

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2561 Rayburn House Office Building
Washington, DC 20515-6515

August 4, 2025

Administrator Kelly Loeffler
Small Business Administration
409 3rd Street, SW
Washington DC 20416

Dear Administrator Loeffler:

I write to request information regarding recent news reports that the Small Business Administration (SBA) issued hundreds of letters to recipients of the Shuttered Venue Operators Grant (SVOG) program demanding repayment, either in full or in part, within 30 days.

The SVOG program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act to provide emergency assistance to eligible performing arts businesses affected by the COVID-19 pandemic.¹ Approximately 13,000 awards were made, totaling \$14.6 billion. It is my understanding that as of December 19, 2024, SBA had closed out 11,123 awards totaling \$11.3 billion, and approximately 100 SBA employees were in the process of reviewing the 1,900 active awards, totaling \$3.2 billion.² Program officials drafted procedures to recover funds voluntarily or involuntarily, and involuntary recovery would be initiated if the recipient was ineligible to receive funds, the recipient received more funds than should be awarded, the recipient's audit package identified financial irregularities, the recipient misused funds for unallocable, unallowable, or unreasonable expenses, or the recipient was non-compliant with the grant.³

Business Insider published a series of articles in which they identified approximately \$200 million SVOG funds that went to musicians, whom "used the money for high-end hotels, private jets, and self-enrichment."⁴ My understanding is that most of those grants were not closed out and SBA employees were actively reviewing their receipts for potential misuse of funds.

¹ Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act. Pub. L. No. 116-260, § 324 (December 27, 2020). <https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf>.

² U.S. SMALL BUS. ADMIN., Staff Briefing (January 2025) (SBA presentation to House Comm. on Small Business).

³ U.S. SMALL BUS. ADMIN., OFFICE OF INSPECTOR GEN., REPORT NO. 25-21, *SBA's Oversight of Shuttered Venue Operators Grant Recipients* (July 2025), <https://www.sba.gov/sites/default/files/2025-07/SBA%20OIG%20Report%2025-21.pdf>.

⁴ Sarah Al-Arshani, The SBA's Live-Entertainment Bailout Was Supposed to End Two Years Ago. We Still Don't Know How \$1.5 Billion Was Spent, BUS. INSIDER (July 31, 2025, 3:55 PM), <https://www.businessinsider.com/sba-investigating-billion-svog-clawbacks-2025-7>.

According to the Office of Inspector General’s report entitled, *SBA’s Oversight of Shuttered Venue Operators Grant Recipients*, SBA established a two-tiered notification process for the recovery of funds,⁵ and recent news articles reported that formal demand letters were issued to grant recipients in June 2025.

As the Ranking Member of the House Small Business Committee, which has jurisdiction over the SBA, I would like to better understand the effectiveness of the policies and procedures the SBA has implemented to recover improperly used or fraudulently obtained funds.

Pursuant to Rule X of the House of Representatives, the Committee on Small Business has broad authority to investigate “problems of all types of small business.” The Committee possesses jurisdiction over “assistance to and protection of small businesses.” To that end, I request that SBA brief the Committee staff on the answers to the following questions as soon as possible but no later than August 22, 2025.

- 1) How many awards has the SBA identified as potentially improper, and of those, how many demand letters has it sent in response?
- 2) Describe the specific reasons for issuing the demand letters and provide the corresponding number of letters issued.
- 3) What is the total amount of funding identified as improper, and what is the total amount of funding recovered to date, voluntarily and involuntarily, and how many cases have been closed since the June 2025 demand letters were sent?
- 4) How many recipients of the June 2025 demand letter opted to repay the funds within 30 days, file an appeal, or enter into a repayment plan?
- 5) How many grant recipients did not submit the required documents to initiate close-out, and what actions have been taken to recover funds? Please describe the process and the timeline for these recipients to close out grants. What is the total amount of funds recovered from this cohort to date?
- 6) For those recipients who did not respond to SBA or provide adequate documentation, please describe the process for following up on the requests for information, and was that process followed fully before the demand letters were sent?
- 7) What steps is SBA taking to enhance outreach and bring recipients into compliance, as appropriate? Please describe these efforts in detail.
- 8) Did SBA send any demand letters to recipients whose grants have been closed out? If yes, how many letters were issued and describe the reasons for reopening the grant.
- 9) Under what legal or statutory authority did SBA rely on to require that the funds be returned within 30 days?
- 10) Please share a copy of the SBA’s policy for recovering SVOG funds and the appeal process.
- 11) How many SBA employees and contractors are currently reviewing the open SVOG cases and working to recover funds?
- 12) Describe in detail the status of grants awarded to the celebrity recipients identified in the Business Insider articles, as well as a detailed list of the unallowable or unreasonable expenses.
- 13) How many awards have been referred to the Office of the Inspector General (OIG)?

⁵ *Supra* note 3.

14) How many awards have been referred to the Department of Treasury?

Thank you for your attention to this matter, and I look forward to a prompt response.

Sincerely,

A handwritten signature in black ink, appearing to read "Nydia M. Velázquez". The signature is written in a cursive style with a large initial "N" and "V".

Nydia M. Velázquez