

Weekly COVID-19 Oversight & Enforcement Report

September 17, 2020

A. Congress
<ol style="list-style-type: none"> 1. The Congressional Oversight Commission will hold its second public hearing today. The commissioners will examine and hear testimony regarding the Municipal Lending Facility established by the Federal Reserve pursuant to the CARES Act. 2. Chair of the House Select Subcommittee on the Coronavirus Crisis James Clyburn (D-SC) and Subcommittee member Rep. Bill Foster (D-IL) sent letters to HHS Secretary Alex Azar and Defense Secretary Mark Esper urging them to provide access and information to the GAO in connection with the agency's review of Operation Warp Speed. 3. House Energy & Commerce Committee Chair Frank Pallone, Jr. (D-NJ), Health Subcommittee Chair Anna G. Eshoo (D-CA), and Oversight & Investigations Subcommittee Chair Diana DeGette (D-CO) wrote to nine pharmaceutical companies currently developing COVID-19 vaccines seeking further information about their research and development efforts as well as how they intend to ensure that only a safe and effective product will be made available to the public. 4. Sen. Gary Peters (D-MI), Ranking Member of the Homeland Security and Governmental Affairs Committee, announced that he has introduced legislation to create a COVID-19 Misinformation & Disinformation Task Force amid reports of rising misinformation and disinformation related to the Coronavirus pandemic. 5. Sen. Roy Blunt (R-MO), Chair of the Senate Appropriations Subcommittee on Health, wrote a letter to CDC Director Robert Redfield asking for answers about CDC's "development of a fair, efficient plan" for distributing an eventual vaccine. Mr. Blunt also announced plans to hold a hearing later this month on vaccine development and distribution.
B. Executive Agencies
<ol style="list-style-type: none"> 1. Acting Assistant Attorney General Brian Rabbitt spoke last week about DOJ's efforts to combat PPP fraud. He announced that the Criminal Division has charged over 50 individuals with PPP-related fraud, which generally fall into two categories: (1) individuals who lied about having legitimate business and/or payroll expenses, and who instead used PPP funds to purchase luxury items; and (2) coordinated criminal rings that have engaged in organized conduct to defraud the PPP. Rabbitt said DOJ will be focusing on this second category of cases moving forward. 2. Former New York Jets wide receiver Josh Bellamy has been charged with wire fraud, bank fraud, and conspiracy after allegedly conspiring with others to obtain \$24 million in fraudulent PPP loans.

Bellamy is alleged to have obtained a \$1.2 million PPP loan for his company, Drip Entertainment. He then allegedly purchased over \$100,000 in luxury goods from Dior and Gucci, spent \$62,000 at the Seminole Hard Rock Hotel, and withdrew \$302,000 in cash. Bellamy's charges are related to the conspiracy headed by Phillip Augustin, a talent manager who allegedly obtained fraudulent loans on behalf of at least ten clients and acquaintances.

3. In other PPP fraud news: (1) A Texas woman has been [charged](#) with making false statements to a financial institution, wire fraud, bank fraud, and engaging in unlawful monetary transactions in connection with her receipt of \$1.9 million in PPP Loans. (2) Seven individuals were [charged](#) in the District of South Carolina on allegations of money laundering, including a scheme to launder \$395,000 in PPP loans. The defendants were arrested after they discussed the conspiracies, including the PPP fraud, on multiple recorded phone calls. (3) New York Brothers Charged With COVID-Relief Fraud. Two New York brothers have been [charged](#) with wire fraud conspiracy after submitting at least eight fraudulent PPP loan applications seeking nearly \$7 million.
4. OSHA issued several fines and citations relating to COVID-19. Two meatpacking companies were fined for failing to protect workers from exposure to COVID-19. OSHA also [fined](#) a Louisiana health-care system for failing to protect workers from the coronavirus pandemic. And OSHA [cited](#) two New Jersey health-care providers for exposing workers to respiratory hazards during the pandemic.

C. State Attorneys General

1. Pennsylvania AG Josh Shapiro reached a price-gouging [settlement](#) with a New Jersey wholesaler, which General Shapiro's office alleged sold hand sanitizer to Pennsylvania retailers at unlawful prices. The settlement, which requires the company to pay penalties and restitution, is the latest in a series of price-gouging enforcement actions by General Shapiro concerning wholesalers and distributors.
2. Minnesota AG Keith Ellison filed a [lawsuit](#) against North Star Ranch LLC, alleging the company violated state executive orders regarding large in-person gatherings when it held a three-day rodeo called the North Shore Stampede without taking necessary safety precautions to prevent the spread of the coronavirus. In his lawsuit, General Ellison seeks civil penalties, restitution, disgorgement and damages.

D. Special Inspector General for Pandemic Recovery (SIGPR)

1. DOJ's Criminal Division and the Eastern District of Texas announced charges last week against more than 50 people for alleged fraud to obtain PPP funds. The [press release](#) highlighted the importance of coordination across agencies, and specifically the memorandum of understanding entered into in August between SIGPR and the Eastern District of Texas.

E. Pandemic Recovery Accountability Committee (PRAC)

1. On September 10, PRAC launched a [new website](#) to outline where and how the federal government is spending money on the pandemic, using data from USASpending.