
Weekly COVID-19 Oversight & Enforcement Report

March 18, 2021

A. Congress

1. On March 15, the SBA Office of the Inspector General published a report identifying \$692 million in duplicate PPP loans. This confirmed earlier findings made by the House Select Subcommittee on the Coronavirus Crisis in September 2020. In [response](#) to the report, Select Subcommittee Chair James Clyburn (D-SC) said, “Today’s report is yet more evidence of the Trump Administration’s poor implementation of PPP, which ignored the intent of Congress by failing to get vital assistance to the neediest small businesses. I look forward to continuing work with the SBA Inspector General and the Biden-Harris Administration to improve the effectiveness, efficiency, and equity of the pandemic response.”
2. On March 11, the House Education and Labor Subcommittee on Workforce Protections held a [hearing](#) on “Clearing the Air: Science-Based Strategies to Protect Workers from COVID-19 Infections.” At the hearing, Subcommittee Chair Alma Adams (D-NC) [called](#) the coronavirus pandemic “one of the most significant threats to workers’ health and safety in a century.” Rep. Adams urged OSHA to “swiftly issue a strong Emergency Temporary Standard ... to protect workers against COVID-19 infections.” (President Biden’s January 21 Executive Order set a March 15 deadline for OSHA to issue an emergency temporary standard related to COVID-19 conditions. As of the time of this report, that rule has not yet been issued. DOL has not explained the delay.) Further, she emphasized the need to track workplace infections, saying, “Shockingly, the federal government has no system for monitoring the number of workers who have gotten sick or where they are employed.”
3. On March 17, the Senate Finance Committee held a [hearing](#) entitled “A National Tragedy: COVID-19 in the Nation’s Nursing Homes.” In his [opening statement](#), Committee Chair Ron Wyden (D-OR) said, “Over the last year, more than 175,000 long-term care residents and workers, including 130,000 living and working in federally certified nursing homes, have died of this terrible disease. They were at the center of a collision of mismanagement. In too many nursing homes – even before the pandemic – there was chronic understaffing, slipshod plans for infection control and abuse and neglect of vulnerable residents. When COVID-19 arrived, the Trump Administration came up small by withholding data, failing to distribute PPE, and issuing guidance that put seniors in harm’s way. This was a systemic, nationwide failure, and it will be challenging to fix.” Ranking Member Mike Crapo (R-ID) emphasized the need for “reliable data” in the exercise of oversight. He [said](#), “As we look to the future, it is vital that all states report accurate COVID-19 data. This is the only way for economists, researchers, advocacy organizations and policymakers to tackle the challenges facing the nursing home sector head-on.”

B. Executive Agencies

1. OSHA [launched](#) a national emphasis program (NEP) March 12. The NEP means OSHA will focus enforcement efforts in the coming months on coronavirus-related inspections. In a press release announcing the NEP, the agency made clear it will prioritize companies that put the largest numbers of workers at serious risk of contracting the coronavirus and employers that retaliate against workers who exercise rights protected by federal law or make complaints about unsafe or unhealthy conditions.
2. A Dayton woman was [sentenced](#) to 24 months in prison for committing wire fraud and making false statements in connection with two PPP loans and one EIDL loan (charges she pleaded guilty to in November 2020). According to court records, she fraudulently sought forgivable PPP loans of \$1.3 million and \$1.2 million from financial institutions by claiming to have more than 70 employees earning wages at a Dayton-based private investigation and security services business, Extract LLC. In fact, there were few or no other employees working at Extract LLC.
3. In other PPP fraud: (1) A South Florida tax preparer was [charged](#) with wire fraud in connection with allegations that he submitted approximately 118 fraudulent PPP loan applications on behalf of himself and his accomplices, collectively seeking over \$2.3 million. (2) A Washington man [pleaded guilty](#) to wire fraud and money laundering in connection with a scheme to obtain over \$5.5 million in PPP loans and laundering the proceeds. He submitted at least 8 fraudulent PPP loan applications on behalf of 6 different companies using fake documents.
4. A former employee of Great Dane Petroleum Contractors, Inc. alleged in a [recently filed lawsuit](#) that the company misused nearly \$3 million in PPP funds. *See Rucker v. Great Dane Petroleum Contractors, Inc.*, No. 21-cv-207 (M.D. Fla. Mar. 10, 2021). Her PPP-specific allegations include misusing PPP funds by approving employee leaves of absence while “keeping them on the books” and altering payroll records to reflect time not worked by employees. According to her lawsuit, she was placed on administrative leave after she complained to her supervisors about the fraud.

C. State Attorneys General

1. Virginia AG Mark Herring [announced](#) a settlement with Rio Medical Supplies, resolving a price-gouging lawsuit he previously filed against the company for allegedly charging unlawful premiums on items like hand sanitizer that were in great demand during the pandemic. The settlement comes several months after the Virginia Legislature expanded the reach of the state’s price-gouging law beyond solely retailers to include upstream sales by manufacturers and distributors.

D. Special Inspector General for Pandemic Recovery (SIGPR)

1. On March 11, SIGPR Brian Miller published an [article](#) in Law360 explaining what companies and attorneys should expect about CARES Act oversight, describing the role of SIGPR and the types of fraud it might investigate. The article also described the logistical challenges SIGPR has faced, including with respect to hiring and setting up an office in the middle of a pandemic.

E. Pandemic Recovery Accountability Committee (PRAC)

1. On March 12, PRAC Chair Michael Horowitz [issued a statement](#) that PRAC’s oversight efforts will continue with the \$1.9-billion American Rescue Plan. “We are committed to promoting transparency and conducting aggressive oversight of the more than \$5 trillion in pandemic response,” he said. “We appreciate the ongoing support from Congress and the administration of the [PRAC] and its oversight mission.”