

**Congress of the United States**  
Washington, DC 20515

June 5, 2020

The Honorable Michael E. Horowitz  
Acting Chair  
Pandemic Response Accountability Committee  
Council of the Inspectors General on Integrity and Efficiency  
1717 H Street, NW, Suite 825  
Washington, DC 20006

Dear Mr. Horowitz,

We write to request that the Pandemic Response Accountability Committee (PRAC) investigate the hundreds of federal contracts entered with first-time federal contractors related to COVID-19 response efforts, including many contractors ill-suited to provide the critical services needed.

The country was woefully unprepared for a global health crisis. The failure to respond in a timely manner has already cost more than 100,000 Americans their lives.<sup>1</sup> There has been a complete breakdown in the federal procurement process, as evidenced by the scramble to build up the Strategic National Stockpile to ensure hospitals workers and other frontline workers had access to personal protective equipment (PPE), and efforts to relieve Americans' hunger and save farmers who have been harmed by the disruption in the supply chain.

According to an in-depth analysis by *ProPublica*, 345 first-time federal contractors have been promised at least \$1.8 billion in federal contracts related to the COVID-19 pandemic.<sup>2</sup> Of those 345 contractors, more than half of the companies did not have to compete for their contracts, compared with 32 percent of overall pandemic-related contracts.<sup>3</sup> The lack of competition paired with the lack of a federal law to prevent price-gouging not only increases the risk of price gouging, but also for fraud and faulty products.<sup>4</sup>

At a time when the federal government should be relying on trusted vendors, it instead is awarding multi-million-dollar contracts to companies completely outside the industry for which the contracts were entered. For example, CRE8AD8, a San Antonio, Texas-based event planning company was awarded a \$39.1 million contract through the U.S. Department of Agriculture's Farmers to Families Food Box Program, which was created to buy excess produce and meat from

---

<sup>1</sup> Tom McCarthy and Maanvi Singh, *US Passes 100,000 Coronavirus Deaths as States Relax Lockdown Measures*, THE GUARDIAN (May 27, 2020), <https://www.theguardian.com/world/2020/may/27/us-coronavirus-deaths-toll-100000>.

<sup>2</sup> Ryan Gabrielson, *et al.*, *A Closer Look at the Federal COVID Contractors Reveals Inexperience, Fraud Accusations and a Weapons Dealer Operating Out of Someone's House*, PROPUBLICA (May 27, 2020), <https://www.propublica.org/article/a-closer-look-at-federal-covid-contractors-reveals-inexperience-fraud-accusations-and-a-weapons-dealer-operating-out-of-someones-house>.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

America's farmers to provide food to food banks and nonprofits across the country.<sup>5</sup> CRE8AD8 received one of the largest contracts under the program, whereas Brothers Produce, a Houston-based produce distributor with decades of experience, was passed up for a contract.<sup>6</sup>

Not only are contracts being awarded to companies attempting to do work completely outside of their industries, contracts are also being awarded to companies that were formed mere weeks or even days before applying for a federal contract. A former White House aide received a \$3.24 million contract to supply respirator masks to Navajo Nation hospitals in New Mexico and Arizona.<sup>7</sup> Zach Fuentes LLC was created just eleven days before it was awarded a contract through the Indian Health Service (IHS).<sup>8</sup> The Navajo Nation has been rocked by the pandemic. On June 1, the Navajo Department of Health reported 5,348 positive COVID-19 cases and 246 known death.<sup>9</sup> Yet the IHS reported that 247,000 of the masks delivered by the company, at a cost of around \$800,000, may be unsuitable for medical use and another 130,400 are not the type of masks specified in the procurement data.<sup>10</sup>

Fillakit, LLC, which incorporated in Florida at the end of April 2020, received three federal contracts totaling \$10.5 million just a week later from the Federal Emergency Management Agency (FEMA) to supply swabs and containers for COVID-19 testing.<sup>11</sup> Not only was the company recently formed, but it is owned by Paul Wexler, a businessman who has been accused of fraudulent practices by the Federal Trade Commission. The charges stem from his telemarketing firm allegedly conducting illegal robocalls and making unauthorized charges to consumers' bank accounts.<sup>12</sup> Wexler eventually settled the case and was banned from debt relief services, but not from being a federal contractor.<sup>13</sup> As of May 22, FEMA reported that it had paid nearly \$400,000 to Fillakit for one delivery, but the company had less than six weeks to deliver on the rest of the contract.<sup>14</sup>

While payment of federal contracts is contingent on performance and companies may have to pay the difference if their failure to deliver causes the government to use a more expensive contractor, it is simply unacceptable for the government to enter into contracts with unreliable, unproven vendors. We understand that the unprecedented circumstances call for new and innovative solutions, but that does not mean due diligence must be abandoned.

---

<sup>5</sup> Helena Bottemiller Evich and Ryan McCrimmon, *Multimillion-Dollar Food Bank Delivery Contracts Go to Firms with Little Experience*, POLITICO (May 14, 2020), <https://www.politico.com/news/2020/05/13/usda-food-bank-contracts-256452>.

<sup>6</sup> *See id.* (quoting CEO Brent Erenwert of Brothers Produce: "The wedding planner is the ultimate comedy of errors... This deal is destined to crash before it takes off.").

<sup>7</sup> Yeganeh Torbati and Derek Willis, *The Feds Gave a Former White House Official \$3 Million to Supply Masks to Navajo Hospitals. Some May Not Work*, PROPUBLICA (May 22, 2020), <https://www.propublica.org/article/the-feds-gave-a-former-white-house-official-3-million-to-supply-masks-to-navajo-hospitals-some-may-not-work>.

<sup>8</sup> *Id.*

<sup>9</sup> *Navajo Nation Reports 98 New COVID-19 Cases on Monday with 5 More Deaths*, THE SALT LAKE TRIBUNE (June 1, 2020), <https://www.sltrib.com/news/2020/06/01/navajo-nation-reports/>.

<sup>10</sup> Torbati and Willis, *supra* note 7.

<sup>11</sup> Gabrielson, *et al.*, *supra* note 2.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

As part of PRAC's review of the trillions of taxpayer dollars appropriated to address the pandemic response, we request your review provide information to address the following questions:

1. How many federal contracts related to the COVID-19 pandemic were awarded to first-time federal contractors?
2. What was the vetting process used by federal agencies before contracts were awarded to companies without prior existing relationships with government agencies?
3. Of the federal contracts related to the COVID-19 pandemic that were awarded to first-time federal contractors, how many of those contracts were fulfilled and how many were later rescinded for failure to deliver?
4. Did the number of first-time companies awarded federal contracts related to the COVID-19 pandemic play a role in the federal government's delay in getting much-needed resources, such as personal protective equipment and testing supplies, to states and localities?
5. How many federal contracts related to the COVID-19 pandemic were awarded without competitive bidding?
6. How many federal contracts related to the COVID-19 pandemic were awarded to companies to deliver goods and services which were outside the scope of their regular course of business?
7. What changes can be made to the federal procurement process in the future to ensure funds are going to vetted, reputable companies that are able to deliver on the contracts?

Thank you for your consideration and assistance with this request. Please contact Rachel Marshall ([Rachel.Marshall@mail.house.gov](mailto:Rachel.Marshall@mail.house.gov)) from Congresswoman Speier's office with any questions.

Sincerely,



---

Jackie Speier  
Member of Congress

Raúl M. Grijalva  
Member of Congress

Deb Haaland  
Member of Congress

Ben Ray Luján  
Member of Congress

Tom O'Halleran  
Member of Congress

Jamie Raskin  
Member of Congress

Jan Schakowsky  
Member of Congress