
Weekly COVID-19 Oversight & Enforcement Report

August 13, 2020

A. Congress

1. The Congressional Oversight Commission held its first [hearing](#) on August 7, focusing on the Federal Reserve's \$600 billion Main Street Lending Program. Commission members were critical of the program, with Democrat Bharat Ramamurti stating, "By any measure, the Main Street program has been a failure." Witnesses and members [decried](#) the pace of lending under the program. According to press [reports](#), only about \$581 million in loans have been issued to date, compared with \$523.4 billion under the PPP.
2. House Select Subcommittee on the Coronavirus Crisis Chair Jim Clyburn (D-SC) [has asked](#) Treasury Secretary Steven Mnuchin and Federal Reserve Chair Jerome Powell why the Main Street lending programs haven't issued more loans to small and medium businesses. Meanwhile, Senate Banking, Housing, and Urban Affairs Committee Chair Mike Crapo (R-ID) and House Financial Services Committee Ranking Member Patrick McHenry (R-NC) [urged](#) Treasury Secretary Mnuchin and Federal Reserve Chair Powell to utilize the remaining funds to expand the program and "to provide support to Main Street businesses [and] their workers."
3. House Energy & Commerce Committee Chair Frank Pallone (D-NJ) [announced](#) an investigation into health and dental insurance companies' business practices following reports that many are recording record profit margins during the COVID-19 pandemic.
4. Sen. Elizabeth Warren (D-MA), House Oversight & Reform Committee Chair Carolyn Maloney (D-NY), and Rep. Katie Porter (D-CA) sent [letters](#) to the nation's largest behavioral health and addiction treatment providers asking a series of questions about COVID-19 outbreaks at their facilities and the actions they are taking to mitigate outbreaks when they do occur.
5. Sens. Warren (D-MA), Patty Murray (D-WA), and Cory Booker (D-NJ) and Reps. Ayanna Pressley (D-MA), Sylvia Garcia (D-TX), Yvette Clarke (D-NY), and Robin Kelly (D-IL) [introduced](#) the COVID-19 in Corrections Data Transparency Act, legislation that would require the Federal Bureau of Prisons, the United States Marshals Service, and state governments to collect and publicly report detailed data about COVID-19 in federal, state, and local correctional facilities.

B. Executive Agencies

1. **PPP Fraud Update.** (1) DOJ [announced](#) that five individuals have been charged for submitting fraudulent loan applications totaling \$4 million for five businesses. The individuals transferred the funds to personal bank accounts and then used the funds to buy jewelry, a Mercedes, and a Land

Rover. (2) An Arkansas project manager for a major retailer [pleaded guilty](#) to filing fraudulent bank loan applications seeking over \$8 million in PPP loans. (3) DOJ [announced](#) that nine individuals have been charged with submitting 90 fraudulent applications for more than \$24 million in PPP loans. After receiving a fraudulent PPP loan themselves, Defendants Phillip Augustin and Wyleia Williams allegedly recruited other individuals to submit fraudulent loan applications, assisting with the applications in exchange for a kickback when the loans were funded.

2. The IRS [announced](#) charges against a Georgia businessman relating to allegations that he purchased more than 200,000 N-95 face masks from a foreign country and then resold them to U.S. consumers at a significant markup. He purchased the masks for \$2.50 and resold them for \$5.00 each.

C. State Attorneys General

1. Twenty-two state AGs wrote a [letter](#) to Congress urging passage of the pandemic liability protections contained in the Safe to Work Act. The letter expresses concern about the potential for the COVID-19 pandemic “to create a surge in frivolous civil litigation targeting well-intentioned [employers] that have implemented and utilized applicable pandemic mitigation measures.” The letter notes that a number of states have taken their own actions to protect employers from liability, but says federal legislation is necessary for the nation’s economic recovery.
2. Expressing concern about the vulnerability of seniors to scams related to COVID-19, 44 state AGs wrote a [letter](#) to Congress in support of the Edith Shorougian Senior Victims of Fraud Compensation Act, known as “Edith’s Bill.” The legislation would make victims of senior fraud eligible for reimbursement by the Crime Victims Fund for states that provide compensation to victims. It would also ensure that penalties and fines from deferred prosecution and non-prosecution agreements are deposited into this fund.
3. California AG Xavier Becerra and New York AG Letitia James, on behalf of a coalition of 23 state AGs, filed an [amicus brief](#) in *Gomez v. Trump*, federal litigation challenging President Trump’s executive orders limiting legal immigration during the COVID-19 pandemic. The AGs argue that the executive orders, which bar more than 500,000 otherwise legal immigrants from entering the country and prevent 20,000 employers from employing foreign workers, will harm the immigrants, their families and the national economy.
4. More than 30 AGs wrote a [letter](#) to Congress supporting passage of the Student Loan Fairness Act of 2020, including in any COVID-19 relief legislation. In their letter, the AGs lament that the CARES Act did not protect borrowers of commercially or institutionally held federal loans, such as Federal Family Education Loan Program or Perkins loans. Such borrowers therefore cannot benefit from the CARES Act’s protections, including the forgiveness programs and repayment options offered to borrowers whose loans are owned by the federal government. The Student Loan Fairness Act would require institutions holding such loans to offer similar options to student borrowers.

D. Special Inspector General for Pandemic Recovery (SIGPR)

1. On August 10, the Government Accountability Office (“GAO”) [wrote a letter](#) to the SIGPR in response to the SIGPR’s August 3, 2020 report. The letter stated that the SIGPR report’s “analysis of GAO’s role is deeply flawed as it does not reflect the language or context of the Act” and that “the analysis was prepared without any coordination with GAO, an approach plainly at odds with standards of professionalism expected of the audit oversight community.”

E. Pandemic Recovery Accountability Committee (PRAC)

No updates this week

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