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## *Weekly COVID-19 Oversight & Enforcement Report*

November 19, 2020

### **A. Congress**

1. The Congressional Oversight Commission issued a [statement](#) on the Secondary Market Corporate Credit Facility (SMCCF), noting that the SMCCF “is still purchasing approximately \$20 million worth of corporate bonds per day. The Commission reiterates its October 15 recommendation that the SMCCF cease making purchases at this time. Given the Federal Reserve’s success in buoying corporate bond markets, and recognizing that primary market investment-grade corporate bond rates are now below pre-pandemic levels, the Commission does not believe that further secondary market corporate bond purchases through the SMCCF are necessary.”
2. Senate Committee on Small Business and Entrepreneurship Chair Marco Rubio (R-FL) sent a [letter](#) to SBA Administrator Jovita Carranza requesting information from the agency following a recent Inspector General report that found billions of dollars in potential fraud in the expanded Economic Injury Disaster Loan (EIDL) program for COVID-19. Sen. Rubio also sent a [letter](#) to Treasury Secretary Steven Mnuchin and Administrator Carranza urging the agencies to provide the Committee with information related to the loan review and forgiveness procedures that will be used to audit PPP loans.

### **B. Executive Agencies**

1. California’s Division of Occupational Safety and Health (Cal/OSHA) [issued](#) more than \$100,000 in total fines to a Smithfield Foods unit and an outside staffing firm for virus-related workplace violations—the biggest known aggregate penalty issued by a workplace safety agency in the U.S. since the onset of the pandemic. Smithfield disputed the agency’s findings, which can be appealed.
2. California [moved](#) closer to adopting an emergency COVID-19 worker-protection rule following the release of proposed requirements in advance of a meeting today where the standard could be approved. The proposed rule would require employers to make virus-prevention measures part of the injury and illness prevention programs that Cal/OSHA requires for other hazards.
3. DOJ [announced](#) on Tuesday that it had charged seven individuals with conspiracy, wire fraud, and money laundering after they allegedly conspired to submit 80 fraudulent PPP loan applications totaling \$16 million. The indictment further alleges the defendants laundered a portion of the fraudulent proceeds by writing checks from companies that received PPP loans to fake employees. The indictment alleges that over 1,100 fake paychecks totaling more than \$3 million in fraudulent

PPP loan proceeds were cashed at one defendant's business. Agents seized a Porsche and a Lamborghini allegedly purchased with the illegally obtained funds.

4. An Ohio woman pleaded guilty to wire fraud stemming from [allegations](#) that she fraudulently sought forgivable loans in the amount of \$1.3 million and \$1.2 million from the SBA by claiming to have 73 employees earning wages at a Dayton-based private investigation and security services business. In fact, there were no other employees working for the business.
5. A Florida high school basketball coach was [charged](#) with bank fraud and money laundering after he applied for and received a \$984,710 PPP loan on behalf of his consulting company. In his application, the defendant claimed to have 67 employees and average monthly payroll expenses of \$393,884. In reality, the company had no employees and no payroll expenses.

### C. State Attorneys General

1. Oregon AG Ellen Rosenblum reached [settlements](#) with five Oregon companies based on various COVID-related conduct. For example, a convenience-store chain was accused of selling masks at a 100% mark-up, violating Oregon's price-gouging law. A skincare company had been advertising an aromatherapy blend as a possible COVID-19 cure. And a travel agency had failed to provide refunds for canceled trips without a good-faith basis, in violation of state law. Each of the companies was required to pay penalties ranging from \$12,500 to \$21,500.
2. New York AG Letitia James [announced](#) settlements with three e-commerce companies that had been selling hand sanitizer on Amazon's platform at prices that violate the state's price-gouging law. Collectively, the companies agreed to pay more than \$52,000 in penalties and nearly half that amount in restitution to consumers.
3. Tennessee AG Herbert Slatery III reached a [settlement](#) with DOC Disinfectant related to false claims that its cleaning products and services were approved by the FDA and EPA, and could protect against the coronavirus. The company agreed to pay \$5,000 and cease making false and deceptive claims.
4. District of Columbia AG Karl Racine [sued](#) Capital Petroleum Group, LLC, a gas retailer and distributor in the District, and two of its affiliates, Anacostia Realty LLC and DAG Petroleum Suppliers LLC, alleging the three Virginia companies engaged in price gouging. The lawsuit seeks civil penalties, as well as injunctive relief.

### D. Special Inspector General for Pandemic Recovery (SIGPR)

1. Sen. Elizabeth Warren on November 9 [criticized](#) the SIGPR, tasked with monitoring a \$2.2 trillion coronavirus relief package, for failing to fulfill his mandate, after a disagreement over investigating the role of lobbyists in the allocation of funds. "You have effectively refused to do your job," Sen. Warren said in a letter sent Monday that was obtained by *Bloomberg News*.

### E. Pandemic Recovery Accountability Committee (PRAC)

*No updates this week.*