
Weekly COVID-19 Oversight & Enforcement Report

May 28, 2020

A. Congress

1. The House this week will cast its first votes under a new proxy voting system. House Minority Leader Kevin McCarthy (R-CA), along with 20 other Republican lawmakers, [filed a lawsuit](#) this week challenging proxy voting, calling it unconstitutional. Four constituents are also signing on to the lawsuit, claiming their representation in Congress is at risk of being diluted.
2. The House is expected to [vote](#) today on legislation that would relax several restrictions on companies that borrow money through the Paycheck Protection Program.
3. Senate Majority Leader Mitch McConnell (R-KY) [stressed](#) to President Trump that the next coronavirus stimulus package cannot exceed \$1 trillion and should be narrowly focused on getting money in people's hands immediately. Senate Finance Committee Chairman Chuck Grassley (R-IA) said real negotiations on the next round of virus relief legislation will start in the third or fourth week of June. Senator Roy Blunt (R-MO) said passing another stimulus bill by the July 4th recess was optimistic, but he expects legislation to be approved before the August recess. McConnell later told reporters that another relief package could come next month.
4. Bharat Ramamurti, a Democratic member of the **Congressional Oversight Commission**, participated in an [interview](#) with *The New Yorker*, in which he offered his views regarding implementation of CARES Act programs. With respect to the Commission's recent report, Ramamurti noted, "I'm really happy that we were all able to work together and sign on to this report ... I think it's in part a reflection of the crisis we're in and the fact that all four members of the commission are committed to robust oversight."
5. Three insurance trade groups [released a proposal](#) Thursday calling for the federal government to compensate businesses hurt by future viral outbreaks. The trade groups argue that the vast economic toll of pandemics makes them uninsurable, so businesses should buy financial protection for future outbreaks from the federal government, making the government responsible for making payments to assist with lost revenue. Representative Carolyn Maloney (D-NY), who has a bill of her own on the issue, dismissed the insurers' plan, saying, "That's not going to pass."
6. The U.S. Chamber of Commerce in partnership with other Chambers of Commerce sent a [letter](#) to Congress urging it "to pass timely, temporary and targeted liability relief legislation to provide businesses a safe harbor from unwarranted lawsuits that, left unchecked, will endanger the fight against the pandemic and undermine the safe and orderly return to work for millions of Americans."

B. Executive Agencies

1. The **Department of Justice** filed charges in two separate fraud cases involving PPP loans. One case alleges [a software engineer](#) submitted fraudulent bank applications for \$1.5 million in loans for a fictitious IT company. The other alleges [a California man](#) who received over \$1.7 million in PPP loans falsely represented that the funds would be used to support payroll expenses for three film production and distribution companies, when in fact they were used for personal expenses.
2. **DOJ and the Department of Agriculture** have initiated an antitrust [investigation](#) into alleged price fixing/manipulation by the country's major meatpacking companies, resulting in increased beef prices during the COVID-19 pandemic. Members of Congress as well as multiple state attorneys general had previously asked DOJ to launch such an investigation.
3. The **IRS** [announced](#) Tuesday that Richard Schirripa, a licensed pharmacist, was arrested on charges of violating the Defense Production Act by hoarding and price gouging N95 masks.

C. State Attorneys General

1. New York AG Tish James filed a [lawsuit](#) against a wholesaler, Quality King, that allegedly price gouged retailers in connection with the sale of Lysol products. This action is one of relatively few cases filed above the retail sale level. It also comes on the same day that the NY Legislature passed legislation to expand and strengthen the NY AG's price gouging enforcement powers.
2. A coalition of 19 AGs filed an [amicus brief](#) in the Ninth Circuit, in support of Washington state's paid sick leave law. The AGs argue that the law, which requires employers to allow workers to take leave without fear of discipline, is particularly important to help stop the spread of COVID-19.
3. Massachusetts AG Maura Healey submitted [comments](#) to the SBA calling for changes in the rules for the PPP. The letter recommends that the program put in place stronger safeguards to ensure that highly profitable partnerships and highly compensated sole proprietors, as well as entities with ample access to capital, receive fewer benefits from the program.

D. Special Inspector General for Pandemic Recovery (SIGPR)

1. House Majority Leader Steny Hoyer (D-MD) and several ranking House Democrats introduced legislation to protect inspectors general from being fired in the name of political retaliation. The [Inspector General Independence Act](#) would allow an inspector general to be removed only for specific causes and would require documentation of that cause to be reported directly to Congress.

E. Pandemic Recovery Accountability Committee (PRAC)

1. PRAC will hold a virtual public listening [forum](#) entitled, "Stakeholder Perspectives on Oversight of the Federal COVID-19 Spending and Response," on June 3. A full list of speakers will be available prior to the forum on the PRAC's website. The virtual event will be open to viewing by the public [live on PRAC's YouTube channel](#) and will be recorded and posted on the PRAC website.