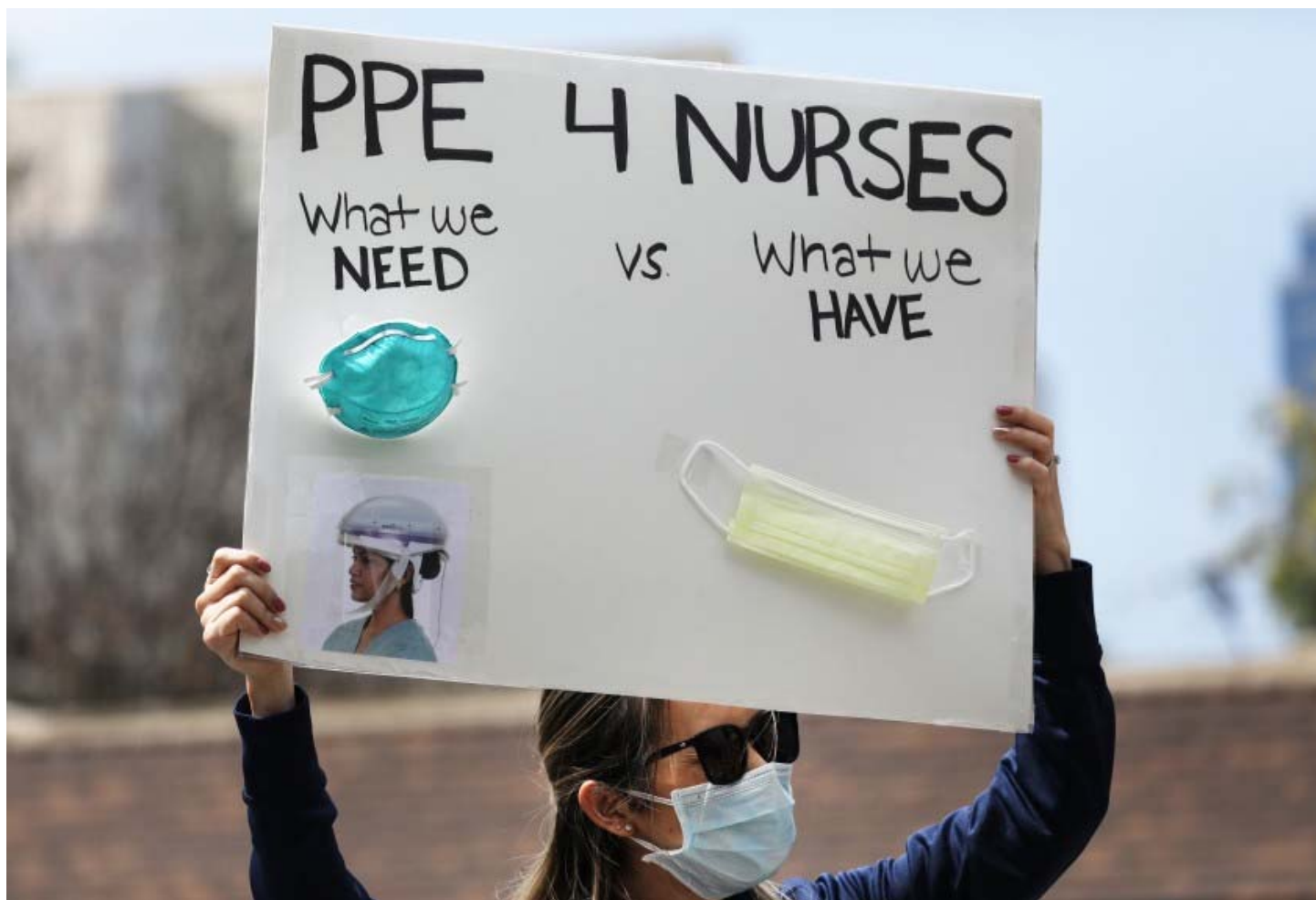




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How a stockpile of 39 million masks was exposed as fake



A nurse protests the lack of personal protective gear available at UCI Medical Center in Orange. (Mario Tama / Getty Images)

By MELODY GUTIERREZ, ADAM ELMAHREK

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SACRAMENTO — A powerful California union that claimed to have discovered 39 million masks for healthcare workers fighting the novel coronavirus was duped in an elaborate scam uncovered by FBI investigators, the U.S. attorney’s office said Friday.

U.S. Atty. Scott Brady of the Western District of Pennsylvania said FBI agents and prosecutors stumbled onto the arrangement while looking into whether they could intercept the masks for the Federal Emergency Management Agency under the Defense Production Act.

The federal government has been [quietly seizing supplies across the country](#), taking the orders placed by hospitals and clinics and not publicly reporting where the products are being routed.

But in this case, there was no warehouse, and there were no masks to seize.





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A couple and their dog enjoy an afternoon on the coast in spite of parking restrictions on Saturday, April 11, 2020 in Point Mugu. (Brian van der Brug/Los Angeles Times)

Brady said investigators tracked the tip back to a Pittsburgh businessman, who said he had been working with the union to secure millions of masks, some of which were purported to be sitting in a Georgia warehouse. Brady said the businessman had been using WhatsApp to connect with a broker in Australia and a supplier in Kuwait, who are both now the target of a federal investigation.

Brady said the union and the Pittsburgh businessman, whom he declined to identify, appear to be among a string of middlemen who were fooled. The union and the Pittsburgh businessman are not under investigation, Brady said.

“There are opportunists who are looking for any victim,” Brady said.

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The promise of 39 million masks was first made public March 26, when the Service Employees International Union-United Healthcare Workers West announced it had found the stockpile after 48 hours of frantic phone calls pursuing leads on potential suppliers. The [announcement](#) by the union, known as SEIU, was widely covered by major media outlets and listed several hospital systems and government agencies as buyers.

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April 10, 2020

In a Facebook Live town hall, union President Dave Regan claimed that the group had successfully purchased the masks and that workers would soon be receiving them.

Kaiser Permanente placed an order for 6 million masks. Sutter Health officials said they planned to buy 2 million. Hospitals that weren't joining the deal [were shamed online](#). SEIU 121RN, Southern California's union of registered nurses, started a petition alleging that hospitals that didn't take part were "putting bottom-line profits" over safety.

But [behind the scenes, the deal quickly unraveled](#), marking the latest in a smoke-and-mirrors marketplace for equipment in short supply as healthcare facilities in California and beyond have been preparing for an onslaught of COVID-19 patients.

In the days after the SEIU deal was announced, Kaiser employees began expressing frustration that they hadn't received any masks. On April 3, a spokesman for Kaiser Permanente told The Times that the seller had "repeatedly failed to provide reliable information about where we could verify and inspect the shipment," prompting Kaiser to withdraw. The spokesman said Kaiser has been cooperating in the federal investigation.

Brady, the federal prosecutor, said the Pittsburgh businessman told investigators he was buying the masks at \$3.50 each and turning a "slight profit" in the SEIU-led deal. The union said the masks were being purchased for \$5 and that SEIU was not making any money. It's unclear whether the Pittsburgh middleman intended to pocket the entire \$9 million profit.

Brady said the foreign connections asked for a 40% payment upfront and that they planned to give Kaiser details on how to forward that payment at the last moment.

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At one point, the Australian broker told the middleman in Pittsburgh that 2 million

masks were located in a warehouse in Georgia and that the product had been inspected by a particular certification company.

That, Brady said, “was also part of the ruse.”

No money was exchanged in the attempts to finalize a deal, Brady said.



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Experts in the global supply chain say [dubious brokers and suppliers](#) have flooded the market with suspect offers, creating an atmosphere of confusion and distrust just as hospitals are trying to stock up on the gear doctors and nurses need to protect themselves from the novel coronavirus.

Steve Trossman, spokesman for SEIU-UHW, said union officials had been trying to find equipment for members, and the group had no financial interest in any transactions. Trossman said the union only connected the supplier to the hospitals and had no involvement after that.

“As far as we knew, he had legitimate masks,” Trossman said of the supplier, “and the people who were going to purchase those masks were going to fully vet it and check it out and do their due diligence.”

Trossman said the union “was trying to save the lives of healthcare workers and

patients,” and its officials “were proud of having made that attempt.”

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Brady said federal investigators had reason to suspect the arrangement. The 39 million masks were advertised as N95 masks from 3M, the largest U.S.-based manufacturer. But 3M told federal investigators it manufactured only 20 million such masks last year, making that large of a stockpile unlikely unless the product was counterfeit.

“We believe we disrupted fraud,” Brady said. “We are seeing [personal protective equipment] fraud in every variation, but mostly in respect to N95 masks. We have an anxious public, and resources are strained.”

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