-relief response; the inherently deceptive nature of fraudulent activities; and the resources needed for detection, investigation, and prosecution of fraud make it difficult to measure. However, estimates indicate hundreds of billions of dollars in potentially fraudulent payments were disbursed.

Pandemic-relief programs were critical for assuring public health and economic stability. However, they also created unprecedented opportunities for fraud due to the dollars involved, among other risk factors. Forty-eight agencies distributed $4.5 trillion in response to the pandemic. Estimates of fraud exist for three of the more commonly defrauded pandemic-relief programs—the Department of Labor's (DOL) Unemployment Insurance (UI) programs and the Small Business Administration's (SBA) Paycheck Protection Program (PPP) and the COVID-19 Economic Injury Disaster Loan (COVID-19 EIDL) program. Specifically,

- in September 2023, we estimated that the fraud in DOL's UI programs during the pandemic—from April 2020 through May 2023—was likely between $100 billion and $135 billion;[1] and
- while there are no estimates of total fraud in PPP and COVID-19 EIDL payments, SBA's Office of Inspector General (OIG) reported that, as of June 2023, SBA had disbursed $64 billion from the PPP and $136 billion from the COVID-19 EIDL program in potentially fraudulent pandemic-relief loans.[2]

In addition, our analysis of DOJ's public statements on fraud-related cases showed that at least 19 different pandemic-relief programs have been defrauded, as of December 31, 2024 (see fig. 1).

Figure 1: Federal Pandemic-Relief Programs That Were Defrauded, as of December 31, 2024

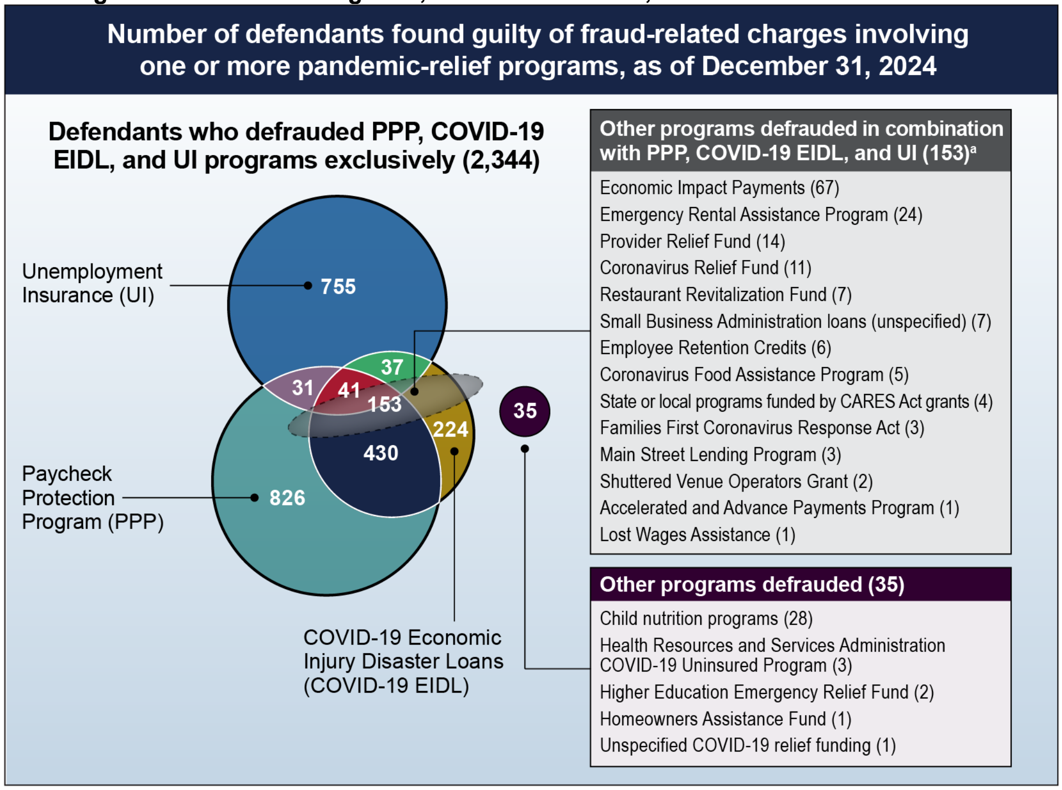


Sources: GAO analysis of Department of Justice case information; Small Business Administration, Department of the Treasury, Department of Health and Human Services, Department of Agriculture, Department of Labor, Department of Education, Federal Reserve System, and Department of Homeland Security (agency seals). | GAO-25-107746

Note: This figure does not include all defrauded federal pandemic-relief programs, such as state or local programs funded by CARES Act grants. In addition, there are cases pursued outside of the Department of Justice that may not be included in our data. We use the term pandemic-relief programs to refer to the programs and assistance outlined in six laws to help the nation respond to, and recover from, the COVID-19 pandemic. Also, the Department of Agriculture's child nutrition programs refer to two permanent programs—the Child and Adult Care Food Program and the Summer Food Service Program—that received COVID-19-era flexibilities. In addition, individuals and entities often defrauded multiple pandemic-relief programs, so the numbers presented above include instances of overlap between the programs.

According to our analysis, the most commonly defrauded pandemic-relief programs were SBA's PPP and the COVID-19 EIDL program, along with DOL's UI programs. At least 2,393 defendants (or almost 95 percent) that have been found guilty of fraud-related charges involving pandemic-relief programs defrauded PPP, COVID-19 EIDL, and UI programs, either exclusively or in combination with each other or other pandemic-relief programs. See figure 2 for a breakdown of the 2,532 defendants that have been found guilty of fraud-related charges involving one or more pandemic-relief programs, as of December 31, 2024.

Figure 2: Number of Defendants That Have Been Found Guilty of Fraud-Related Charges Involving Pandemic-Relief Programs, as of December 31, 2024



Source: GAO analysis of Department of Justice case information. | GAO-25-107746

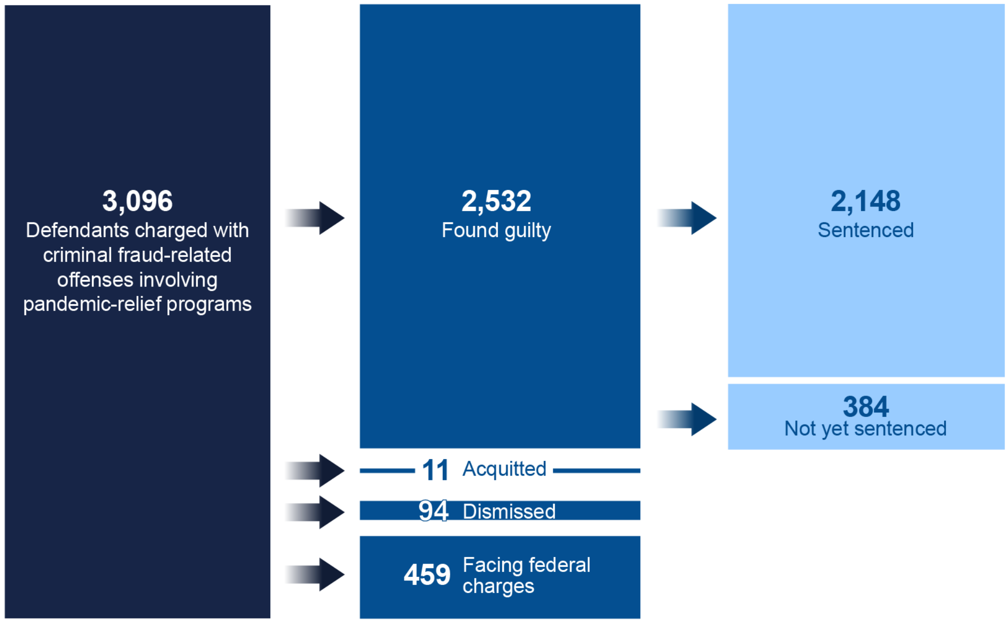
Note: The figure above includes defendants who either pleaded guilty or were convicted at trial. Some of these defendants have been sentenced, and some were awaiting sentencing, as of December 31, 2024.

[a]Program totals reflect instances where defendants defrauded that program either exclusively; along with PPP, COVID-19 EIDL, and UI programs; or in combination with other pandemic-relief programs. Therefore, to avoid double counting, this total does not reflect the sum of the individual program totals.

What is the status of DOJ's criminal prosecution efforts against pandemic-relief fraudsters?

As of December 31, 2024, DOJ has publicly announced criminal fraud-related charges involving pandemic-relief programs against at least 3,096 defendants—which can be individuals or entities (see fig. 3).

Figure 3: Number of Defendants Charged with Criminal Fraud-Related Offenses Involving Pandemic-Relief Programs and Case Status, as of December 31, 2024



Source: GAO analysis of Department of Justice case information. | GAO-25-107746

Note: Of the 2,532 defendants found guilty, 2,415 entered guilty pleas, and 117 were convicted at trial.

We analyzed criminal cases identified from DOJ's public statements and court documentation from March 2020 through December 2024. Out of the at least 3,096 defendants charged with criminal fraud-related offenses involving pandemic-relief programs that have been publicly announced, 2,532 defendants (or almost 82 percent) have been found guilty.

The number of defendants facing criminal fraud-related charges involving pandemic-relief programs continues to increase, as it takes time for new cases to be identified and developed, and hundreds of investigations are still underway. Additionally, extensions to statutes of limitations may contribute to an increase in cases. For example:

- As of August 2022, the statute of limitations has been extended to 10 years to prosecute individuals who committed PPP and COVID-19 EIDL-related fraud.[3]
- The multiagency COVID-19 Fraud Enforcement Task Force, which operates through DOJ, has recommended extending the statute of limitations for all criminal offenses affecting pandemic-relief funding, as well as for civil False Claims Act and Administrative False Claims Act violations.
- DOL's OIG and the Internal Revenue Service have requested that Congress extend the statute of limitations for the pandemic-relief UI and the Employee Retention Credit programs.
- In January 2025, Congress introduced legislation that would extend the statute of limitations for violations relating to pandemic UI programs and other pandemic-relief programs to 10 years.[4]

GAO supports such extensions, which would give our oversight partners and federal law enforcement additional time to investigate and pursue fraudulently obtained payments in these programs.[5]

Has DOJ used only criminal charges to prosecute pandemic-relief program fraud?

No. Although criminal prosecutions serve as a key tool in the mission to address pandemic-relief program fraud and recover stolen funds, civil actions offer the government alternative ways to uncover more fraud schemes and recover funds. These civil actions include actions under the False Claims Act (FCA)—many of which are qui tams—and other civil remedies.[6] See table 1 for more information on the FCA.

Table 1: Overview of the False Claims Act (FCA)

What is the FCA?	• The FCA is a civil statute that makes individuals who knowingly submit false or fraudulent claims for payment to the government liable for three times the amount of damages which the government sustains, in addition to civil monetary penalties.[a]
Who is involved?	• FCA actions can be initiated by the Department of Justice (DOJ) or by private persons with knowledge of fraud (known as whistleblowers) who can bring suit on behalf of the government (called "qui tam" suits).
How does it work?	• DOJ can join—commonly described as intervene—in whistleblower-initiated actions. • The whistleblowers are also known as qui tam relators and are entitled to a portion—usually between 15 percent and 30 percent—of the recovered funds.
When can claims be filed?	• In general, FCA claims must be brought within 6 years of the date on which the violation occurred.
Why is the FCA useful?	• Civil statutes, including the FCA, have a lower burden of proof than criminal offenses. These statutes, according to DOJ officials, are a useful tool in fraud cases that might otherwise go unaddressed. • In addition, FCA whistleblower-initiated actions can provide details and help identify complex fraud schemes that would otherwise remain hidden. According to DOJ officials, many of its fraud investigations and lawsuits arise from qui tam actions.

Source: GAO analysis of the False Claims Act. | GAO-25-107746

[a]31 U.S.C §§ 3729-3733. FCA liability can also arise in other situations, such as when someone knowingly makes or uses, or causes to be made or used, a false record or statement material to a false claim or improperly avoids an obligation to pay the government.

According to DOJ, from March 2020 to December 31, 2024, it has secured more than 650 civil settlements and judgments, totaling more than $500 million, to resolve allegations of fraud or overpayments in connection with the pandemic-relief programs.[7] Of the 112 publicly announced closed civil actions—settlements and judgments—that we reviewed related to pandemic-relief program fraud, we identified 58 as FCA actions initiated by whistleblowers.

Pandemic-relief program fraud cases under the FCA have increased year-over-year since the beginning of the pandemic in 2020 as cases are investigated and adjudicated. According to DOJ, that trend is expected to increase for the foreseeable future. DOJ recommends the extension of the FCA statute of limitations to 10 years to allow the government continued access to one of its primary antifraud and recovery tools.

In addition, DOJ uses asset forfeiture as a tool to recover funds and assets lost to fraud through three different actions.

Civil administrative: an action that permits personal property to be forfeited to the U.S. without filing a case in federal court, when no one contests the seizure of the property. Such seizure must be based on probable cause. A criminal conviction is not required for this action.

Civil judicial: a court proceeding brought against property that was derived from, or used to commit, an offense, rather than against a person who committed an offense. A criminal conviction is not required for this proceeding. Property owners do not have to be charged, arrested, or convicted of any crime, but the government must present a preponderance of evidence that the property in question is legally forfeitable.

Criminal forfeiture: an action against a defendant that includes notice of the intent to forfeit property in a criminal indictment. A conviction is required for this action.

Who defrauded the pandemic-relief programs?

In addition to more traditional and organized criminal groups, entities in a wide variety of sectors, and individuals from all walks of life, defrauded pandemic-relief programs.

Our review of DOJ's public statements illustrated the different types of fraud schemes and fraudsters who attempted to defraud pandemic-relief programs. According to DOJ officials, in addition to the opportunistic fraud discussed below, domestic and transnational organized fraud groups are likely committing large-scale fraud of pandemic-relief programs.[8] DOJ is utilizing data analytics to investigate the fraud committed by these groups.

Although crime syndicates and career criminals were involved in perpetrating fraud against pandemic-relief programs, a significant number of entities and individuals who did not appear linked to organized criminal groups also attempted to take advantage of these programs. These entities and individuals may be considered opportunists.

According to the Association of Certified Fraud Examiners, opportunistic fraud typically happens when ordinarily honest people exploit a sudden and unexpected chance to defraud.[9] As discussed later in this report, the pandemic created an environment for fraudsters to take advantage of disruptions in normal business operations, such as potentially weakened control environments. In turn, opportunistic fraud was prevalent during the pandemic.

Our analysis showed that many types of opportunists attempted to defraud pandemic-relief programs (see fig. 4).

Figure 4: Types of Opportunists GAO Identified in Pandemic-Relief Program Fraud Cases

Sources: GAO analysis of Department of Justice case information; Icons-Studio/stock.adobe.com (icons). | GAO-25-107746

Note: This list is not inclusive of all the types of opportunists who defrauded pandemic-relief programs.

In addition to the types of individual opportunists shown in figure 4, we identified cases where financial institutions and other entities entered into settlements to resolve allegations related to pandemic-relief programs, as discussed later in this report.

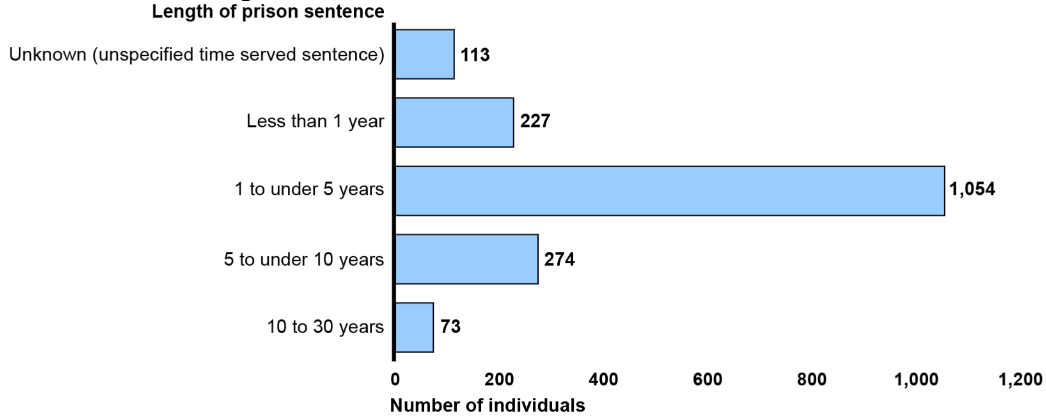
What consequences have pandemic-relief fraudsters faced in criminal court?

Defendants found guilty of pandemic-related criminal fraud charges have been typically sentenced to prison time and ordered to pay restitution. Their sentencing varied based on the circumstances of the offense, as well as other factors, such as prior convictions and the presence of additional charges beyond fraud.

Sentences ranged from probation to varying prison terms, followed by supervised release, with more than 80 percent of defendants sentenced to serve time in prison. In addition to prison time and probation, sentences included community service; fines; and, in a vast majority of cases, restitution.

Prison sentences. Of the 2,143 defendants that were found guilty of fraud-related charges involving pandemic-relief programs and sentenced as of December 31, 2024, 1,741 (81 percent) received prison time. Prison sentences ranged from 1 day to 30 years, with the majority of sentences between 1 and 5 years. Figure 5 presents the different lengths of prison sentences.

Figure 5: Prison Sentences for Defendants Found Guilty of Fraud-Related Charges Involving Pandemic-Relief Programs, as of December 31, 2024

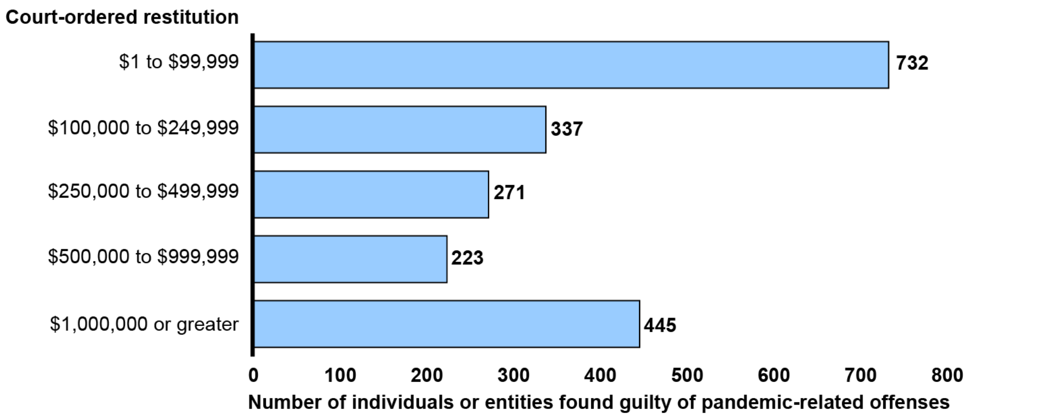


Source: GAO analysis of Department of Justice case information. | GAO-25-107746

Note: Our analysis is limited to cases identified from the Department of Justice's (DOJ) public statements and court documentation from March 2020 through December 31, 2024, and may not include all criminal fraud-related charges involving pandemic-relief programs by DOJ.

Restitution. Of the 2,143 defendants that were found guilty of fraud-related charges involving pandemic-relief programs and sentenced as of December 31, 2024, 2,008 (or 94 percent) were ordered to pay restitution. Restitution amounts for those 2,008 defendants ranged, with the highest amount being over $71 million. Over 440 defendants were ordered to pay $1 million or more in restitution each. See figure 6 for more information on the amount of restitution defendants have been ordered to repay.

Figure 6: Court-Ordered Restitution for Defendants Found Guilty of Fraud-Related Charges Involving Pandemic-Relief Programs, as of December 31, 2024



Source: GAO analysis of Department of Justice case information. | GAO-25-107746

Note: Our analysis is limited to cases identified from the Department of Justice's (DOJ) public statements and court documentation from March 2020 through December 31, 2024, and may not include all criminal fraud-related charges involving pandemic-relief programs by DOJ.

What consequences have pandemic-relief fraudsters faced in civil court?

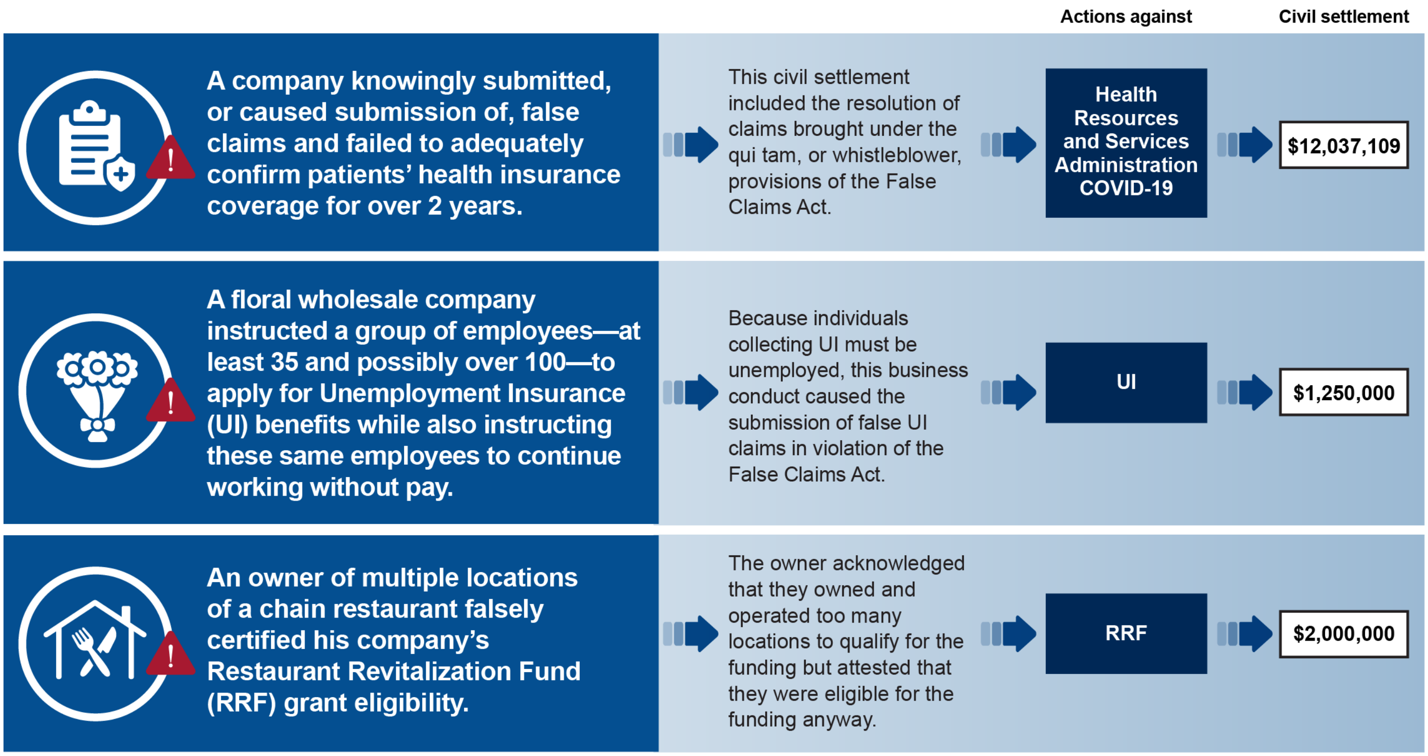
The majority of civil actions against pandemic-relief fraudsters resulted in settlements in which both parties agreed on a monetary payment that resolved allegations against the defendant, with or without admission of liability. Settlement amounts can include restitution; penalties; and other stipulations, such as attorney fees and accrued interest.

The first pandemic-relief program fraud FCA whistleblower case settled in August 2021. In this case, the defendant—the owner of a jet charter limited liability company—agreed to pay **$287,055** to resolve allegations that he misappropriated **$98,929** of PPP loan funds to pay for personal, noncompanyrelated expenses. Since then, judicial districts have reported settlements that have ranged from **$11,665** to over **$63 million**.

Two of the largest FCA whistleblower settlements to date occurred in 2024 and involved a single, now bankrupt lender. In May 2024, the lender agreed to provide the U.S. with a bankruptcy claim for recovery of up to **$120 million** to resolve allegations that it systemically inflated tens of thousands of PPP loans. In addition, the settlements resolved allegations that this lender knowingly failed to implement appropriate fraud controls to comply with PPP lender requirements. In particular, the U.S. alleged that the lender removed underwriting steps from its standard procedures to process a greater number of PPP loan applications and maximize processing fees.

The vast majority of the 105 publicly announced settlements involve actions against SBA's PPP or COVID-19 EIDL program, but there have been settlements involving other pandemic-relief programs (see fig. 7).

Figure 7: Examples of Settlements Involving Pandemic-Relief Programs

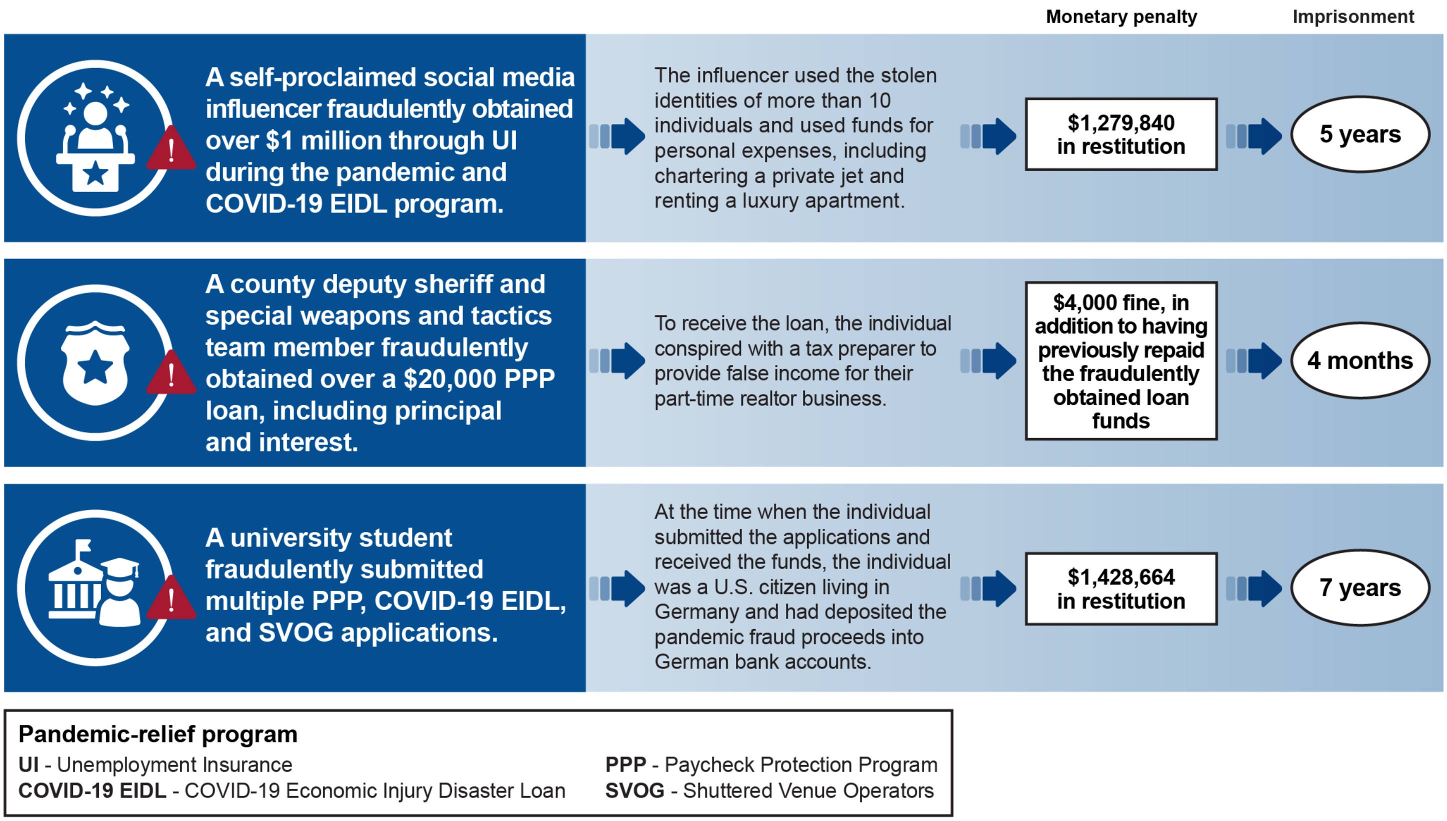


Sources: GAO analysis of Department of Justice information and Icons-Studio/stock.adobe.com (icons). | GAO-25-107746

What are some specific consequences imposed on pandemic-relief fraudsters?

Individuals who defrauded pandemic-relief programs have experienced a variety of consequences. As described above, criminal court outcomes ranged from probation to prison time and generally included monetary penalties, such as restitution, fines, or assessment fees. See figure 8 for examples of the consequences imposed on pandemic-relief fraudsters.

Figure 8: Examples of Consequences Imposed on Pandemic-Relief Fraudsters



Sources: GAO analysis of Department of Justice information; and Icons-Studio/stock.adobe.com (icons). | GAO-25-107746

What actions are being taken to address pandemic-relief program fraud?

While the disbursement of pandemic-relief funds is largely over, DOJ and its law enforcement partners continue to prioritize the investigation and prosecution of defendants that committed these offenses, and the work of recovering fraudulently disbursed funds is ongoing. Federal entities and Congress have recovered funds through forfeitures and restitution orders and expanded the government's ability to identify and prosecute pandemic-relief program fraud.

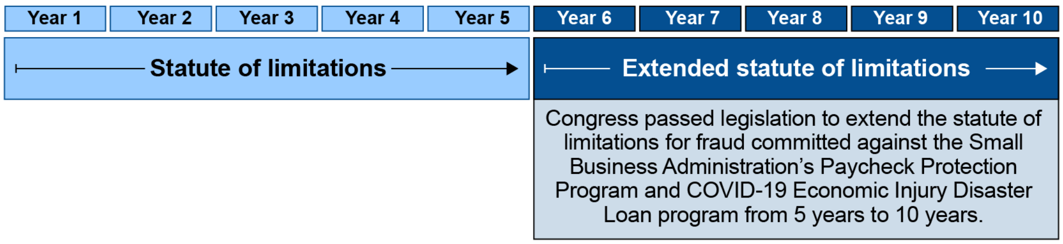
Restitution and recovery. Numerous interagency task forces, such as the COVID-19 Fraud Enforcement Task Force led by DOJ, and the Pandemic Response Accountability Committee (PRAC) were established to combat pandemic-relief program fraud.[10] As part of this effort, they have taken steps to recover funding that was disbursed as a result of fraud.

According to the COVID-19 Fraud Enforcement Task Force 2024 Report, as of the end of 2023, civil administrative, and civil and criminal judicial cases, resulted in the forfeiture of more than $1 billion in fraudulent proceeds.[11] According to DOJ officials, civil forfeiture actions have resulted in the largest percentage of recoveries of fraudulently obtained pandemic-relief program funds. The report also noted that, as of the end of 2023, fraud-related enforcement actions from pandemic-relief criminal prosecutions resulted in over $882 million in restitution orders to both government and private victims.

In December 2024, the PRAC reported that the PRAC Fraud Task Force efforts have led to criminal charges against 111 subjects and assisted the federal government in recovering over $16 million in restitution, seizures, forfeitures, civil settlements, and voluntary repayments.[12]

Extended statute of limitations. For certain pandemic-relief programs, legislation has been passed to extend the statute of limitations for fraud (see fig. 9).

Figure 9: Statute of Limitation Extensions



Source: GAO analysis of relevant legislation. | GAO-25-107746

Note: In response to these changes, the Small Business Administration issued an interim rule that lengthened to 10 years the required records retention policy for lenders that made loans under the Paycheck Protection Program.

According to DOJ officials, there are clear benefits to extending the statute of limitations, as it allows law enforcement, investigators, and prosecutors more time to uncover potential fraud and to develop cases. A DOJ official also noted that an extended statute of limitations would be beneficial, for example, in cases when a civil investigation or action leads to the discovery of a potentially complex crime that is then referred to DOJ's Criminal Division for further investigation.

Continued oversight initiatives. There have also been efforts to continue certain pandemic-relief oversight initiatives.

- **Special Inspector General for Pandemic Recovery (SIGPR).** SIGPR was created by the CARES Act to oversee spending of government funds in response to the pandemic. In January 2025, legislation was introduced to extend SIGPR through 2030.[13]
- **Pandemic Analytics Center of Excellence (PACE).** In March 2022, we recommended that Congress consider establishing a permanent analytics center of excellence to aid the oversight community in identifying improper payments and fraud.[14]

  The PRAC created the PACE, which helps agencies identify potential fraud for investigation by combining oversight data in one place with a suite of analytic tools.

  PACE is focused on pandemic-relief programs, and its funding is currently set to expire in 2025. Ongoing challenges with fraud and improper payments highlight the value of these analytical capabilities across the federal government.

  While Congress has not acted to authorize a permanent data analytics center, the Government Spending Oversight Act of 2024, introduced in the 118th Congress, would have established a Government Spending Oversight Committee.[15] The committee's general functions would include the sharing of data and services, data analytics, and providing analytical products to agencies, in coordination with Inspectors General, to promote program integrity and prevent improper payments. As of February 2025, Congress has not yet passed any bills including these provisions.

See figure 10 for more information on the oversight initiatives led by SIGPR and PACE.

Figure 10: Oversight Initiatives Led by the Special Inspector General for Pandemic Recovery and the Pandemic Analysis Center of Excellence

Special Inspector General for Pandemic Recovery (SIGPR)

Created by the CARES Act to oversee spending of government funds in response to the COVID-19 pandemic.

Outcomes

As of November 2024, SIGPR opened **83 cases investigating potential fraud**—of which 42 remain pending—involving at least 130 potential defendants.

- **67** federal charges
- **48** arrests
- **27** guilty pleas
- **4** sentencings
- **$28.4 million** in seizures and forfeiture orders
- More than **$121.5 million** in court-ordered restitution
- A **$350,000** civil settlement

Pandemic Analytics Center of Excellence (PACE)

Created by the Pandemic Response Accountability Committee (PRAC) to help agencies identify potential fraud for investigation by combining oversight data in one place with a suite of analytic tools.

Outcomes

As of September 2024, the PACE has provided investigative support to 49 federal law enforcement partners and Offices of Inspectors General on **951 pandemic-related investigations.**

- Investigations involved nearly **23,000 subjects**
- Estimated potential fraud loss of **$2.2 billion**

Sources: GAO analysis of SIGPR and PRAC information; SIGPR and PACE (logos). | GAO-25-107746

Pilot programs. DOJ has recently introduced several whistleblower pilot programs. While these programs were not designed specifically to address pandemic-relief program fraud, they could aid in the identification of these fraud cases, if whistleblowers come forward.

Specifically, the DOJ Criminal Division has launched a Corporate Whistleblower Awards Pilot Program for those who did not meaningfully participate in criminal activity that falls within specific subject areas, including violations by financial institutions, their insiders, or agents. According to a DOJ official, for individuals seeking to report previously undetected corporate misconduct who face criminal liability for their actions, several DOJ offices are piloting programs that offer a different, nonmonetary incentive—the possibility of a nonprosecution agreement, subject to certain conditions.

Additionally, 14 United States Attorney's Offices created pilot programs designed to encourage early voluntary self-disclosure of criminal conduct by participants in certain nonviolent offenses. Thirteen of the programs include disclosure of criminal conduct involving fraud relating to federal, state, or local funds, which would include pandemic-relief program fraud.

In addition to the actions being taken by the federal government, private citizens are helping identify potential cases and reporting them through the qui tam suits. For instance, one serial relator—an individual who has filed multiple pandemic-relief program fraud qui tam suits—brought a qui tam action alleging that companies received and retained duplicate PPP loans despite requirements to certify that they would not receive more than one loan. The U.S. government entered into the lawsuit and, in February 2023, three companies named in the suit paid a total of **$530,000** to settle the allegations.

Another serial relator has successfully brought actions alleging violations of the loan requirements associated with the second round of PPP funding. Based on a review of applicants for a second PPP loan, the relator filed qui tam suits against public relations agencies that sought and received forgiveness for these loans. Two of these qui tam actions resulted in settlements over **$2 million**.

What can the fraud triangle tell us about the culture of fraud during the pandemic?

The fraud triangle outlines three components that contribute to an increased risk of fraud seen during the pandemic.[16] These components consist of (1) opportunity, (2) rationalization, and (3) incentive or pressure (see fig. 11).

Figure 11: Fraud Triangle

Opportunity
Opportunity refers to circumstances that allow fraud to occur.

Rationalization
Rationalization refers to an individual's justification for committing fraud.

Incentive or pressure
Incentive or pressure refers to the stress or urgency that leads someone to take an action they may not usually take.

Sources: GAO figure adapted from the Department of the Treasury's Program Integrity: The Antifraud Playbook; Icons-Studio/stock.adobe.com (icons). | GAO-25-107746

We have previously reported that while fraud risk may be greatest when all three risk factors are present, one or more of these factors may indicate a fraud risk.[17]

Opportunity. Opportunity refers to circumstances that allow fraud to occur. The design of some pandemic-relief programs provided the opportunity for fraudsters to take advantage of the limited internal controls in place. For example, federal and state agencies relied on self-attestation or self-certification for individuals to verify their eligibility or identity to receive assistance from some pandemic-relief programs to disburse funds quickly to those in need. While this process allowed agencies to get the funds out quickly, it also increased the risk of fraud.

In addition, cyberfraud increased significantly during the pandemic, in part due to the shift to a digital environment—such as an enhanced use of online applications. This, in addition to reduced controls for identity and eligibility determinations, led to an increase in identity theft that enabled individuals to fraudulently apply to certain pandemic-relief programs.

Rationalization. Rationalization refers to an individual's justification for committing fraud. For example, individuals may find ways to excuse their behavior, even when they know it is wrong. In addition, some individuals recruited others to fraudulently apply for certain pandemic-relief programs to profit. Further, emergency situations may cause individuals to experience increased stress, which can lead to a belief where individuals feel they may have nothing to lose, resulting in the rationalization of committing fraud.

Incentive or pressure. Incentive or pressure refers to the stress or urgency that leads someone to take an action they may not usually take. According to the Association of Certified Fraud Examiners, the line that separates acceptable from unacceptable behavior can become blurred for some people, when pressures mount.[18]

Financial difficulty is a type of pressure that can motivate people to commit fraud. For example, by the third week of April 2020, 26.5 million workers had filed jobless claims as a result of the pandemic. While financial aid was provided during the pandemic, individuals were worried about how to make ends meet.

This concern, and related uncertainty, may have led to individuals feeling pressured to defraud pandemic-relief programs.

Further, as public awareness of certain programs spread, there was an increased perception that those programs were easy targets for “get rich quick” schemes. This perception may have incentivized certain individuals to fraudulently apply for programs they were not eligible for.

How can agencies use information about the consequences of fraud to help prevent it?

Although some individuals might never be swayed from attempting to defraud government programs, agencies can implement deterrence actions to help prevent future fraudsters.

Emphasizing consequences. Emphasizing the consequences of committing fraud may help to deter future opportunists, as it can shed a light on the severity of potential consequences. For instance, a DOJ official noted that the outcomes of the pandemic-relief program fraud cases were set forth in press releases to promote deterrence, inform the public, and highlight the work of DOJ and its law enforcement partners to combat and prosecute fraud.

Highlighting controls. In the absence of visible controls, some fraudsters, including opportunists, may feel more inclined to attempt to defraud a program. However, agencies and programs generally have fraud prevention and detection controls in place that may not be visible to the public. Therefore, increasing awareness of these controls designed to catch misrepresentation could help deter fraudsters from committing future fraud.

Other deterrence mechanisms. As discussed in the Fraud Risk Framework, the likelihood that individuals who engage in fraud will be identified and punished serves to deter others from engaging in fraudulent behavior.[19] For example, as a fraud deterrence mechanism, SBA maintains a list of the Small Business Innovation Research (SBIR) and Small Business Technology Transfer programs’ fraud convictions and findings of civil liability on the SBIR.gov website. Highlighting the outcomes of pandemic-relief program fraud cases in a similar way may also serve as a method of fraud deterrence.

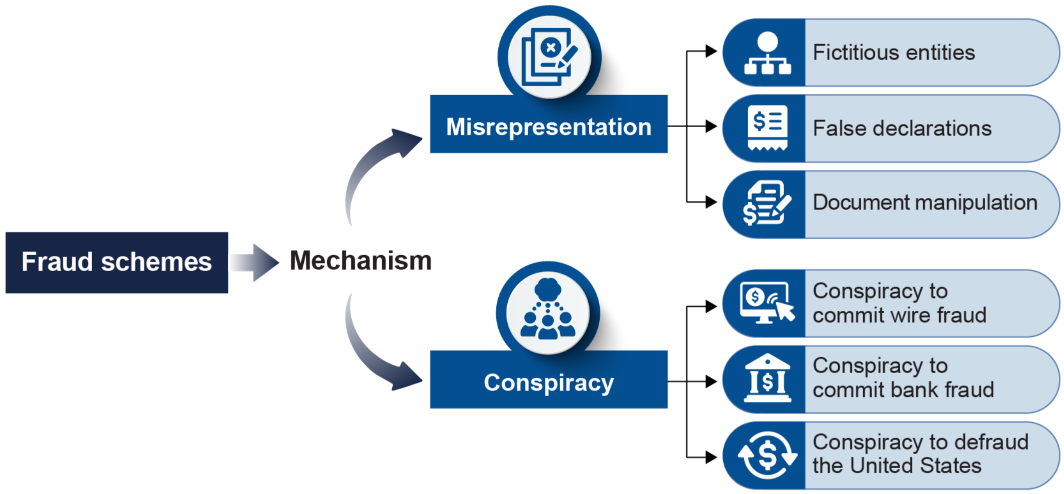
How can agencies better prepare to fight fraud in the next emergency?

By examining fraudsters and fraud schemes that emerged during the pandemic, agencies can identify fraud mitigation controls that can be implemented in emergency environments and during normal operations.

As discussed in our Antifraud Resource, every fraud scheme has at least one fraudster, who may be aided by one or more facilitators.[20] Some facilitators knowingly participate in fraud schemes by being complicit or coerced. Other facilitators may unknowingly participate in fraud schemes. These fraudsters may employ various types of mechanisms to defraud federal programs.

Through our analysis of publicly announced DOJ cases involving pandemic-relief program fraud as of December 31, 2024, we found that multiple and various mechanisms were used in the pandemic-relief program fraud schemes. For example, conspiracy and misrepresentation were mechanisms we identified throughout numerous schemes (see fig. 12).

Figure 12: Two Types of Mechanisms Identified in Pandemic-Relief Program Fraud Schemes



Sources: GAO Antifraud Resource and analysis of Department of Justice case information; Icons-Studio/stock.adobe.com (icons). | GAO-25-107746

Mechanisms used in a fraud scheme have a close relationship to internal controls. For example, mechanisms of misrepresentation—such as document manipulation, false declarations, and fictitious entities—leave agencies open to significant fraud risk when they rely on self-certification as an internal control for fraud prevention. This was the case in several pandemic-relief programs.[21] Confirming the eligibility and identity of individuals receiving payments, such as by confirming wage information or verifying identity through data and other checks, are key controls to prevent fraud schemes that rely on such mechanisms.

What insights and resources has GAO provided to help agencies develop effective antifraud strategies?

We have released various reports and insights that may help agencies as they prepare and plan to implement controls and mitigate fraud risks for future emergencies. Considering what was likely lost to fraud during the pandemic and assessing what lessons and insights can be taken to better prepare for both normal operations and future emergencies is critical for agencies. Beyond financial impacts, fraud erodes public trust in government and hinders agencies' efforts to execute their missions and program objectives effectively and efficiently. Therefore, taking steps to prevent fraud from occurring is critical. Strategic fraud risk management positions agencies to better manage fraud during normal operations and future emergencies.

We previously reported on six key insights identified from pandemic relief that can inform fraud prevention.[22]

(1) Consider that self-certification alone is not sufficient as a fraud control to mitigate misrepresentation.

(2) Assess fraud risks to include emerging and complex schemes—such as those involving conspiracies—from cases affecting other similar programs.

(3) Leverage the Department of the Treasury's free payment integrity services, as well as available program or agency data.

(4) Address interoperability issues to support future use of data analytics for fraud prevention and detection.

(5) Assume identity information has been compromised, and develop and apply upfront controls to verify applicant identity.

(6) Ensure payment integrity checks and fraud controls are part of program design, with an emphasis on assuring data access and use of fraud prevention.

In addition, our Fraud Risk Framework identifies leading practices for agencies to better plan for, and take a more strategic approach toward, managing fraud risks in normal operations but also when implementing the federal response to emergency situations.[23] We have also recommended numerous actions that federal agencies should take to help ensure they are effectively managing fraud risks and preventing as much fraud as possible up front. For example, we recommended that agencies use data analytics to better manage fraud risk. These included recommendations to design and implement data-analytics activities to prevent and detect fraud, such as using data matching to verify self-reported information.

Further, we published a framework for managing improper payments in emergency assistance programs.[24] While all payments resulting from fraudulent activity are considered improper, not all improper payments are the result of fraud. This framework discusses five principles that can help federal program managers mitigate improper payments, including those related to fraud, in emergency assistance programs.

Finally, in our 2024 report on COVID-19 lessons for federal agencies, we highlighted the importance of agencies implementing prepayment controls to avoid operating in the "pay and chase model."[25] However, we also noted that establishing postpayment controls and processes can help agencies identify and recover improper payments and fraudulent payments when the quick disbursement of funds makes prepayment controls difficult to apply fully. Agencies should act promptly to recover payments because as the more time passes, the less likely payments will be recovered.

Agencies can also apply lessons learned during emergencies to inform future practices. During the pandemic, we made recommendations to help agencies manage fraud risks, including those in DOL's UI program and SBA's PPP and COVID-19 EIDL program. For example, in October 2021, we recommended that DOL examine the suitability of existing fraud controls in the UI program and prioritize residual fraud risks.[26] DOL implemented this recommendation in August 2023. Further, in March 2021, we recommended that SBA conduct a formal assessment and develop a strategy to manage fraud risks for the PPP and the COVID-19 EIDL program.[27] SBA implemented these recommendations in August 2023.

Agency Comments

We provided a draft of this report to DOJ for review and comment. We incorporated technical comments from DOJ as appropriate.

How GAO Did This

To determine the status of cases announced by DOJ that have fraud-related charges and civil actions involving pandemic-relief programs, we reviewed public statements from DOJ from March 2020 through December 31, 2024. Specifically, we identified cases involving various federal pandemic-relief programs (e.g., PPP, COVID-19 EIDL program, UI, Emergency Rental Assistance Program, Provider Relief Fund).

We identified these cases using the press releases posted on the Offices of the United States Attorney's website. We also analyzed corresponding court documentation available in Public Access to Court Electronic Records to determine the current case status and obtain additional details.

We analyzed these cases to identify the types of defendants involved, as well as the corresponding consequences. Through our analysis, we identified examples of DOJ cases that involved various pandemic-relief programs and illustrated the different types of defendants that perpetrated the fraud. In addition, we analyzed the range of consequences the pandemic-relief program fraudsters faced.

To identify the efforts taken to address pandemic-relief program fraud, we reviewed public information related to DOJ and various program-administering agencies' initiatives, such as the whistleblower (qui tam) initiatives and fraud cases originating under the FCA. We also met with DOJ officials to discuss general pandemic fraud risk management and prevention practices.

To identify how agencies can enhance fraud prevention and better prepare for the next emergency, we reviewed prior GAO reports to identify lessons learned on fraud prevention. We also reviewed reports from relevant oversight agencies, such as the PRAC, to identify various approaches to prevent and deter fraud.

We performed this work under the CARES Act, which includes a provision for GAO to report on our ongoing monitoring and oversight efforts related to the COVID-19 pandemic.

We conducted this performance audit from August 2024 to April 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

List of Addressees

The Honorable Susan Collins
Chair
The Honorable Patty Murray
Vice Chair
Committee on Appropriations
United States Senate

The Honorable Mike Crapo
Chairman
The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

The Honorable Bill Cassidy, M.D.
Chair
The Honorable Bernard Sanders
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Rand Paul, M.D.
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The Honorable Gary C. Peters
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The Honorable Tom Cole

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The Honorable James Comer
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Committee on Oversight and Government Reform
House of Representatives

The Honorable Jason Smith
Chairman
The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
House of Representatives

We are sending copies of this report to the appropriate congressional committees, the Attorney General of the United States, and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

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Endnotes

[1]GAO, *Unemployment Insurance: Estimated Amount of Fraud During Pandemic Likely Between $100 Billion and $135 Billion,* GAO-23-106696 (Washington, D.C.: Sept. 12, 2023).

[2]This includes PPP loans, COVID-19 EIDL program loans, EIDL Targeted Advances, and EIDL Supplemental Targeted Advances. Small Business Administration, Office of Inspector General, *COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape*, White Paper Report 23-09 (June 27, 2023).

[3]The statute of limitations for mail fraud and wire fraud prosecutions is 5 years (18 U.S.C.§ 3282), except for mail and wire fraud schemes that affect a financial institution, in which case the statute is 10 years (18 U.S.C. § 3293). The statute of limitations for fraud related to PPP loans (15 U.S.C. § 636(a)(36)(W)) and PPP second draw loans (15 U.S.C.§ 637(a)(37)(P)) and for certain COVID-19 EIDL loans (15 U.S.C. § 636(b)(16)), COVID-19 EIDL advances (15 U.S.C. § 9009b(i)), and targeted COVID-19 EIDL advances (15 U.S.C. § 9009b (i)) has been extended to 10 years.

[4]In January 2025, the Recover Fraudulent COVID Funds Act was introduced that would extend the statute of limitations for violations relating to all pandemic-relief programs to 10 years (S. 121, 119th Congress). In February 2025, the Pandemic Unemployment Fraud Enforcement Act was introduced, which would extend the statute of limitations for violations related to pandemic UI programs to 10 years (H.R. 1156, 119th Congress). In March 2025, the SBA Fraud Enforcement Extension Act was introduced that would extend the statute of limitations for fraud under certain pandemic programs—grants for shuttered venue operators and restaurant revitalization—to 10 years (S. 1199, 119th Congress). As of April 2, 2025, Congress has not yet passed bills including these provisions.

[5]GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness,* GAO-25-107743 (Washington, D.C.: Feb. 25, 2025).

[6]Civil actions under the FCA include actions initiated by private persons with knowledge of fraud (known as whistleblowers) who can bring suit on behalf of the government. These actions are referred to as “qui tam” suits.

[7]A settlement is an agreement between parties that ends a dispute and results in the voluntary dismissal of any related litigation. A judgment is a final order entered by a court. The Office of Management and Budget defines an overpayment as a payment in excess of the amount due. Overpayments can result from unintentional errors or fraud.

[8]We are reviewing domestic and transnational organized groups engaging in fraud against public programs. We anticipate reporting on this ongoing work later in 2025.

[9]Association of Certified Fraud Examiners, “Turning the Table on Opportunistic Fraud” (Feb. 6, 2024), https://centralohiocfe.com/product/turning-the-table-on-opportunistic-fraud-feb-6-2024/.

[10]The PRAC was established by the CARES Act in 2020 to oversee pandemic-relief spending and coordinate oversight among its member Inspectors General.

[11]Department of Justice, *COVID-19 Fraud Enforcement Task Force 2024 Report* (Washington, D.C.: Apr. 2024).

[12]Pandemic Response Accountability Committee, *Semiannual Report to Congress, April 1, 2024 - September 30, 2024* (Washington, D.C.: Dec. 20, 2024).

[13]The Complete COVID Collections Act (S. 68, 119th Congress).

[14]GAO, *Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*, GAO-22-105715 (Washington, D.C.: Mar. 17, 2022).

[15]The Government Spending Oversight Act of 2024 (S. 4036, 118th Congress).

[16]Donald R. Cressey, a well-known criminologist, developed the Fraud Triangle to help understand why individuals commit fraud.

[17]GAO, *Standards for Internal Control in the Federal Government,* GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

[18]Anthony Campanelli, Kevin Corbett, and Christopher Georgiou, “Fraud Schemes and Investigations Amid the COVID-19 Pandemic,” *Fraud Magazine* (July 1, 2020).

[19]GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (Washington, D.C.: July 28, 2015). The Fraud Risk Framework includes a comprehensive set of

leading practices that serve as a guide for program managers to use when developing or enhancing efforts to combat fraud in a strategic, risk-based manner.

[20]Antifraud Resource. This is an interactive resource meant to inform federal officials, Congress, the media, and the public about fraud schemes and how to combat them.

[21]We previously reported that federal and state agencies relied on self-attestation or self-certification for individuals to verify their eligibility or identity to receive assistance from some COVID-19 relief programs in order to disburse funds quickly to those in need. For example, one of the temporary UI programs—the Pandemic Unemployment Assistance program—initially allowed applicants to self-certify their eligibility and did not require them to provide any documentation of self-employment or prior income. In addition, the CARES Act initially restricted SBA from obtaining federal tax return transcripts as part of the COVID-19 EIDL application process. As a result, SBA relied on self-certification when processing loan and advance applications. The Consolidated Appropriations Act, 2021, enacted in December 2020, addressed both of these situations. GAO, *COVID-19: Key Elements of Fraud Schemes and Actions to Better Prevent Fraud*, GAO-24-107122 (Washington, D.C.: Oct. 19, 2023).

[22]GAO, *COVID-19: Insights and Actions for Fraud Prevention*, GAO-24-107157 (Washington, D.C.: Nov. 14, 2023).

[23]GAO-15-593SP.

[24]GAO, *A Framework for Managing Improper Payments in Emergency Assistance Programs*, GAO-23-105876 (Washington, D.C.: July 13, 2023).

[25]GAO, *COVID-19: Lessons Can Help Agencies Better Prepare for Future Emergencies,* GAO-24-107175 (Washington, D.C.: Aug. 1, 2024).

[26]GAO, *COVID-19: Additional Actions Needed to Improve Accountability and Program Effectiveness of Federal Response,* GAO-22-105051 (Washington, D.C.: Oct. 27, 2021).

[27]GAO, *COVID-19: Sustained Federal Action Is Crucial as Pandemic Enters Its Second Year,* GAO-21-387 (Washington, D.C.: Mar. 31, 2021).