

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

April 19, 2023

The Honorable Isabella Casillas Guzman
Administrator
U.S. Small Business Administration
409 3rd Street S.W.
Washington, D.C. 20416

Dear Administrator Guzman:

Thank you for appearing before the House Committee on Small Business on March 23, 2023. During the hearing, we discussed the nearly \$85 billion in potentially fraudulent loans from the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program. We are concerned that the Small Business Administration (SBA) has failed to properly investigate and recuperate these fraudulent loans. The Subcommittee on Oversight, Investigations, and Regulations is conducting oversight of the potentially fraudulent claims to ensure taxpayer funds are recovered, reallocated, and properly used moving forward.

The SBA Office of Inspector General (OIG) found that SBA did not have an organizational structure with clearly defined roles, responsibilities, and processes to manage and handle potentially fraudulent PPP loans across the program.”¹ In fact, as discussed at the hearing, the OIG noted rampant fraud in all the pandemic related programs managed by the SBA. The OIG found about 70,000 loans totaling more than \$4.6 billion in the PPP and \$78.1 billion in the EIDL were potentially fraudulent.² On April 1, 2022, the SBA established the Fraud Risk Management Board (FRMB) to provide anti-fraud oversight and coordination at the SBA, but during the hearing you were unable to provide an update on the individuals running this board or what, if any, progress they are making.

During the hearing, you also stated that the SBA has successfully clawed back about \$29 billion of the \$82.7 billion in potential fraud flagged by the SBA, but were unable to share specifically where that money went.³ It is imperative that we understand where these funds went and how the SBA is working to prevent future fraud. We therefore request the following

¹ U.S. SMALL BUS. ADMIN. OFFICE OF THE INSPECTOR GENERAL, FALL 2022 SBA OIG SEMIANNUAL REPORT TO CONGRESS APR. 1, 2022 – SEPT. 30, 2022 (Nov. 30, 2022).

² Id.; U.S. SMALL BUS. ADMIN. OFFICE OF THE INSPECTOR GENERAL, REP. NO. 22-13, SBA’S HANDLING OF POTENTIALLY FRAUDULENT PAYCHECK PROTECTION PROGRAM LOANS (May 26, 2022).

³ *Oversight of the Small Business Administration: Hearing before H. Comm. On Small Business*, 118th Cong. (statement of The Honorable Isabella Casillas Guzman, Administrator, Small Bus. Admin.).

The Honorable Isabella Guzman

April 19, 2023

Page 2 of 2

documents and information, covering the time period March 27, 2020 to the present, as soon as possible but no later than May 3, 2023:

1. A list of all potentially fraudulent loans in both PPP and COVID EIDL and the date each loan was disbursed.
2. All “indicators” used by the SBA to determine whether a loan was fraudulent.
3. What actions the SBA has taken to claw back the fraudulently obtained funds and what tools are available to the SBA to get these taxpayer fund returned.
4. A full accounting of all loans comprising the reported \$29 billion in fraudulent loans the SBA clawed back.
5. List of the SBA’s Fraud Risk Management Board members, including the program manager, and a status update on their work.

To schedule the delivery of responsive documents or ask any related follow-up questions, please contact the Committee on Small Business Staff at (202) 225-5821. The Committee on Small Business has broad authority to investigate “problems of all types of small business” under House Rule X. Thank you in advance for your cooperation with this inquiry.

Sincerely,

A handwritten signature in blue ink that reads "Beth Van Duyne". The signature is written in a cursive style and is positioned above a horizontal line.

Beth Van Duyne
Chairman
Subcommittee on Oversight,
Investigations, and Regulations
Committee on Small Business