



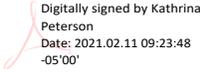
U.S. Department of Justice

Office of Justice Programs

Office for Victims of Crime

Washington, D.C. 20531

MEMORANDUM TO: Victims of Crime Act (VOCA) Victim Compensation Grantees

FROM: Kathrina S. Peterson Kathrina
Deputy Director Peterson  Digitally signed by Kathrina Peterson
Date: 2021.02.11 09:23:48 -05'00'

DATE: February 11, 2021

SUBJECT: Crowdfunding and VOCA Compensation

Background

The purpose of this memorandum is to inform Victims of Crime Act Victim Compensation state administering agencies (SAAs) of considerations that may apply when there are crowd-funded resources relevant to a victim compensation claim.

Some states have raised questions about if, and how, they should consider crowdfunding resources when reviewing compensation claims. In addition, the Department of Justice (DOJ) Office of the Inspector General (OIG), recently recommended that the Office for Victims of Crime (OVC)—

Inform all SAAs nationwide of the applicable VOCA Compensation Program requirements regarding crowdfunding and develop appropriate resources to assist SAAs in addressing how crowdfunding affects victim compensation.

[DOJ OIG Report 20-089, Rec. 6.](#)

Crowdfunding Defined

Crowdfunding, broadly defined, is a method of raising funds by soliciting contributions widely, often through various internet platforms. Following individual hardship, communities often use crowdfunding platforms to raise money to support the impacted individuals. In the context of Victim Compensation programs, victims of crime and their survivors may be the beneficiaries of crowdfunding campaigns to anticipate or restore financial losses incurred because of the crime, or to pay specific expenses incurred because of the crime.

VOCA Compensation Program Requirements

OVC permits, but does not require, that SAAs take crowdfunding resources available to compensation claimants into account as collateral sources of payment. Neither VOCA nor the Compensation Program Guidelines set forth collateral source or third-party payer rules for crowdfunding. Some SAAs have developed their own approaches to crowdfunding – these are discussed below as a resource for other SAAs.

Also, it is important to note that while state compensation programs, per VOCA, are the payer of last resort “with regard to costs that a Federal . . . or Federally financed State or local program, would otherwise pay,” crowdfunding typically is neither a Federal nor a Federally financed program. Consequently, neither VOCA nor the Guidelines require that SAAs ensure that crowdfunding resources are exhausted prior to paying expenses through their compensation programs.

Considerations for Crowdfunding

OVC recognizes that states may adopt their own policies regarding third party payers and collateral sources, and that these may vary depending on a variety of state-specific factors, investigative resources, and policy preferences. The increased scope of modern crowdfunding may create unique scenarios involving third-party payers and collateral sources under state policies. On July 14, 2020, OVC hosted a Compensation Advisory Committee meeting and discussed crowdfunding in the context of compensation funding, and the observations below derive from that meeting.

Crowdfunding via online platforms is relatively new, but the practice of crowdfunding community donations is not. Consequently, some states already have policies in place to address private donations, and these often can be extended to online crowdfunding. Some states have policies that expressly exclude donations from being counted as collateral sources when determining compensation payments, while other states require that donations, including crowdsourced donations, be exhausted prior to making a payment. For the states that do not count crowdsourced donations as collateral sources, considerations include practical limitations on investigating the availability of a specific crowdfunding resource to the victim, and fairness in the sense that counting such donations as collateral sources (in certain circumstances) may be akin to means testing, which typically is not a factor in determining victim compensation. For example, not all crowdfunding efforts are disclosed to or reasonably discoverable by the SAA, nor are all such efforts controlled by the victim, and general availability of money does not mean that it will or must be allocated to the victim at all, much less to the same expense items covered by victim compensation.

Some states adopt a proactive approach to crowdfunding, particularly in large or high-profile incidents, taking into account donations and crowdfunding in mass violence planning, and, in some cases, sharing information with crowdfunding initiatives to assist them in structuring the donations in an optimal way considering state compensation program policies. OVC encourages this approach, and the OVC Training and Technical Assistance Center (TTAC) has provided training on donation management in the past – see training slides at https://www.ovcttac.gov/downloads/webinars/MassViolenceTerrorism/Toolkit_Donation_Management_508c_102816_DM.pdf.