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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

April 24, 2020

Mike R. Pence
Vice President of the United States
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Vice President Pence:

I write to you today deeply concerned that scam artists are taking advantage of the COVID-19 pandemic by engaging in fraud or selling counterfeit and faulty personal protective equipment (PPE) to hospitals and other healthcare providers. Since the outbreak of COVID-19 in the United States, I have read reports of hospitals in Missouri, Georgia, New Jersey, California, and New York who have been defrauded or have received counterfeit or faulty PPE from third-party vendors.¹ It is very likely that several dozen more hospitals have also been defrauded, but have not reported this information to the authorities because of the current demand and scarcity of PPE. We must continue to encourage our hospitals and healthcare providers to report this information to the Federal government so that we can ensure the safety and security of our supply-chain and root out bad-actors during this crisis.

As of April 14, 2020, U.S. Immigration and Customs Enforcement's Homeland Security Investigations has opened over 130 investigations, seized \$3 million in illicit proceeds, and worked with Customs and Border Protection (CBP) to stop over 225 shipments of mislabeled, fraudulent, or counterfeit PPE and COVID-19 testing kits.² Both Federal Bureau of Investigation (FBI) and CBP have issued alerts to the medical community urging them to exercise due diligence and caution when dealing with unverified vendors or third-party brokers.³ Even 3M and Prestige Ameritech—the two leading

¹ Melanie Woodrow, *Coronavirus supplies: How Feds uncovered fraud involving 39 million N95 masks*, ABC NEWS (April 15, 2020), <https://abc7news.com/coronavirus-face-mask-shortage-where-to-buy-masks-in-the-bay-area-california-healthcare-workers/6104173/>; Yamil Berard, *Desperate for supplies, some hospitals turn to 'grey market'*, THE ATLANTA JOURNAL-CONSTITUTION (April 14, 2020), <https://www.ajc.com/news/state--regional/desperate-for-supplies-some-hospitals-turn-grey-market/QsVC3wF2IUL7QhgYfncyEO/>; Katie Kull, *Fraud, bidding wars and price gouging battles to get protective equipment*, SPRINGFIELD NEWS-LEADER (April 12, 2020), <https://www.news-leader.com/story/news/local/ozarks/2020/04/13/coronavirus-missouri-coxhealth-protective-equipment-fight-covid-19/5130708002/>; *Fake protective equipment sold to hospital at center of coronavirus crisis in N.J.*, NJ.COM (March 24, 2020), <https://www.nj.com/coronavirus/2020/03/fake-protective-equipment-sold-to-hospital-at-center-of-coronavirus-crisis-in-nj.html>.

² Press Release, ICE HSI launches Operation Stolen Promise (April 15, 2020), <https://www.ice.gov/news/releases/ice-hsi-launches-operation-stolen-promise>.

³ Press Release, FBI Warns Health Care Professional of Increased Potential for Fraudulent Sales of COVID-19-Related Medical Equipment (March 27, 2020), <https://www.fbi.gov/news/pressrel/press-releases/fbi-warns-health-care-professionals-of-increased-potential-for-fraudulent-sales-of-covid-19-related-medical-equipment>; Press

manufacturers of masks—have issued fraud warnings to hospitals and consumers warning them that fraudsters are selling non-existent product.

Scammers are using a variety of methods to take advantage of the COVID-19 pandemic. Often, scammers promise supplies they do not have and demand up-front payments before agreeing to ship PPE. In these types of schemes, the victim pays a purported seller or broker for PPE or medical supplies and receives nothing in return. Alternatively, scammers ship PPE and medical supplies that do not meet Federal health and safety standards putting the safety of our healthcare workers at direct and significant risk.⁴ Indeed, most PPE is manufactured in China—the world’s largest supplier of medical PPE—which make it increasingly difficult for hospitals to verify the legitimacy of the goods they are purchasing until they arrive at their facility. Earlier this month, China seemed to acknowledge the problem by requiring additional quality and safety checks on PPE and other medical equipment exports.⁵ However, these additional measures have become an impediment to the receipt of timely supplies, including from U.S. companies with manufacturing facilities overseas. The last thing our hospitals and healthcare professionals need to worry about during this crisis is whether their PPE are safe, reliable, and legitimate.

I understand the difficulty we face in procuring legitimate PPE and other medical supplies right now and I’m sure we will have serious discussions about how the U.S. can identify and mitigate supply-chain vulnerabilities in advance of natural disasters soon. However, right now I ask that your Administration take every reasonable effort to ensure the safety and security of our supply-chain so hospitals are not being defrauded or sold fake or faulty PPE. I am also asking the Department of Homeland Security, FBI, HHS, and CBP to brief the Senate Finance Committee on their work to prevent and detect COVID-19-related fraud and the sale of counterfeit or faulty PPE and medical supplies at their earliest convenience.

Sincerely,



Charles E. Grassley
Chairman
Senate Finance Committee

Cc:

Release, CBP Officers Seize Fake COVID-19 Test Kits at LAX (March 14, 2020),

<https://www.cbp.gov/newsroom/national-media-release/cbp-officers-seize-fake-covid-19-test-kits-lax>.

⁴ Austin Hufford, *Faulty N95 Masks Hamper Hospitals On Coronavirus Front Line*, WALL STREET JOURNAL (April 9, 2020), https://www.wsj.com/articles/faulty-n95-masks-hamper-hospitals-on-coronavirus-front-line-11586437345?mod=hp_lead_pos3.

⁵ Josh Horwitz, *China imposes more checks on masks to ensure quality and control*, REUTERS (April 10, 2020), <https://www.reuters.com/article/us-health-coronavirus-china-masks/china-imposes-more-checks-on-mask-exports-to-ensure-quality-control-idUSKCN21S141>.

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