
Weekly COVID-19 Oversight & Enforcement Report

June 25, 2020

A. Congress

1. The **Congressional Oversight Commission** released its [second report](#), which describes key actions the Treasury Department and Federal Reserve have taken under Subtitle A of the CARES Act and answers many of the questions the Commission raised in its first report. According to the report, the Treasury and Fed’s pandemic relief efforts boosted the corporate bond market but may be falling short in helping small businesses and state and local governments access loans.
2. Reversing course, the Treasury Department and SBA [agreed](#) to release certain data related to PPP loans of \$150,000 or more. House Select Subcommittee on the Coronavirus Crisis Chairman Jim Clyburn (D-SC) said in a [statement](#) that he was “pleased ... Treasury and SBA took a step in the right direction” but that the announcement was “far from the full transparency the American taxpayers deserve.”
3. Senators Elizabeth Warren (D-MA) and Cory Booker (D-NJ) opened an [investigation](#) into several meatpacking companies, citing in a [letter](#) “new reports that [the] companies sent massive amounts of pork and other meats to consumers in China while threatening the American public with an impending shortage of beef, pork, and chicken.”
4. Chairman Clyburn also sent a [letter](#) to SBA Inspector General Mike Ware asking him to review “a concerning report that a vulnerability in loan processing at the [SBA] caused many businesses to receive duplicate loans under the [PPP.]”
5. Representative Emanuel Cleaver (D-MO) sent a [letter](#) to Steven Seitz, the Director of the Treasury Department’s Federal Insurance Office, asking him to investigate the current pandemic insurance market landscape and report to Congress on its findings.
6. A bipartisan group of House members [introduced](#) a pair of bills designed to prevent price gouging related to any potential COVID-19 vaccine.
7. Representatives Rosa DeLauro (D-CT), Bill Pascrell (D-NJ), and Katie Porter (D-CA) sent a [letter](#) to HHS Secretary Alex Azar requesting details about reports that CMS offered up to \$1.5 billion in interest-free loans to health care companies “owned by multi-billion dollar Wall Street private equity firms while community hospitals increasingly falter under enormous losses.”
8. Senate Banking, Housing, and Urban Affairs Committee Ranking Member Sherrod Brown (D-OH) and Senator Warren (D-MA) [raised concerns](#) to the Federal Reserve Board of Governors, FDIC, and OCC regarding recent changes the regulators implemented that they suggest weaken the supplementary leverage ratio for the nation’s largest banks.

B. Executive Agencies

1. **DOJ** announced charges against several more individuals for fraud in connection with PPP loans. A Texas man [was charged](#) in a scheme to file fraudulent loan applications seeking more than \$3 million in forgivable PPP loans. A Massachusetts man [was charged](#) with wire fraud after he misrepresented payroll expenses and employees' country of residence in connection with his application for more than \$13 million in PPP loans. And another Texas man [was charged](#) for submitting fraudulent applications and supporting paperwork for two fictitious businesses. He received over \$2 million in PPP loans, which he spent on a boat and a Rolls Royce.
2. DOJ filed a [statement of interest](#) in Hawaii federal court in support of out-of-state residents who own property in Hawaii who brought suit challenging Governor David Ige's imposition of a mandatory 14-day self-quarantine for individuals entering Hawaii. DOJ argues that this requirement discriminates against out-of-state residents.

C. State Attorneys General

1. Pennsylvania AG Josh Shapiro reached a [settlement](#) with Landmark Supply, Inc., a supplier to independent retail pharmacies in the state, related to price-gouging allegations concerning the sale of hand sanitizer. This is AG Shapiro's first price-gouging settlement with a supplier, and follows New York AG Letitia James's [recent lawsuit](#) against Quality King, a wholesale grocery distributor.
2. A coalition of 14 AGs, led by Michigan's Dana Nessel and California's Xavier Becerra, filed [an amicus brief](#) supporting the City of Chicago's lawsuit against HHS, in which Chicago alleges that HHS's failure to create a special health insurance enrollment period on HealthCare.Gov during the corona virus pandemic violates the Administrative Procedure Act. In April, AG Becerra and North Carolina AG Josh Stein led a coalition of 22 AGs urging HHS to create a special enrollment period on HealthCare.Gov during the pandemic.

D. Special Inspector General for Pandemic Recovery (SIGPR)

No updates this week.

E. Pandemic Recovery Accountability Committee (PRAC)

1. Last week, PRAC released its first report, ["Top Challenges Facing Federal Agencies: COVID-19 Emergency Relief and Response Efforts."](#) The 92-page report is based on PRAC's review of submissions by 37 IGs overseeing agencies involved in the pandemic response and lays out the obstacles facing the federal government as it manages its response to the pandemic.
2. The report said the \$660 billion distributed under the PPP lacks proper controls, leading to "increased vulnerability to fraud and unnecessary losses when SBA and its lending partners expedite loan transactions to provide quick relief."
3. Another focus in the report is the \$150 billion fund intended to help state and local governments. The report said that some aid had been distributed already "without agreements or terms and conditions establishing requirements for the use of funds and reporting on such uses."