



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, DC 20416

July 12, 2023

The Honorable Roger Williams  
Chairman  
House Small Business Committee  
Washington, DC 20515

Dear Chairman Williams:

Thank you for the invitation to appear before the House Small Business Committee on hearing entitled “Stolen Taxpayer Funds: Reviewing the SBA and OIG Reports of Fraud in Pandemic Lending Programs.” Administrator Guzman is unable to testify due to previously scheduled commitments that require her to be outside of Washington, DC on the date you proposed.

The SBA has worked collaboratively with the Inspector General and other law enforcement partners to identify and refer suspected fraud for investigation leading to substantial recoveries of taxpayer funds. Our collaboration with the Inspector General included reviewing his fraud estimate.

Our formal response, which is attached to this letter, states our concerns that his approach contains serious flaws that significantly overestimate fraud and unintentionally mislead the public to believe that the work we did together had no significant impact in protecting against fraud.

On June 28, 2023, the SBA released our analysis “[Protecting the Integrity of the Pandemic Relief Emergency Programs: SBA’s Actions to Prevent, Detect and Address Fraud](#)” to highlight the actions the agency deployed to restore fraud measures in pre-existing relief programs, enhance fraud controls in new programs, as well as support cross-agency efforts to bring fraudsters to justice. We conducted a bipartisan staff briefing about the report on June 28, 2023 to engage with your staff and answer questions.

Every analysis of the pandemic programs - including SBA's own - shows that fraud was not inevitable, but instead resulted from policy choices made under the previous Administration to lower existing safeguards in order to expedite relief. Nearly 86% of all pandemic funding originated under the previous Administration without important controls in place. That is why the Biden-Harris Administration took action to rebuild and strengthen anti-fraud controls such as checking the Treasury Do Not Pay database and verifying tax income. SBA learned from the mistakes of the 2020 implementation of PPP and COVID-EIDL to design the two major relief programs that launched in 2021 — the Shuttered Venues Operator Grant Program and the Restaurant Revitalization Fund — which both achieved estimated fraud rates of well below 1%.

We look forward to working with you and members of the Committee as we continue to implement strong controls to protect taxpayer dollars.

Sincerely,

*George Holman*

George Holman  
Associate Administrator  
Congressional and Legislative Affairs