
Weekly COVID-19 Oversight & Enforcement Report

June 4, 2020

A. Congress

1. **House Democratic leaders** have released an updated [calendar](#) and [letter](#) detailing their legislative priorities for the remainder of the year and how the House will do its work as the coronavirus pandemic maintains a grip on the country. **Senate Republicans** have begun to [outline](#) their legislative plans and intend to stick to their original schedule.
2. Following passage in the House last week, the Senate yesterday [passed by voice vote](#) an **extension of the Payroll Protection Program (PPP)**. The bill expands from 8 weeks to 24 weeks the “covered period” within which proceeds must be spent to be forgivable; businesses would have up to five years rather than two to repay any money owed on a loan; and a greater percentage of proceeds can be used on approved non-payroll expenses.
3. In **other PPP news**, a group of House Republicans [wrote](#) to Treasury Secretary Mnuchin and SBA Administrator Jovita Carranza urging them to simplify the PPP loan-forgiveness process, and Rep. Jennifer Wexton (D-VA) sent [two letters](#) to SBA Administrator Carranza, [pressing for greater transparency](#) into the distribution of PPP loans and [requesting additional flexibility](#) to independent contractors and sole proprietors to ensure that their PPP funds accurately reflect their net profits.
4. Democratic **Congressional Oversight Commission** member Bharat Ramamurti authored a [piece](#) entitled “The Government’s Misplaced Trust in Big Business,” in which he argued that the CARES Act imposed fewer requirements on big corporations than small businesses, and that “the government’s hands-off approach to big business threatens to produce more layoffs and slow our economic recovery.”
5. The **Senate Judiciary Committee** will hold a [hearing](#) June 9 entitled “COVID-19 Fraud: Law Enforcement’s Response to Those Exploiting the Pandemic.”
6. Six Senate Democrats sent a [letter](#) to the Labor Department Inspector General Scott Dahl asking for an audit of OSHA’s handling of inspections and citations during the coronavirus outbreak. The audit would also examine the department’s failure to issue an OSHA Emergency Temporary Standard to address heightened risks for frontline workers. As of May 28, OSHA has [initiated](#) 403 virus-related inspections but issued only one citation.
7. House Energy & Commerce Committee Chairman Frank Pallone, Jr. and Oversight & Investigations Subcommittee Chair Diana DeGette sent a [letter](#) to FDA Commissioner Stephen Hahn regarding the agency’s efforts to maintain food safety and address food supply disruptions in the U.S. during the COVID-19 pandemic.

B. Executive Agencies

1. The **Securities and Exchange Commission** [has started an inquiry](#) into publicly traded companies that received PPP funds, scrutinizing whether representations they made in loan applications were consistent with their disclosures to investors in securities filings.
2. **IRS** Criminal Investigation Chief Don Fort described a “[cornucopia of fraud](#)” stemming from stimulus checks and PPP loans. Fort said IRS has already been involved in multiple indictments of sham companies illegally pursuing PPP funds—with many more cases ongoing.
3. **DOJ** has filed “statements of interest” in cases in [Michigan](#), [Colorado](#), and [Maine](#) challenging the governors’ COVID-19 responses in each state, primarily on constitutional grounds.
4. An [analysis](#) of **DOJ** charges brought to-date suggests that DOJ is treating Defense Production Act violations as if they were price gouging offenses. DOJ is leveraging the federal conspiracy statute to prosecute price gougers who had no actual PPE to sell (with the DPA violation as the underlying crime), and charging simple DPA violations against those who actually possess the goods.

C. State Attorneys General

1. Massachusetts AG Maura Healey announced that she [is investigating](#) the response to the coronavirus outbreak at a long term care facility. At least four other state AGs have [launched similar investigations](#).
2. North Carolina AG Josh Stein co-authored an [op-ed](#) stating that the “COVID-19 pandemic ... will undoubtedly encourage student loan companies, shady debt relief firms, and for-profit colleges looking to take advantage of student borrowers,” and promising his office would carefully scrutinize servicer compliance and the information they provide to student borrowers.
3. On May 28, Kansas AG Derek Schmidt wrote [a letter](#) to US Attorney General William Barr, calling for DOJ to investigate potential price fixing in the meatpacking industry. Eleven state AGs had previously written a [similar letter](#). DOJ has reportedly [launched an investigation](#) into the industry.

D. Special Inspector General for Pandemic Recovery (SIGPR)

1. On Tuesday, Brian Miller was [confirmed](#) as SIGPR in a 51-40 vote almost entirely along party lines, with Sen. Doug Jones (D-AL) as the only Democrat voting in favor of the confirmation.

E. Pandemic Recovery Accountability Committee (PRAC)

1. PRAC held a virtual public listening forum yesterday, entitled “Stakeholder Perspectives on Oversight of the Federal COVID-19 Spending and Response.” Stakeholders from state and local governments, financial institutions, the health care industry, businesses, nonprofits, and government transparency organizations spoke about where they thought PRAC should focus its attention. A list of speakers can be found on [PRAC’s website](#).
2. Labor Department IG Scott Dahl, a PRAC member, [stated](#) that PRAC is reviewing “the pandemic response efforts of other DOL agencies, including the Occupational Safety and Health Administration’s (OSHA) actions to protect healthcare workers on the front lines of this pandemic and OSHA’s guidance to help employers prevent COVID-19 infections in the workplace.”