
Weekly COVID-19 Oversight & Enforcement Report

August 6, 2020

A. Congress

1. Bharat Ramamurti, a Democratic member of the Congressional Oversight Commission, [tweeted](#) that the Commission will hold its first hearing on August 7, which will focus on the Federal Reserve's Main Street Lending Program.
2. The rescue of a troubled trucking company with White House ties is drawing [scrutiny](#) from members of the Congressional Oversight Commission, who want to know how YRC Worldwide won a \$700 million loan from the Treasury Department.
3. The House Select Subcommittee on the Coronavirus Crisis, House Transportation & Infrastructure Committee, and House Financial Services Committee [launched](#) an investigation into the disbursement of federal funds from the Payroll Support Program to aviation contractors that recently laid off thousands of workers. The Committees' analysis identified at least twelve contractors that have accepted over \$728 million in payroll support assistance after conducting nearly 9,300 layoffs.
4. Senate Banking, Housing, and Urban Affairs Committee Chair Mike Crapo (R-ID) sent a [letter](#) encouraging the Federal Reserve and Treasury Department to quickly expand the Main Street Lending Program by setting up an asset-based lending program and commercial real estate program. He sent a second [letter](#) recommending that the federal financial regulators use their existing authority to extend relief (including eviction moratoria) provided under certain CARES Act provisions.
5. Senators Chris Murphy (D-CT) and Elizabeth Warren (D-MA) [want](#) the Federal Trade Commission to take emergency action to limit employers' enforcement of noncompete agreements during and after the COVID-19 pandemic, saying the public health emergency has "exacerbated" problems with such arrangements.
6. In a Senate Banking Committee hearing, Senator Warren [said](#) CFPB Director Kathy Kraninger should resign for failing to protect consumers during the COVID-19 pandemic and instead helping mortgage servicers and credit reporting companies cheat consumers. Senator Warren also [stated](#) that the CFPB's pandemic response efforts have focused too much on banks and financial companies rather than consumers. The CFPB has issued guidance saying that banks and others would not face enforcement actions for CARES Act violations as long as they made "good-faith" compliance efforts. "If Congress had wanted to write into law a good-faith exemption, we certainly could have done it," Senator Warren said.

B. Executive Agencies

1. The Labor Department [wants](#) a U.S. court to throw out a lawsuit filed by three anonymous workers at a Pennsylvania meat processing plant who are seeking an order forcing OSHA to inspect the company's site for COVID-19 hazards. In its motion to dismiss, the Labor Department warned that allowing the case to go forward would result in an "avalanche" of worker suits.
2. **Weekly PPP Fraud Update:** DOJ [announced](#) Tuesday that a Houston man had been arrested after fraudulently obtaining more than \$1.6 million in PPP loans, which were allegedly used to buy a Lamborghini, a Rolex, real estate, a Ford F-350, and at strip clubs. DOJ also [announced](#) charges against a Florida chiropractor for conspiring to submit false claims for reimbursement to Medicare and fraudulently obtaining PPP and EIDL loans.

C. State Attorneys General

1. A federal district court [granted](#) New York AG Letitia James's motion for summary judgment in a case the AG brought against the US Department of Labor, in which it argued that DOL promulgated a paid sick leave rule that exceeded its authority under the Families First Coronavirus Response Act. The law entitles employees who are unable to work due to the coronavirus to federally subsidized paid sick and emergency leave. The court found that several provisions of the DOL's rule conflict with the underlying law and violate the Administrative Procedure Act.

D. Special Inspector General for Pandemic Recovery (SIGPR)

1. On August 3, SIGPR published its [initial 60-day report](#). The report makes three recommendations: (1) that "in future loan agreements, Treasury expressly include SIGPR in the list of entities entitled to 'timely and unrestricted access' to information from the borrower" (Treasury has already agreed to this recommendation); (2) that Congress take up a bill sponsored by Sen. Grassley to expedite SIGPR's hiring authority; and (3) that "Congress consider the various CARES Act relief programs, how they overlap, whether the overlap is in the public interest, and whether legislative clarification is warranted." The report also indicates that SIGPR "has initiated twelve preliminary inquiries—seven of which are proactive and related to Title IV loan applications, five of which are reactive to information provided by concerned individuals (one related to a state's unemployment benefits, three related to business loans, and one related to identity theft)."
2. On August 4, the U.S. Attorney's Office for the Northern District of Ohio announced a [Memorandum of Understanding](#) with the SIGPR to investigate and prosecute fraud in the distribution of relief authorized by the CARES Act. The MOU will allow cooperation in matters involving loans, loan guarantees, and other investments made by the Treasury Secretary under the CARES Act, similar to the MOUs previously executed with the Eastern District of Virginia and the District of Massachusetts.

E. Pandemic Recovery Accountability Committee (PRAC)

No updates this week