



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

September 22, 2025

The Honorable Nydia M. Velázquez
Ranking Member
2361 Rayburn House Office Building
Washington, D.C. 20515

Dear Ranking Member Velázquez:

Thank you for your letter dated July 18, 2025, regarding the U.S. Small Business Administration's (SBA) recent decision to launch a full-scale audit of the 8(a) Business Development Program. While I appreciate your letter, I am surprised by your objections to this agency's oversight measures – particularly given the scale and severity of the fraud that was uncovered.

As you are aware, in June, the U.S. Department of Justice (DOJ) uncovered a years-long fraud and bribery scheme involving a former federal contracting officer and two 8(a) contractors. The investigation revealed that over \$550 million in government contracts were fraudulently steered through bribery and abuse of a U.S. Agency for International Development (USAID) contracting officer. One 8(a) contractor, despite being officially flagged by USAID as lacking “honesty or integrity,” went on to receive an additional \$800 million in federal contracts to evaluate “issues affecting the root causes of irregular migration from Central America.”

The 8(a) Program is designed to support small businesses – not serve as a conduit for favoritism, collusion, or fraud. That's why I directed SBA's Office of Government Contracting and Business Development to conduct a 15-year review of the program – beginning with high-dollar, limited-competition contracts and contractors. We will work in collaboration with other federal agencies that award contracts to 8(a) participants, refer any findings to the SBA Office of Inspector General and DOJ for enforcement, and pursue all available actions to recover misused funds.

It is difficult to understand how any serious oversight body would question the need for action after a conspiracy of this magnitude – one which dated back to 2013. This massive and pervasive scheme raises clear concerns about others that may be ongoing. The responsible path forward is to investigate – and to fix it.

It is my hope that in the future, we can continue our dialogue on topics of serious importance to small businesses – such as reducing regulatory burdens, expanding access to capital, and ensuring that SBA programs effectively serve the businesses they were designed to support. Launching a full-scale audit of the 8(a) program is essential to protecting taxpayer dollars and ensuring it is a pathway to opportunity – not a vehicle for favoritism or fraud. I trust the Committee shares that same commitment.

Sincerely,

Kelly Loeffler
Administrator
U.S. Small Business Administration