
Weekly COVID-19 Oversight & Enforcement Report

May 20, 2021

A. Congress

1. House Education and Labor Committee Chair Robert C. Scott (D-VA) issued a [statement](#) on May 18 criticizing the Biden Administration’s decision to use “the honor system” to report coronavirus vaccination status. He said, “One clear lesson from the last 16 months is that the honor system does not protect workers from COVID-19 infections. OSHA’s decision to issue only voluntary workplace safety guidance throughout the pandemic—which employers could choose to adopt or ignore—resulted in deadly outbreaks in health care facilities, meatpacking plants, grocery stores, warehouses, prisons, and many other workplaces around the country.” Chair Scott renewed his call for OSHA to issue an Emergency Temporary Standard to protect workers from COVID-19, asking the Biden Administration to “issue an enforceable workplace safety standard and clearly articulate its strategy to protect workers.”

B. Executive Agencies

1. On May 17, U.S. Attorney General Merrick Garland [directed the establishment](#) of the COVID-19 Fraud Enforcement Task Force to combat and prevent COVID-related fraud. The Task Force will augment and incorporate the existing coordination mechanisms within DOJ and will work closely with interagency partners to share information and insights gained from enforcement experience. The announcement indicated that the Task Force will help the agencies tasked with administering the COVID relief programs to increase their fraud prevention efforts by providing any appropriate information law enforcement learns about fraud trends.
2. A Florida man was [sentenced](#) to more than six years in prison for fraudulently obtaining approximately \$3.9 million in PPP loans and using those funds, in part, to purchase a \$318,000 Lamborghini. According to court documents, David Hines submitted multiple PPP applications, claiming to have had dozens of employees and millions of dollars in monthly payroll. In addition to submitting false and fraudulent IRS forms to support the applications, Hines also assisted other individuals in obtaining fraudulent PPP loans. As part of the sentence, the court ordered Hines to forfeit the \$3.4 million in fraudulent loan proceeds that law enforcement seized and the Lamborghini.
3. A criminal [complaint](#) was filed last week in the District of New Jersey charging Gregory Blotnick with fraudulently obtaining and laundering nearly \$4 million in PPP funds. To obtain the loans, Blotnick submitted eight falsified loan applications to numerous lenders on behalf of five of Blotnick’s businesses, including his New York City-based hedge fund management firm, Brattle

Street Capital LLC, and related entities. Blotnick submitted false information, including the number of his employees, federal tax returns for his businesses, and his payroll documentation, and he certified that he would use the loan money only for business-related purposes. After fraudulently obtaining the loans, Blotnick laundered and misused the loan proceeds by, among other things, transferring those proceeds to brokerage accounts and placing more than \$3 million in losing stock trades.

4. On May 17, OSHA [instructed](#) employers to follow the CDC's recent mask guidance permitting fully vaccinated employees to stop wearing face coverings in the workplace. OSHA's instruction does not apply to activities in the health care industry (see [CDC announcement](#) for some additional exceptions). Employers must still adhere to state and local mask mandates.

C. State Attorneys General

1. In a federal securities filing, Kodak [announced](#) that New York AG Letitia James has threatened to sue the company and its CEO, Jim Continenza, alleging violations of New York's securities law based on Mr. Continenza's purchase of nearly 47,000 shares of Kodak stock a few days prior to the federal government's announcement that the company would receive a \$765 million loan to enable it to manufacture drugs for COVID-19 treatment and other uses. Kodak claims Mr. Continenza's purchases were preapproved by the company's general counsel and complied with the company's insider-trading policy.
2. Michigan AG Dana Nessel informed Skin Envy LLC, which operates weight-loss centers in the state, and its owner Stephanie Davison that the AG's office [intends to sue](#) the parties after Ms. Davison appeared on television and made claims that Skin Envy treatments can prevent COVID-19. Ms. Davison, who also appears on the TLC reality show 90 Day Fiancé, claimed on WOOD TV's EightWest program that, as a result of her receiving the company's ipamorelin/sermorelin injections, she did not contract COVID-19. General Nessel said her office would commence a lawsuit unless Ms. Davison retracts her claims, avoids making similar claims in the future, and refrains from republishing her offending interview.
3. Missouri AG Eric Schmitt announced that his office filed [a motion](#) for substitute service in its lawsuit against the Chinese government and various other Chinese entities for its alleged actions that contributed to the spread of the novel coronavirus. General Schmitt filed the [lawsuit](#) in April 2020. China has refused to effect service, objecting pursuant to the Hague Convention.
4. Virginia AG Mark Herring reached a [settlement](#) with travel agency Key Tours International, Inc., which agreed to pay nearly \$13,000 in restitution to customers who purchased vacation packages for trips that were canceled due to COVID-related travel restrictions. According to General Herring, the company failed to honor the terms of its contracts regarding refunds, in violation of the Virginia Consumer Protection Act. The settlement also includes a suspended civil penalty of more than \$20,000, to be collected if the company fails to comply with its terms.

D. Special Inspector General for Pandemic Recovery (SIGPR)

1. SIGPR was identified among the interagency partners that will work with DOJ's recently announced COVID-19 Fraud Enforcement Task Force.

E. Pandemic Recovery Accountability Committee (PRAC)

1. PRAC was identified among the interagency partners that will work with DOJ's recently announced COVID-19 Fraud Enforcement Task Force.

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