

ONE HUNDRED SIXTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
2125 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6115

Majority (202) 225-2927  
Minority (202) 225-3641

May 18, 2020

Mike Gula  
Chief Executive Officer  
Blue Flame Medical LLC  
499 South Capitol St. SW  
Suite 420  
Washington, DC 20003

Dear Mr. Gula:

Pursuant to Rules X and XI of the U.S. House of Representatives, the Committee is investigating the response to the coronavirus disease 2019 (COVID-19) pandemic. The Committee, which has broad jurisdiction over health care matters, is concerned by numerous reports regarding Blue Flame Medical LLC's (Blue Flame) failure to deliver critical medical supplies under its contracts with state and local governments and nonprofit health care providers.

Since the COVID-19 outbreak began, states and localities on the front lines of the pandemic response have faced dire shortages of critical medical supplies, such as ventilators, N95 respirators, protective gowns, and other personal protective equipment (PPE). A recent report from the Department of Health and Human Services Office of Inspector General, which surveyed 323 hospitals around the country, found that widespread shortages of PPE are putting both health care workers' and patients' lives at risk.<sup>1</sup> The serious consequences stemming from PPE shortages are pushing states and localities to turn to new and unproven companies with limited experience in the medical supply industry to supply this critical medical equipment.

According to one press report, Blue Flame was incorporated on March 23, 2020, in the midst of the COVID-19 pandemic.<sup>2</sup> The company purports to be "one of the largest global

---

<sup>1</sup> U.S. Department of Health and Human Services, Office of Inspector General, *Hospital Experiences Responding to the COVID-19 Pandemic: Results of a National Pulse Survey March 23–27, 2020* (OEI-06-20-00300) (April 2020).

<sup>2</sup> *Maryland Cancels \$12.5 PPE Contract with Firm Started by GOP Operatives*, Washington Post (May 2, 2020).

network [sic] of COVID-19 medical suppliers”<sup>3</sup> and reportedly supplies ventilators, respirators, COVID-19 test kits, surgical masks, and other hard to find types of PPE.<sup>4</sup> Yet, despite claiming to have “only the highest quality of product delivered with the fastest service,”<sup>5</sup> Blue Flame has reportedly failed to fulfill multiple orders placed by state and local entities working closely on the pandemic response.<sup>6</sup>

For example, according to reports, the State of Maryland terminated a \$12.5 million contract with Blue Flame earlier this month because the company failed to deliver 1.5 million N95 masks and 110 ventilators on the timeline promised.<sup>7</sup> Days earlier, the Melbourne Florida Police Department reportedly demanded a full refund from Blue Flame after the company also failed to fulfill the Department’s order.<sup>8</sup> In April, according to another report, Blue Flame abruptly canceled most of an order placed by a non-profit that runs medical clinics for the economically disadvantaged in Los Angeles County the day before the order was due—leaving the non-profit without the thousands of masks, gowns, and bottles of hand sanitizer it was expecting to receive.<sup>9</sup> And earlier this year, the State of California reportedly canceled an agreement with Blue Flame for 100 million N95 masks at a cost of over \$456 million after the state’s bank flagged the transaction as risky, forcing the state to find other suppliers.<sup>10</sup>

These reports, if true, are deeply troubling. Among other concerns, delays associated with some of Blue Flame’s contracts may be causing further delays in the ability of providers to locate critical protective equipment. Given continued shortages of critical medical supplies and the pandemic’s devastating fiscal impact on many state and local governments, those on the front lines of the COVID-19 response efforts must be assured they will promptly receive the medical equipment they order under the terms agreed upon.

---

<sup>3</sup> Blue Flame Medical LLC, Webpage (blueflamemedical.health).

<sup>4</sup> *The Race for Virus Money is On. Lobbyists are Standing By*, New York Times (Mar. 28, 2020); *Maryland Cancels \$12.5 PPE Contract with Firm Started by GOP Operatives*, Washington Post (May 2, 2020).

<sup>5</sup> Blue Flame Medical LLC, Webpage (blueflamemedical.health).

<sup>6</sup> *E.g., Firm Set Up by G.O.P. Operatives Under Scrutiny Over Virus Contracts*, New York Times (May 6, 2020); *Maryland Cancels \$12.5 PPE Contract with Firm Started by GOP Operatives*, Washington Post (May 2, 2020); *Medical Importer Launched by GOP Consultants Prompts Complaints, Federal Investigation*, Orange County Register (May 7, 2020).

<sup>7</sup> *Maryland Cancels \$12.5 PPE Contract with Firm Started by GOP Operatives*, Washington Post (May 2, 2020).

<sup>8</sup> *Firm Set Up by G.O.P. Operatives Under Scrutiny Over Virus Contracts*, New York Times (May 6, 2020).

<sup>9</sup> *Medical Importer Launched by GOP Consultants Prompts Complaints, Federal Investigation*, Orange County Register (May 7, 2020).

<sup>10</sup> *Exclusive: California Wires Mask Dealer Half a Billion Dollars, Then Claws it Back*, CalMatters (May 5, 2020); *‘Urgency and Panic’: Inside Gov. Gavin Newsom’s Rush to Buy Coronavirus Gear*, Sacramento Bee (May 6, 2020).

In order to assist the Committee's oversight of the country's ongoing response to the COVID-19 pandemic and better understand Blue Flame's involvement in these response efforts, please provide the following information as soon as possible, but no later than June 1, 2020:

1. A complete description of Blue Flame's policies and protocols for evaluating whether suppliers and vendors have the capacity and capability to fulfill orders;
2. A list of all contracts, orders, or agreements that Blue Flame has entered into with federal, state, or local governments or governmental entities for medical supplies or equipment. For each, please identify the date on which the contract, order, or agreement was fully executed; the type(s) of supplies or equipment Blue Flame agreed to deliver; the amount of the upfront deposit paid to Blue Flame, if any; the total amount due to Blue Flame under the contract, order, or agreement; and the contracted delivery dates for such supplies or equipment;
3. A complete description of any contract, order, or agreement for medical supplies or equipment that Blue Flame has failed to fulfill in full (for any reason), and a detailed explanation as to why Blue Flame failed to fulfill the contract, order, or agreement;
4. A complete description of any contract, order, or agreement to provide medical supplies or equipment that Blue Flame has canceled, including a detailed explanation as to why Blue Flame canceled the contract, order, or agreement;
5. For any contracts, orders, or agreements entered into where Blue Flame failed to deliver the agreed upon medical supplies or equipment by the time specified under the contract, a detailed explanation as to what steps Blue Flame has taken or intends to take to reimburse the purchaser or deliver the agreed upon medical supplies or equipment; and
6. A list of all contracts, orders, or agreements for medical supplies or equipment that Blue Flame has satisfied in full.

Thank you for your attention to this matter. If you have any questions about this request, please contact Mohammad Aslami and Peter Rechter of the Majority staff at (202) 225-2927.

Sincerely,

  
Frank Pallone, Jr.  
Chairman

  
Diana DeGette  
Chair  
Subcommittee on Oversight  
and Investigations