

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

March 19, 2021

The Honorable Isabella Casillas Guzman
Administrator
United States Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Dear Administrator Guzman:

The COVID-19 pandemic has presented unprecedented challenges to the nation's small businesses. While we must work together to address these obstacles and provide an environment where small businesses can once again create jobs and expand, we must ensure that American taxpayer dollars are protected from waste, fraud, and abuse.

Since becoming Ranking Member of the House Committee on Small Business, oversight of the funds appropriated for COVID relief has been a significant priority of mine. While the popular Paycheck Protection Program is delivered to small businesses through a partnership with lenders, the Economic Injury Disaster Loan (EIDL) program, the exhausted EIDL Advance and the recently enacted Targeted Advance are direct assistance programs whereby small businesses apply for funding directly through the Small Business Administration's (SBA) Office of Disaster Assistance. Numerous reports from the SBA's Office of Inspector General (OIG) and the U.S. Government Accountability Office (GAO) have warned of significant fraud concerns within the EIDL program and its corresponding grant offerings. Unfortunately, forthcoming reports that are due to be published in the coming weeks will continue to shed light on the fact that the EIDL programs remain a target for fraudulent activity. This is unacceptable. Controls and guardrails must be in place while dollars continue to flow through EIDL and before the Shuttered Venue Operators Grant program and the Restaurant Revitalization Fund, two new programs that offer larger grant amounts, come online.

To address some of these issues, Small Business Committee Republicans offered numerous amendments to President Biden's COVID Relief bill that moved through Congress using the budget reconciliation process. Although the legislation was written without our input, Committee Republicans offered oversight ideas to enhance and improve the SBA's COVID programs. For example, we offered amendments that would significantly increase the appropriation directed to the SBA's OIG and provisions to expand oversight of the SBA programs, specifically calling on the SBA Administrator to examine waste, fraud, and abuse

within the EIDL program. As you know, these amendments were defeated by Committee Democrats.

The SBA has an enormous responsibility to deliver funding to small businesses struggling through this pandemic. However, oversight and anti-fraud measures must not be shortchanged. Hard-earned American taxpayer dollars must be safeguarded within these programs.

In light of these major issues and in anticipation of an alarming forthcoming report by the SBA's Office of Inspector General on identity theft within EIDL and its corresponding grants, I am requesting that you provide me with specific answers to the following questions by March 26, 2021:

- What steps are you taking to address issues of waste, fraud, and abuse within the EIDL program and its corresponding grant offerings?
- What specific controls do you have in place to prevent identity theft within these programs?
- What steps does the SBA take if an application for these programs appears to be fraudulent?
- How many applications for these programs have been flagged for identity theft concerns by the SBA? Please provide the number of loans, grants, and the corresponding dollar amounts.
- Given that the Shuttered Venue Operators Grant program and the recently enacted Restaurant Revitalization Fund Grant program will be administered in a similar manner through the Office of Disaster Assistance, what measures are you taking to ensure these grant programs will protect America taxpayer dollars?
- How have you allocated resources, in terms of dollars and staff, to conduct oversight of these programs?
- Have you implemented the OIG and GAO recommendations to protect these programs from waste, fraud, and abuse? If so, please explain in detail the measures that have been implemented.

I look forward to speaking to you directly about these critically important matters. If you have any questions about this request or the questions above, please contact David Planning, Minority Staff Director at (202) 225-5821. Thank you for your attention to this matter.

Sincerely,



Blaine Luetkemeyer
Ranking Member