

United States House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

March 11, 2020

The Honorable Walter J. Clayton III  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

The Honorable William P. Barr  
Attorney General  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, D.C. 20530

The Honorable Christopher A. Wray  
Director  
Federal Bureau of Investigation  
935 Pennsylvania Avenue, NW  
Washington, D.C. 20535

Chairman Clayton, Attorney General Barr, and Director Wray:

We are writing to urge the Securities and Exchange Commission (SEC), Department of Justice (DOJ), and Federal Bureau of Investigation (FBI) to protect investors and be vigilant against fraudulent investment schemes in connection with the coronavirus 2019 (COVID-19). Sadly, when our country experiences a crisis, fraudsters frequently exploit these headlines to scam investors and improperly profit off our markets.

On March 11, 2020, the World Health Organization declared the coronavirus to be a pandemic.<sup>1</sup> The financial exploitation of the coronavirus outbreak is not unique. As during other times of crisis, investors are at risk of being defrauded and misled by fraudulent investment opportunities claiming to have novel information, cures, and vaccines in “pump-and-dump” schemes. In pump-and-dump schemes, fraudsters will artificially boost the price of a stock through recommendations based on false or misleading information. After driving up the price of the stock, bad actors will sell their own shares for a substantial profit before investors or regulators have an opportunity to detect the manipulation. We are deeply troubled by reports of similar schemes related to the coronavirus outbreak where fraudsters are falsely claiming that certain publicly listed companies are directly involved in addressing the coronavirus outbreak or publishing fraudulent research reports with findings about the coronavirus. The confusion and hysteria of the coronavirus outbreak must not be used to lure investors into fraudulent schemes or allow fraudsters to profit from deceitful practices while everyday investors are harmed amid a global health crisis.

Given the global spread of the coronavirus and the harms the virus continues to cause around the world, it is imperative that our regulators use every tool at their disposal to protect Americans and punish bad actors. We appreciate the SEC’s early efforts to inform investors of these schemes with their “Investor Alert” on February 4,

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<sup>1</sup> Natasha Khan, Talal Ansari and Bojan Pancevski, [Coronavirus Declared Pandemic by World Health Organization](#), Wall Street Journal (Mar. 11., 2020).

2020,<sup>2</sup> and look forward to their continued vigilance. In addition to informing investors and consumers, however, the SEC, the DOJ, and the FBI, should use every tool available to protect investors and detect and punish fraudulent schemes that are taking advantage of this crisis.

Sincerely,



The Honorable Maxine Waters  
Chairwoman



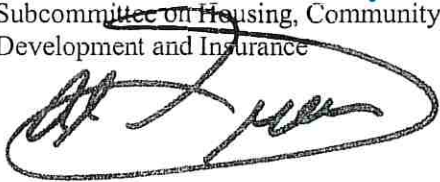
The Honorable Brad Sherman  
Chairman  
Subcommittee on Investor Protection,  
Entrepreneurship, and Capital Markets



The Honorable Gregory Meeks  
Chairman  
Subcommittee on Consumer Protection  
and Financial Institutions



The Honorable Wm. Lacy Clay  
Chairman  
Subcommittee on Housing, Community  
Development and Insurance



The Honorable Al Green  
Chairman  
Subcommittee on Oversight and Investigations



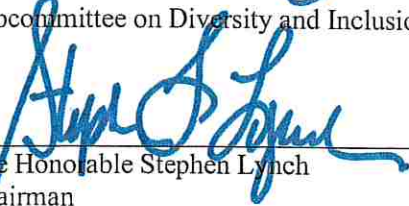
The Honorable Bill Foster  
Chairman  
TaskForce on Artificial Intelligence



The Honorable Emanuel Cleaver  
Chairman  
Subcommittee on National Security,  
International Development and  
Monetary Policy



The Honorable Joyce Beatty  
Chair  
Subcommittee on Diversity and Inclusion



The Honorable Stephen Lynch  
Chairman  
Task Force on Financial Technology

<sup>2</sup> Securities and Exchange Commission, "Look Out for Coronavirus-Related Investment Scams - Investor Alert" (Feb. 4, 2020), [https://www.sec.gov/oiea/investor-alerts-and-bulletins/ia\\_coronavirus](https://www.sec.gov/oiea/investor-alerts-and-bulletins/ia_coronavirus).