
Weekly COVID-19 Oversight & Enforcement Report

October 8, 2020

A. Congress

1. House Select Subcommittee on the Coronavirus Crisis Chair Jim Clyburn (D-SC), Oversight & Reform Committee Chair Carolyn B. Maloney (D-NY), and Chair of the Oversight & Reform Subcommittee on Economic and Consumer Policy Raja Krishnamoorthi (D-IL) sent [document requests](#) to two companies, Atlas Research and DD&T Group, regarding their work on a coronavirus advertising campaign under contracts with HHS.
2. Subcommittee Chair Clyburn sent a [letter](#) to Vice President Mike Pence, HHS Secretary Alex Azar, and CDC Director Dr. Robert Redfield, calling on the Administration to immediately revise CDC guidance on reopening schools during the coronavirus pandemic to accurately reflect the science.
3. Subcommittee Chair Clyburn, Financial Services Committee Chair Maxine Waters (D-CA), Oversight & Reform Committee Chair Carolyn B. Maloney (D-NY), and Chair of the Oversight & Reform Subcommittee on National Security Representative Stephen F. Lynch (D-MA) sent a [letter](#) to Defense Secretary Mark Esper requesting documents on the potentially inappropriate use of hundreds of millions of dollars from the CARES Act.
4. Representatives Katie Porter (D-CA), Bill Pascrell (D-NJ), and Rosa DeLauro (D-CT) [asked](#) HHS Secretary Alex Azar for a full accounting of relief grants and loans to private equity-backed health-care companies. In a letter, they requested information on which providers had been denied taxpayer aid and on the process behind allocating loans. They also sought a breakdown of taxpayer funding by provider type as well as ownership.
5. House Small Business Subcommittee on Investigations, Oversight, and Regulations Chair Judy Chu (D-CA) led a [hearing](#) probing internal controls against fraud and abuse in key loan programs at the Small Business Administration. During the hearing, government watchdog agencies testified on their efforts to prevent fraud and waste in the PPP and EIDL Program.
6. Senators Elizabeth Warren (D-MA) and Cory Booker (D-NJ) and Rep. Nannette Diaz Barragán (D-CA) introduced a [bill](#) to address the federal prison system's response to COVID-19. The Federal Correctional Facilities COVID-19 Response Act would require federal correctional facilities to conduct free, weekly COVID-19 surveillance testing for incarcerated persons and employees. It would also enhance data collection in federal correctional facilities, deploy CDC officials to correctional facilities to help quell outbreaks, require the Federal Bureau of Prisons to update COVID-19 guidance for correctional facilities, and ensure the Attorney General submits a report to Congress on his agency's efforts to combat COVID-19 in correctional facilities to date.

B. Executive Agencies

1. Oregon's OSHA is [delaying](#) the release of its emergency rule aimed at protecting workers from on-the-job coronavirus infections until Oct. 21, with an effective date of Nov. 1. A permanent version of the rule could be issued in spring 2021. Virginia has already enacted a workplace virus regulation that would be enforced by its worker safety agency, and California officials are working to implement a similar rule by early December. The federal OSHA has not pursued a temporary coronavirus rule, with agency leadership saying existing regulations and laws are adequate.
2. [Federal guidance](#) on whether and when employers must notify OSHA of workers being hospitalized or dying because of COVID-19 infections has been revised yet again. OSHA released the latest changes, in the form of three frequently asked questions, Wednesday evening. The change also led OSHA to drop a reporting citation issued May 18 against a Georgia nursing home.
3. Florida Recording Artist Diamond Smith, along with Tonye Johnson of Pennsylvania, were [charged](#) with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud in connection with their application and receipt of PPP loans. These charges relate to the broader conspiracy involving Phillip Augustine, a talent manager who is alleged to have obtained over \$24 million in PPP loans for his clients in return for kickbacks from each loan.
4. Martin Kao, CEO of Martin Defense Group LLC, has been [charged](#) with bank fraud and money laundering for submitting two fraudulent PPP loan applications. Kao allegedly received over \$12 million in PPP Loans and then transferred over \$2 million into personal accounts.

C. State Attorneys General

1. As Congress considers extending federal support for the airline industry, a coalition of 40 attorneys general, led by Arizona AG Mark Brnovich and Colorado AG Phil Weiser, wrote a [letter](#) to Congress urging it to attach a series of consumer protections as conditions to any funding, including requiring carriers to provide full refunds to customers who cancel reservations for reasons related to the coronavirus and strengthening the refund requirements in existing federal law. The AGs further urged Congress to authorize state AGs to enforce federal airline consumer protection laws; if Congress decides not to do so, the coalition advocates transferring such authority from the Department of Transportation to the Department of Justice or Federal Trade Commission, which have more consumer protection expertise.

D. Special Inspector General for Pandemic Recovery (SIGPR)

1. On September 30, SIGPR published its [quarterly report to Congress](#). The report highlights the SIGPR's various partnerships and includes details on the Treasury's loans pursuant to the CARES Act. The report highlights the hiring challenges SIGPR has faced. The SIGPR now has a general counsel and a head of investigations but does not expect to have a full audit team until early next year.
2. On October 2, the U.S. Attorney's Office for the District of Nevada announced a [Memorandum of Understanding](#) with the SIGPR to investigate and prosecute fraud in the distribution of relief authorized by the CARES Act. Like the other MOUs entered into by the SIGPR, this MOU will allow cooperation in matters involving loans, loan guarantees, and other investments made by the Secretary of the Treasury under the CARES Act.

E. Pandemic Recovery Accountability Committee (PRAC)

No updates this week.