
Weekly COVID-19 Oversight & Enforcement Report

September 3, 2020

A. Congress

1. The House Select Subcommittee on the Coronavirus Crisis held a hybrid [hearing](#) with Treasury Secretary Steven Mnuchin regarding the Trump Administration's response to the current economic crisis. Secretary Mnuchin [urged](#) Congress to appropriate additional funding for coronavirus relief and said he is prepared to restart negotiations with Democratic leaders at any time. He also [said](#) that the economy is recovering but "more work" was needed in many areas. The Subcommittee also [released](#) eight weeks of White House Coronavirus Task Force reports. The subcommittee says the reports contradict messages from the White House downplaying the threat of the virus.
2. Democrats and Republicans on the Subcommittee released dueling reports on the PPP. Democrats' [report](#) suggests billions of dollars in PPP loans may have been diverted to fraud, waste, and abuse. By contrast, the Republicans' [report](#) praised the success of the PPP and the Trump Administration's efforts in implementing it.
3. House Oversight & Reform Subcommittee on Economic and Consumer Policy Chair Raja Krishnamoorthi (D-IL) issued the following statement after HHS announced that it will terminate its contract for ventilators with Philips Respironics, which the Subcommittee is investigating: "American taxpayers deserve to have their money well spent. The Subcommittee's investigation revealed that incompetent negotiations by top Trump Administration officials, like Peter Navarro, wasted hundreds of millions of taxpayer dollars. This week, we clawed back more than \$400 million from pandemic profiteers, and we're coming for more."
4. A report by [COVID Stimulus Watch](#) found that private schools received as much as \$4.5 billion under PPP, and a separate report by the [Committee for a Responsible Federal Budget](#) projected that roughly \$6 billion went to private and charter schools. In a [statement](#), House Education & Labor Committee Chair Bobby Scott (D-VA) said, "These two reports reveal a disturbing imbalance between the emergency funding provided to private schools compared to public schools."
5. Senators Elizabeth Warren (D-MA) and Tina Smith (D-MN) sent [letters](#) to several of the largest COVID-19 testing laboratories regarding each company's capacity to process COVID-19 diagnostic tests and communicate timely results.
6. Nine Democratic senators are [demanding](#) more details from the Pentagon about how it is protecting troops and their families from COVID-19, expressing alarm that the coronavirus is spreading through the ranks at a higher rate than the public and accusing Defense Department leaders of mishandling the crisis.

B. Executive Agencies

1. Last week, DOJ [sent letters](#) to the governors of New York, New Jersey, Pennsylvania, and Michigan, suggesting that they had issued orders that “may have resulted in the deaths of thousands of elderly nursing home residents” by requiring nursing homes to admit COVID-19 patients to their populations without adequate testing.
2. DOJ [announced](#) that a North Carolina man pleaded guilty to wire fraud and making false statements to the SBA. Among other things, he admitted to running an online store claiming to sell pandemic-related goods like hand sanitizer, disinfectant wipes, paper towels, and toilet paper, but despite receiving over \$400,000 in orders, he never delivered any of the promised goods.
3. In other PPP fraud news, (a) DOJ [announced](#) that a Nevada man was charged with submitting fraudulent PPP and EIDL applications. After receiving approximately \$500,000, he distributed the funds by writing personal checks to himself and his family members, which were later diverted to a bank account that was used to buy a home in Nevada, which his family moved into in June. (b) DOJ [announced](#) charges against two Floridians for wire fraud and false statements related to a scheme to file false loan applications seeking more than \$1 million in PPP and EIDL loans. (c) DOJ [announced](#) charges against a Michigan man related to an attempt to obtain approximately \$3.1 million in PPP loans on behalf of 19 different companies.

C. State Attorneys General

1. Colorado AG Phil Weiser wrote a [letter](#) to U.S. Transportation Secretary Elaine Chao urging her to investigate Frontier Airlines for potentially engaging in unfair or deceptive practices during the COVID-19 pandemic.
2. Michigan AG Dana Nessel received [court approval](#) to investigate DreamLab Industries LLC, a manufacturer of 3D-printed facemasks that sells its products directly to consumers, for deceptive marketing and price gouging practices.
3. General Nessel also sent cease and desist [letters](#) to 11 senior facilities after receiving complaints they had imposed a \$900 “supplemental COVID-19 fee” on residents. General Nessel asserts such fees may violate the state’s Consumer Protection Act. Days earlier, Connecticut AG William Tong [wrote](#) a letter to several healthcare-provider associations and licensing boards asserting that healthcare providers that are charging patients for PPE or other COVID-19 control measures may be violating the state’s Unfair Trade Practices Act.

D. Special Inspector General for Pandemic Recovery (SIGPR)

No updates this week.

E. Pandemic Recovery Accountability Committee (PRAC)

1. Senators Elizabeth Warren (D-MA), Richard Blumenthal (D-CT), and Ed Markey (D-MA) urged PRAC to open an investigation of the Trump Administration’s politicization of the coronavirus pandemic response effort. The senators raised the following concerns: (1) his administration decided not to implement a nationwide testing plan because it believed mostly Democrats were dying; (2) he rewards loyal Republican governors with federal dollars; (3) he pressured the CDC to change its guidelines for political ends; and (4) he has advocated for unproven treatments for the virus. PRAC has not yet responded to the letter.