
Weekly COVID-19 Oversight & Enforcement Report

August 28, 2020

A. Congress

1. The Congressional Oversight Commission released its [fourth report](#), which provides an in-depth analysis of the Federal Reserve's Main Street Lending Program as well as updates regarding recent key actions the Treasury and the Federal Reserve have taken regarding all of the lending programs and facilities under Subtitle A of the CARES Act. The Commission found the Federal Reserve has used only 0.07% of its \$600 billion lending capacity in the Main Street Lending Program.
2. The House Select Subcommittee on the Coronavirus Crisis will hold a hybrid in-person/remote [hearing](#) with Treasury Secretary Steven Mnuchin regarding the Trump Administration's response to the current economic crisis on September 1.
3. House Energy & Commerce Committee Chair Frank Pallone, Jr. (D-NJ), Subcommittee on Health Chair Anna Eshoo (D-CA), and Subcommittee on Oversight & Investigations Chair Diana DeGette (D-CO) sent a [letter](#) to FDA Commissioner Stephen Hahn calling on him to ensure that sound science and the protection of public health alone drive FDA's COVID-19 vaccine approval process. Rep. Pallone also [demanded](#) a briefing on HHS' decision allowing lab-developed COVID-19 tests to come to market without FDA review.
4. Senator Elizabeth Warren (D-MA) and two other lawmakers are [asking](#) an Alexandria consulting firm, Advanced Decision Vectors, LLC, to explain its role in a contract under which drug company executive Moncef Slaoui is being paid \$1 to serve as the Trump Administration's chief advisor for "Operation Warp Speed" (the initiative to rapidly bring a COVID-19 vaccine to market).
5. Senator Warren and Rep. Rashida Tlaib (D-MI) [wrote](#) to the Corvias Group, which owns and manages student housing on college campuses, questioning the company's advocacy for fewer restrictions on reopening of on-campus college housing and residential facilities.
6. Senators Warren and Ed Markey (D-MA) are [requesting](#) copies of all communications between the FDA and White House officials regarding the agency's announcement earlier this week of an Emergency Use Authorization (EUA) for convalescent plasma, claiming that reports suggest that the FDA granted the EUA amid intense political pressure from President Trump and other administration officials, despite limited evidence of its effectiveness as a COVID-19 treatment.

B. Executive Agencies

1. **PPP Fraud Update.** (1) DOJ [announced](#) charges against a North Carolina man for wire fraud and bank fraud for fraudulently seeking over \$400,000 in EIDL and PPP loans based on falsified IRS

filings. (2) DOJ [announced](#) charges against a Minnesota man on charges of wire fraud and money laundering. After his first PPP loan application was denied, he submitted a second application under a false name and received over \$800,000 in PPP funds. (3) DOJ [announced](#) charges against a Las Vegas woman for bank fraud and making false statements to a financial institution. The complaint alleges that she submitted six fraudulent loan applications seeking over \$1 million in PPP loans. (4) DOJ [announced](#) charges against a Taiwanese national for a fraudulent scheme to obtain over \$7 million in PPP and EIDL loans by using the identities of other individuals—including famous athletes, artists, and actors—to falsely represent the size of his business.

2. Praxsyn Corp. and its CEO will [pay](#) the SEC \$65,000 to resolve accusations that they issued two press releases falsely claiming access to N95 medical masks that could protect wearers from COVID-19, then walked back the statements after the company's share price went up.

C. State Attorneys General

1. California AG Xavier Becerra [petitioned](#) a San Francisco court to order California Farms LLC, an egg distributor, and its parent company and main supplier, Dakota Layers LLC, to comply with subpoenas served in the course of the AG's investigation of potential price gouging of eggs during the pandemic. The companies reportedly had relied upon daily index pricing published by Uner Barry to set their egg prices, a common practice that AG Becerra asserts does not provide a defense to liability under California's price gouging laws. Several other state AGs, including Texas, New York, and West Virginia, have filed lawsuits against egg suppliers.
2. Washington AG Bob Ferguson filed a [lawsuit](#) against an Idaho property management company alleging the company defied Gov. Jay Inslee's Emergency Evictions Proclamation, which temporarily prohibits residential tenant evictions based upon an inability to pay rent. General Ferguson claims the company threatened to evict Spokane County residents of low-income housing. Ferguson filed a similar lawsuit earlier in the year against a Nevada-based property management company, resulting in a \$350,000 settlement.
3. North Carolina AG Josh Stein filed a price gouging [lawsuit](#) against Stephen Gould Corporation, alleging the company attempted to price gouge a number of North Carolina government entities and health care institutions, including the state's Department of Public Safety and a local chapter of the American Red Cross. General Stein's lawsuit claims the company also attempted to deceive potential buyers by falsely stating it charged only a 3% mark-up on goods sold, when its markup was actually more than 100%.

D. Special Inspector General for Pandemic Recovery (SIGPR)

1. On August 24, the U.S. Attorney's Office for the Eastern District of Texas [entered into a Memorandum of Understanding](#) with the SIGPR to cooperate in investigating and prosecuting financial misconduct and fraud related to the CARES Act.

E. Pandemic Recovery Accountability Committee (PRAC)

1. PRAC is asking the SBA to provide the names of borrowers who received PPP loans of at least \$25,000, citing the 2006 Federal Funding Accountability and Transparency Act. That statute says that loans, grants, contracts, and other forms of federal financial assistance totaling \$25,000 or more must be disclosed on a publicly searchable website, USASpending.com. The SBA contends that disclosing the names of loan recipients could violate their privacy because PPP loans are scaled to the size of a business's payroll.