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POLITICS

FEMA Cancels \$55.5 Million Mask Contract With Panthera

Vendor had no history in the mask business and a parent company in bankruptcy



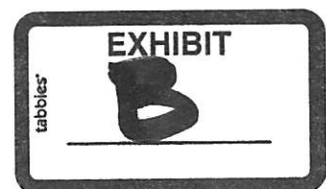
Panthera originally had agreed to provide 10 million N95 masks to FEMA by May 1.

PHOTO: DAVID BECKER/ZUMA PRESS

By *Mark Maremont*

Updated May 12, 2020 9:43 pm ET

The federal government said it canceled a \$55.5 million contract for respiratory masks, signed last month with a small Virginia firm with no history in the mask business and a parent company in bankruptcy.



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The no-bid contract, with Panthera Worldwide LLC, was one of the largest mask orders signed by the Federal Emergency Management Agency, as it has raced in recent weeks to find masks and other protective equipment during the coronavirus pandemic.

Panthera originally had agreed to provide 10 million N95 masks to FEMA by May 1. The contract had been extended once to May 11, FEMA has said.

A FEMA spokeswoman said the contract was canceled Tuesday “on the grounds of nondelivery.” FEMA has said it wouldn’t pay Panthera until the masks were delivered.

Jim Punelli, a Panthera co-owner, didn’t immediately return a request for comment. Mr. Punelli previously said the entity supplying the masks isn’t in bankruptcy and has a successful history as a government contractor. He also said he was confident he would deliver the masks on time.

A federal official said Panthera requested a second extension of four additional days, which FEMA rejected.

When it gave Panthera the contract, the official said, FEMA followed standard federal contracting procedures, and it initially believed the vendor would be able to deliver on the promised masks.

Panthera’s two owners have been accused of fraud in lawsuits by business associates—which the owners deny—and both had IRS tax liens filed against them in 2018 for alleged unpaid taxes, The Wall Street Journal reported last month.

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Panthera’s parent company operated a security-training facility in West Virginia that had some small federal contracts, according to government contracting databases, but ran into financial trouble and filed for bankruptcy last year.

Panthera Worldwide, the entity that won the big FEMA contract, is listed in federal databases as having one prior federal contract, for which it was paid \$50,000.

A world-wide shortage of N95 masks, so called because they filter out 95% of small particles, has spawned a chaotic marketplace of intermediaries, counterfeits and newcomers seeking outsize profits.

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The federal government has placed more than \$110 million in mask orders at high prices with unproven vendors, the Journal reported last month, after a review of federal contracting data.

Of the more than 20 million N95 masks the federal government ordered for full delivery by the end of May, the Journal reported, at least 80% were ordered from suppliers that were either first-time federal contractors or had only taken on small prior contracts that didn't include medical supplies.

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FEMA cancels \$55 million mask contract

BY MARTY JOHNSON · 05/12/20 09:53 PM EDT

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The Federal Emergency Management Agency (FEMA) said Tuesday that it canceled a multimillion-dollar contract for surgical masks that it had signed with a Virginia-based firm that lacked a history of producing medical equipment.

The administration had said last month that the contract with Panthera Worldwide, which describes itself as a tactical training company, was worth \$55 million. The contract was canceled Tuesday "on the grounds of nondelivery," a FEMA spokesperson told The Wall Street Journal.

The contract originally stated that Panthera was to provide FEMA with 10 million N95 masks by May 1, and the agency said the deadline was extended to May 11. One official told the Journal that Panthera had requested an additional four-day extension, but FEMA denied the request.

The Journal reported last month that both of Panthera's owners have been accused of fraud and that the IRS had field tax liens against them in 2018. Additionally, Panthera's parent company filed for bankruptcy last year. Panthera itself had won only one other government contract before, the Journal noted.

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The company did not return the newspaper's request for comment on Tuesday. The Hill has reached out to FEMA and Panthera for comment.

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Because of a global shortage of N95 respirators, the market for them has been chaotic since the onset of the coronavirus pandemic.

In total, the federal government has spent more than \$110 million in contracts for the much needed masks, the Journal reported last month. At least 80 percent of the companies that the government contracted out to make the masks were either first-time government contractors or had only completed small-scale federal contracts previously, the newspaper reported.

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