

Minority Views
H.R. 7129, The Put America on Commission Act

Over the course of the COVID-19 pandemic, the Small Business Administration (SBA) disbursed approximately \$1.2 trillion of economic aid to help small businesses adversely impacted by the crisis.¹ In an effort to disburse PPP and COVID-19 funds swiftly, the SBA weakened and removed internal controls. Beginning in early 2021, long-standing anti-fraud controls were reinstated, and new safeguards were put into place by the Biden-Harris Administration to reduce the potential for fraud.² On June 27, 2023, the Office of the Inspector General (OIG) issued a white paper to provide a comprehensive review reporting that SBA disbursed more than \$200 billion in *potentially* fraudulent COVID-19 EIDLs, EIDL Targeted Advances, Supplemental Targeted Advances, and PPP loans.³ SBA also issued a report, entitled “Protecting the Integrity of the Pandemic Relief Programs,” which estimates that \$36 billion of the \$1.2 trillion in pandemic relief emergency funds were obtained fraudulently.⁴ Moreover, the agency asserts that 86 percent of the *likely* fraud originated in the first nine months of the pandemic,⁵ under the Trump Administration.

As fraudsters increasingly exploited the weakened controls at SBA and the complexity of the schemes grew, the OIG coordinated with multiple agencies and increased evidence gathering. The OIG created SBA-centric task forces to collaborate with the Department of Justice (DOJ) and other law enforcement agencies. The OIG participated in DOJ COVID-19 Fraud Strike Force Teams and has investigated more than 1,000 cases, and has 539 open investigations, as of November 30, 2023. Moreover, their work on COVID-19 EIDL and PPP has resulted in 1,232 indictments, 977 arrests, and 658 convictions.⁶ In a recent appearance before the Committee, Inspector General Ware testified that “In the past two years, OIG’s work has resulted in more than \$9 billion in dollar accomplishments, which includes investigative recoveries, fines, and forfeitures.”⁷

The OIG, in collaboration with its law enforcement partners and financial institutions, played a key role in the return of funds to the Treasury. Its ability to further combat fraud is dependent on the availability of budgetary resources. The \$50 million in supplemental funds appropriated to OIG in FY 2020-21 will be exhausted near the conclusion of FY 2024. In FY 2023, the OIG received \$32 million to carry out its responsibilities. In the FY 2024 budget proposal, the Biden Administration requested \$47 million, and the House Committee on Appropriations Subcommittee on Financial Services, and General Government (FSGG) later recommended \$32 million. Without additional funds, the OIG will not have a sufficient operating budget to combat the fraud within SBA programs and to provide effective oversight over the programs. More importantly, the OIG will not have a sufficient operating budget to capitalize on the new laws (P.L. 117-165 and P.L. 117-166), which extended the statute of limitations for fraud in the PPP and EIDL programs to 10

¹ U.S. Small Bus. Admin., Office of Inspector Gen., COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape, Report 23-09. (2023).

² *Id.*

³ *Id.*

⁴ U.S. Small Bus. Admin. “Protecting the Integrity of the Pandemic Relief Emergency Programs: SBA’s Actions to Prevent, Detect, and Address Fraud.

⁵ *Id.*

⁶ U.S. Small Bus. Admin., Office of Inspector Gen., December 2023 newsletter.

⁷ <https://docs.house.gov/meetings/SM/SM00/20230713/116162/HHRG-118-SM00-Wstate-WareH-20230713.pdf>

years. The single most effective action the Committee can take to help the OIG recover funds is to support full funding of their FY 2024 budget request. On September 27, 2023, Ms. Linda Miller, former Deputy Director of the Pandemic Response Accountability Committee (PRAC) testified before the Committee in support of fully funding the Office of the Inspector General, as well as more funding for prosecutors to try the cases. She said, “the backlog is enormous, and the law enforcement community is stretched thin.”

There are a number of ways for individuals to report potential fraud. They can report directly to the OIG, either through the [SBA Office of Inspector General Hotline \(OIG hotline\)](#) or the [Pandemic Response Accountability Committee \(PRAC\)](#). SBA also has a [link](#) on their main page that will lead to a page entitled, “[Preventing Fraud and Identity Theft](#).” This page has a direct link to the OIG hotline for reporting fraud, waste, abuse, or mismanagement of federal funds involving SBA programs. Moreover, the Department of Justice administers the [National Center for Disaster Fraud Hotline](#). The OIG has received more than 250,000 complaints, resulting in 90,000 actionable leads.

Moreover, the qui tam provision in the False Claims Act allows an individual (or relator) who uncovers fraud against the government to sue in the name of the government and share the proceeds of a successful settlement. Settlements and judgements under the False Claims Act exceeded \$2.2 billion in Fiscal Year 2022. The government and whistleblower were party to 351 settlements and judgements, the second highest in a single year. While the majority of the claims were related to the health care industry, the recoveries included monies from the government’s new focus on pandemic relief programs.⁸ In December 2023, a relator received \$1 million of a \$9 million settlement against a Texas-based commercial roofing contractor for falsely certifying that eight of their affiliates were able to receive loans through the Paycheck Protection Program.

The Put America on Commission Act will create another opportunity for whistleblowers to report pandemic fraud. In order to be successful, new funds will be needed to launch the office, hire staff, and issue regulations. Unfortunately, no authorization of appropriations was included in order to comply with the CUTGO rules of the 118th Congress. While the Act specifies that recoveries will be used to operate the office, those recoveries could take years before they flow to the new office. The Ranking Member is committed to fully funding the office, and working with the Chairman to ensure that additional resources are appropriated to SBA for the purposes of creating the whistleblower office.

Sincerely,



Nydia M. Velázquez
Ranking Member

⁸ U.S. Dept. of Justice, False Claims Act Report, <https://www.justice.gov/opa/pr/false-claims-act-settlements-and-judgments-exceed-2-billion-fiscal-year-2022>.