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For more information,
contact:

Dan Donovan
+1 202 661 7815
ddonovan@kslaw.com

Sally Yates
+1 404 572 2723
syates@kslaw.com

Theodore Hester
+1 202 626 2901
thester@kslaw.com

Abigail Bortnick
+1 202 626 2398
abornick@kslaw.com

William Clarkson
+1 202 626 8997
wclarkson@kslaw.com

Barrett Anderson
+1 713 615 7607
banderson@kslaw.com

King & Spalding

Washington, D.C.
1700 Pennsylvania Avenue, NW
Washington, D.C. 20006-4707
Tel: +1 202 737 0500

Atlanta
1180 Peachtree Street, NE
Atlanta, Georgia 30309-3521
Tel: +1 404 572 4600

Oversight Subcommittee on the Coronavirus Crisis Continues to Actively Investigate the Previous Administration's Pandemic Response

When announcing the Democratic members of the Select Subcommittee on the Coronavirus Crisis for the 117th Congress, Chairman Jim Clyburn (D-SC) stated that, "In order to improve our nation's response, the Select Subcommittee will continue to examine the previous Administration's catastrophic errors," and "will continue to root out waste, fraud, and abuse in federal relief programs..."¹ Indeed, the Select Subcommittee has remained busy on a wide range of inquiries in the first half of 2021. As detailed in our December 2020 alert,² the Select Subcommittee's key areas of focus have been on issues ranging from vaccine contracts and distribution plans to economic stimulus funding oversight, with continued scrutiny of actions by the Trump Administration and the private sector during the pandemic.³

Trump Administration Pandemic Response

Vaccine Contracts. On April 19, the House Committee on Oversight and Reform ("HCOR") and the Select Subcommittee launched a joint investigation into whether a contract vaccine manufacturer leveraged its relationship with a key Trump Administration official to profit from federal contracts and to understand how millions of coronavirus vaccine doses became contaminated.⁴ On May 19, the Select Subcommittee held a hearing with company executives and also released initial findings from the joint investigation.⁵ On June 23, HCOR Chairwoman Carolyn Maloney (D-NY) and Chairman Clyburn expanded the investigation by sending letters to the vaccine developers, seeking documents and information related to their production contracts and internal oversight of the contract manufacturer.⁶



Political Interference. On April 9, 2021, Chairman Clyburn sent letters to three former Trump advisors seeking documents and interviews as part of the Select Subcommittee's "ongoing investigations into the Trump Administration's political interference with the pandemic response and haphazard efforts to obtain critical supplies."⁷ That same day, the Select Subcommittee released documents related to the investigation that Chairman Clyburn described as indicating the advisors "were aware of, and may have participated in, efforts to attack reports issued by the Centers for Disease Control and Prevention (CDC) in order to justify President Trump's push to reopen..." and "advocated for policies that would allow the virus to spread widely among many Americans."⁸

Failure to Prepare. On June 17, 2021, the Subcommittee released a staff memo containing findings and accompanying documents from its ongoing investigation into fraudulent N95 mask contracts obtained from the Department of Veterans Affairs ("VA") and the Federal Emergency Management Agency ("FEMA") in the early months of the pandemic.⁹ The memo notes that released documents illustrate how "due to the Trump Administration's failure to prepare for the pandemic, federal agencies were left with little choice but to enter risky contracts and pay above-market prices."¹⁰

Economic Stimulus Funding Oversight

CARES ACT. On June 3, 2021, the Select Subcommittee announced an investigation into the Trump Administration's approval of a \$700 million loan to a trucking company under the CARES Act national security loan program.¹¹ In letters to the involved agencies and contractors, the Select Subcommittee sought "documents and information to determine whether funds were diverted to waste, fraud, or abuse through the previous Administration's process for approving this substantial loan."¹²

Paycheck Protection Program ("PPP") Loan Fraud. On May 27, the Select Subcommittee sent letters to four financial technology firms and partner banks seeking information related to PPP loans.¹³ The investigation "builds on its March 2021 findings that under the Trump Administration, the Department of the Treasury and SBA failed to institute adequate safeguards to prevent waste, fraud, and abuse in pandemic relief programs, leading to nearly \$84 billion in potentially fraudulent loans."¹⁴ Chairman Clyburn had previously referred the matter to the Inspectors General at Treasury and SBA for review, and the SBA Inspector General found that nearly 55,000 loans for approximately \$7 billion were issued under the Trump Administration to potentially ineligible businesses, and that SBA did not implement controls "that could have reduced the likelihood of ineligible or fraudulent business a "PPP" loan."¹⁵

Economic Injury Disaster Loan ("EIDL") Fraud. On May 11, 2021, the Select Subcommittee sent a letter to the Administrator of SBA requesting documents and a staff briefing as part of an ongoing investigation into a \$750 million contract the Trump Administration awarded to manage the EIDL program.¹⁶ Previously in March, the Select Subcommittee held a hearing examining this issue with SBA and GAO officials.¹⁷ It had also published initial findings at that time which noted that \$79 billion had been spent on potentially fraudulent EIDL loans.¹⁸

Moving Forward

At a July 1 Select Subcommittee hearing on ways to increase coronavirus vaccine confidence and uptake, Chairman Clyburn urged that we "undertake dedicated efforts to overcome vaccine hesitancy and redouble our outreach and education, so that we can find a way to convince those who are reluctant of the importance of getting vaccinated."¹⁹



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ABU DHABI	CHARLOTTE	FRANKFURT	LOS ANGELES	RIYADH	TOKYO
ATLANTA	CHICAGO	GENEVA	NEW YORK	SAN FRANCISCO	WASHINGTON, D.C.
AUSTIN	DENVER	HOUSTON	NORTHERN VIRGINIA	SILICON VALLEY	
BRUSSELS	DUBAI	LONDON	PARIS	SINGAPORE	

¹ *Chairman Clyburn Welcomes Select Subcommittee Members for the 117th Congress*, U.S. House Select Subcommittee on the Coronavirus Crisis, Press Release (January 27, 2021), available [here](#).

² See *K&S Client Alert: House Democrats Will Extend Historic Oversight Subcommittee on the Coronavirus Crisis into the 117th Congress* (December 30, 2020), available [here](#).

³ In October 2020, the Subcommittee issued a highly critical interim report asserting that its findings "demonstrate that the Trump Administration's response to the coronavirus pandemic is among the worst failures of leadership in American history." *Interim Staff Report: Inefficient, Ineffective, and Inequitable: The Trump Administration's Failed Response to the Coronavirus Crisis*, U.S. House Select Subcommittee on the Coronavirus Crisis (October 2020), available [here](#).

⁴ *Maloney and Clyburn Launch Investigation into Emergent BioSolutions' Profits and Performance Under Federal Vaccine Contracts*, U.S. House Committee on Oversight and Reform, Press Release (April 19, 2021), available [here](#).

⁵ *Preliminary Findings from Investigation into Emergent BioSolutions, Inc.*, U.S. House Committee on Oversight and Reform, Memo (May 19, 2021), available [here](#); *Select Subcommittee Hearing Exposes Emergent BioSolutions' Failure to Perform On \$628 Million Contract Granted By Trump Administration*, U.S. House Select Subcommittee on the Coronavirus Crisis, Press Release (May 19, 2021), available [here](#).

⁶ *Letter to Dr. Pascal Soriot, Executive Director and Chief Executive Officer of AstraZeneca Pharmaceuticals LP*, U.S. House Committee on Oversight and Reform (June 22, 2021), available [here](#).

⁷ *Chair Clyburn Seeks Interviews with Trump Administration Advisors On Roles In Pandemic Response*, U.S. House Select Subcommittee on the Coronavirus Crisis, Press Release (April 9, 2021), available [here](#).

⁸ *Id.*; released documents available [here](#).

⁹ *Select Subcommittee Releases New Findings From Investigation Into Fraudulent Federal Contracts For N95 Masks*, U.S. House Select Subcommittee on the Coronavirus Crisis, Press Release (June 17, 2021), available [here](#).

¹⁰ *Investigation into Federal Government Experts, LLC*, U.S. House Select Subcommittee on the Coronavirus Crisis, Memo (June 17, 2021), available [here](#).

¹¹ *Select Subcommittee Launches Investigation Into \$700 Million Loan Issued By Trump Administration To Troubled Trucking Company*, U.S. House Select Subcommittee on the Coronavirus Crisis, Press Release (June 3, 2021), available [here](#).

¹² *Letter to The Honorable Janet L. Yellen, Secretary, Department of the Treasury*, U.S. House Select Subcommittee on the Coronavirus Crisis, (June 3, 2021), available [here](#).

¹³ *Select Subcommittee Launches Investigation Into Role Of FinTech Industry In PPP Fraud*, U.S. House Select Subcommittee on the Coronavirus Crisis, Press Release (May 28, 2021), available [here](#).

¹⁴ *Lowering the Guardrails: How the Trump Administration Failed to Prevent Billions in Pandemic Small Business Fraud*, U.S. House Select Subcommittee on the Coronavirus Crisis, Memo (March 25, 2021), available [here](#).

¹⁵ *Id.*

¹⁶ *Letter to The Honorable Isabella Guzman, Administrator, Small Business Administration*, U.S. House Select Subcommittee on the Coronavirus Crisis (May 11, 2021), available [here](#).

¹⁷ *Remote Hearing On "Rooting Out Fraud In Small Business Relief Programs*, U.S. House Select Subcommittee on the Coronavirus Crisis, Hearing (March 25, 2021), available [here](#).

¹⁸ *Select Subcommittee Releases New Findings On Trump Administration's Failure To Prevent Billions In Small Business Fraud*, U.S. House Select Subcommittee on the Coronavirus Crisis, Press Release (March 25, 2021), available [here](#).

¹⁹ *Chair Clyburn's Opening And Closing Statements At Hearing With Bipartisan Witnesses On Overcoming Vaccine Hesitancy*, U.S. House Select Subcommittee on the Coronavirus Crisis, Press Release (July 1, 2021), available [here](#).