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Late night deals, international holdups, and curious characters: Inside the state's quest for PPE

By Matt Rocheleau and Dugan Arnett Globe Staff, Updated June 11, 2020, 2:00 p.m.



The Baker administration released a statement in late May saying it had distributed more than 12.5 million pieces of equipment around the state (including to Mass. General Hospital, above) through May 27. BLAKE NISSEN/THE BOSTON GLOBE

In mid-March, as they scrambled to prepare for a coming surge in COVID-19 cases, state officials found themselves in dire need of masks, gowns, gloves, and other personal protective equipment.

Hospitals were clamoring for the gear to shield front-line workers from the new and gravely infectious coronavirus. National shortages had rendered many traditional supply chains useless, and President Trump made it clear that the federal government had little interest in jumping in to help. "We're not a shipping clerk," Trump said.

With limited options, state officials turned to an international gray market populated by pandemic profiteers and middlemen who promised lots of gear, quickly. Massachusetts linked up with a range of providers, among them a curious cast of characters — including one convicted fraudster — and waded into a kind of guy-who-knows-a-guy world that sometimes resulted in deliveries that came weeks late or contained second-rate product.

The state has racked up at least \$290 million in bills for medical gear in the past few months. And a Globe review of a sliver of those payments — the only ones disclosed in detail to date — shows just how shadowy the high-stakes world of PPE procurement can be.

Among those to whom the state awarded contracts: a company run out of a suburban New Jersey home that is now under investigation by the Massachusetts attorney general; a businessman who, prior to the pandemic, specialized in selling a cellphone holder designed to aid in selfie-taking; and a company co-owned by a 39-year-old former government official-turned-online brand marketer who arranged the April delivery of nearly a million respirator masks via the New England Patriots' team plane. Many of those masks would prove to be unusable by front-line health care workers. A fourth company, run out of a high-rise Miami-area condo, has seemingly no Internet presence to speak of.

The state has declined to detail what it received for the \$16 million in taxpayer funds it agreed to pay those four companies; officials from multiple state agencies, including the governor's office, declined to release the contracts the state signed off on — or discuss what has been delivered.



The state has racked up at least \$290 million in bills for medical gear in the past few months. PAT GREENHOUSE/GLOBE STAFF

What is clear is that the lack of federal preparedness, coupled with worldwide shortages of PPE, created a famine scenario, or put another way, a strange sort of arms race, prompting bidding wars between states and leaving desperate American institutions to go outside established supply chains in an effort to procure gear.

"You saw brokers, legitimate and illegitimate, rush into that void — not necessarily illegally, but opportunistically," said Scott Brady, US attorney for the Western District of Pennsylvania, whose office recently handled a case of alleged fraud involving PPE.

The opportunists seized the moment. Christine Pontus, associate director of health and safety for the Massachusetts Nurses Association, said her organization was flooded with e-mails from hundreds of questionable vendors or brokers claiming they could provide high-quality protective masks.

"There were a lot of people who didn't know what they were doing, who saw an opportunity to get rich quick," Pontus said. "If people were foolish enough, because they didn't know or they were desperate, they would give them 50 percent down, or 100 percent, and [the masks] would never make it through customs."

"I was appalled," she said. These schemes were "on the backs of health care workers."

In an interview in late April, Governor Charlie Baker alluded to the fly-by-night nature of the PPE market, telling the Globe that he'd devoted a quarter of his days in mid-March to chasing down leads on safety gear and that he'd heard "from people who said, I got a guy here, I got a guy there, I got a girl here, I got a girl there. It was just constant."

In the midst of this unprecedented emergency, meanwhile, the state loosened its normal rules for purchasing supplies, giving agencies more freedom to make deals as they saw fit.

The Baker administration released a statement in late May saying it has carried out an unprecedented effort to secure gear and had distributed more than 12.5 million pieces of equipment through May 27. The administration said that, generally speaking, it takes steps to review the vendors and to inspect PPE before distributing it.

One of the companies Baker's administration turned to early in its quest for PPE was called IDDC Global Brands, which, according to business records, is run out of a four-bed, two-bath home in Toms River, N.J.

The company was formed in January, just as the first coronavirus cases were beginning to appear in China, and a quick Google search shows that the man listed in court records as a co-owner, Charles W. Jarvis, pleaded guilty in 2014 to federal charges of forging IRS documents. In mid-March, roughly two weeks before entering a deal for masks with the Commonwealth, Jarvis filed for bankruptcy — the second time in less than a year he'd done so. At the time, he reported debts of more than \$248,000.

It's unclear what vetting, if any, the state conducted prior to the transaction, but the company's bare-bones website — which featured a photo of an ambulance and the promise that updates would be "coming soon" — didn't bear the mark of a seasoned medical equipment dealer.

Still, Massachusetts officials hatched a deal that paid the company nearly a million dollars on March 27 for personal protective equipment. It's still unclear what the company promised and what, if anything, was delivered.

In interviews with the Globe, two people listed as company executives on the website said they'd never heard of the

company or any of the people involved with it. Upon being told that he was listed as an executive for a company called IDDC Global Brands, one man told a Globe reporter, "This is the strangest call I've ever received."

"This is bizarre," said Josh Parker, who while on the phone with a Globe reporter pulled up the company's website and said that his LinkedIn account had indeed been used, without his knowledge or permission. "Honestly, I want nothing to do with this."

Reached by phone, Jarvis, the company executive, twice said he was busy and unable to talk. In a brief phone call, another person associated with the business declined to discuss its contract with the state.

"Oh my gosh, another reporter," said Jim Sherlock, who was listed as company chairman on the IDDC website. "I can't say anything. . . . It's all a mess — I really don't want to say anything. I better not, because it's all being looked at."

Shortly after that call, the IDDC website was taken down.

A spokeswoman for Massachusetts Attorney General Maura Healey later said that the company's deal with the state is being investigated, though she declined further comment.

Even those who operate within this world acknowledge that it can be a sometimes lawless place.

"I'm not surprised by the amount of people who got burned in this," said Brad Satz, whose company, Consolidated Marketing, received a \$5.7 million contract from the state of Massachusetts in March, according to state records. "I can't imagine [being] some Joe Schmo trying to do this for the first time."

Satz said he made good on his contract with the state — though admittedly, the sought-after masks arrived nearly a

month late.

Satz said he delivered 3.5 million masks — a combination of respirator masks and three-ply masks.

Though he has worked in manufacturing and importing for roughly two decades, Satz said, he hadn't dabbled in medical supplies; up to that point, his business had centered largely on cellphone accessories, apparel, and tools.

But with the virus taking hold across the globe, Satz said he teamed up with a friend in New York who had experience importing medical supplies. Another friend connected him with the governor's office, he said, and Satz's company — which lists its corporate address as a luxury apartment in Boston's Seaport district — stepped up.

Almost immediately, there were headaches.

Working from the United States, Satz found himself dealing with an endless stream of issues while trying to acquire PPE from China and Turkey. There was fierce competition for product, and problems at customs. At one point, Satz suggested, masks he'd acquired were nearly stolen.

"Every day I'd go to bed saying, 'OK . . . feeling good,'" he said. "And I'd get a text at 3 a.m. or 4 a.m. saying, 'Yeah, it didn't get out.'"

As his delivery deadline came and went, Satz found himself hounded by government workers seeking answers.

"When you have government people calling your phone at night and saying, 'Where's our masks?' . . . it's scary," he said, declining to go into detail.

Another well-chronicled shipment of PPE — <u>arriving via the Patriots' team plane on April 2</u> — also has an intriguing back story, this one involving a little known company named Foxbat Media and a 39-year-old former executive at the conservative Daily Caller website.

The state has insisted that the shipment it received contained some N95 masks, the gold standard in respirator masks, but also many KN95 masks, which are not FDA approved but have been authorized, in some cases, for emergency use in the United States during the pandemic. State officials have declined to date to reveal the specifics of an agreement that paid Foxbat Media roughly \$2 million to procure the shipment, including how many KN95s were delivered.

The company, which had experience working with Chinese manufacturers, was formed two years ago by Brian Danza, a 39-year-old who previously worked in Republican politics and as an executive at the conservative website The Daily Caller, and his business partner, a recent Harvard graduate.

While it's unclear what the state received from Foxbat, the company's website currently advertises only KN95 masks, and not the coveted N95.

Reached by phone, Danza declined to speak for this story. But in an interview on a little-known podcast recorded shortly after the delivery, he laid out his role in bringing masks to the Commonwealth.

In Danza's telling, he heard through an acquaintance that the state "had a bunch of money available in their emergency management fund to send out quickly." He went through the necessary channels, he said, and "was able to get them to send me a decent amount of money to get the process started."

For two sleepless weeks, ne said, ne worked to arrange the deal using his connections in China, navigating unreliable factories and at one point wiring money to China in the middle of the night so that contemporaries in the country could take a truck to a factory and load it with masks.

Danza said on the podcast that, at the time of the deal, his masks hadn't been cleared for import into the United States because they weren't approved by the FDA and the Centers for Disease Control and Prevention. Those restrictions, however, were dropped "right before we took off," Danza said.

Hopes were high, in hard-pressed hospitals and the governor's office, that the shipment would help fill the PPE gap. But in the coming weeks, various health care workers <u>would question the quality</u> of the masks that arrived in the shipment. A state senator would call them "useless" for their intended purpose. And one local police department would be forced to recall a batch of particularly deficient masks they'd received from the state, which Massachusetts records linked to the Foxbat delivery.

There was, however, a silver lining — at least for Danza.

"I would be lying," he told the podcast's hosts, "if I said that I'm not making a decent amount of money."

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