

# Bond Case Briefs

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## COVID-19: Weekly Oversight and Enforcement Report - Week of October 22, 2020

### **A. Congress**

1. The Congressional Oversight Commission released its [fifth report](#), which focuses on the Federal Reserve's Municipal Liquidity Facility (MLF). The MLF was established to help state and local governments better manage cash flow pressures by purchasing short term notes from them. Commission members disagreed on party lines about the extension of the program, pricing, and whether the Federal Reserve should be acting as a lender of last resort during the pandemic.
2. The Wall Street Journal [reported](#) that trucking company YRC Worldwide Inc. has drawn down just over one-third of a promised \$700 million in coronavirus relief funds and is preparing a spending plan that will require federal approval for more aid. The Congressional Oversight Commission previously expressed concern about the decision to loan money to the company.
3. House Select Subcommittee on the Coronavirus Crisis Chair Jim Clyburn (D-SC) sent letters to four cargo carriers that received a total of more than \$630 million from the Treasury Department in the Payroll Support Program, despite reports of the companies' financial success during the pandemic. Chair Clyburn called on the cargo carriers either to return the money or to demonstrate that they needed the funds to keep workers on the payroll, as Congress intended.
4. Chair Clyburn released [six weeks of White House Coronavirus Task Force reports](#) obtained by the Select Subcommittee.
5. The Chair of the House Subcommittee on Coast Guard and Maritime Transportation Sean Patrick Maloney (D-NY) officially requested additional documents from the CDC amid new reporting that the Trump Administration intervened in a decision on when cruise ships can safely resume sailings. Multiple press reports allege the CDC attempted to extend the "No Sail Order" to Feb. 15, 2021, but following White House involvement, the extension was shortened to the end of this month.
6. Sen. Elizabeth Warren (D-MA) formally requested that the SEC and CFTC conduct an insidertrading investigation after reports that Trump Administration officials in February privately gave dire warnings to conservative allies and Republican donors about the risks to the economy from the COVID-19 pandemic while President Trump was publicly optimistic about the impact of the virus.
7. At the request of Senators Warren, Gary Peters (D-MI), and Patty Murray (D-WA), the GAO has agreed to conduct an investigation of the Trump Administration's political interference at the CDC and FDA and to determine whether this interference has violated the agencies' scientific integrity and communication policies.

### **B. Executive Agencies**

1. The SEC has [released guidance](#) regarding proper accounting practices due to the COVID-19 pandemic. The SEC has made clear that it does not want companies to use non-GAAP measures as

window dressing for bad results. Bill Hinman, Director of the Division of Corporation Finance, warned that companies should not try to calculate lost revenue because of the pandemic, saying it was too subjective to quantify. Highlighting pandemic expenses like hazard pay and cleaning expenses via non-GAAP measures, however, would be acceptable, he said.

2. Four individuals in Florida have been arrested and more than \$1.2 million in cash has been seized after a joint state and federal investigation into a significant number of fraudulent unemployment insurance and other CARES Act claims. The four individuals are alleged to have orchestrated a complex scheme whereby they used stolen personal identifying information belonging to Rhode Islanders to apply for benefits, and then had those funds directly deposited into accounts created expressly for receiving the fraudulently obtained payments. The funds were allegedly used to purchase a large collection of high-end jewelry and six firearms.

3. Los Angeles-based rapper Fontrell Baines, who goes by the stage name Nuke Bizzle, was arrested on Friday on federal charges of fraudulently applying for over \$1.2 million in benefits under the CARES Act. Bains was arrested after releasing a music video on YouTube and Instagram for a song called "EDD," in which he boasts about payments received from the California Employment Development Department. Music Video.

### **C. State Attorneys General**

No updates this week.

### **D. Special Inspector General for Pandemic Recovery (SIGPR)**

No updates this week.

### **E. Pandemic Recovery Accountability Committee (PRAC)**

No updates this week.

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October 22 2020