

Union Calendar No.

118TH CONGRESS
1ST SESSION

H. R. 5427

[Report No. 118-]

To prohibit individuals convicted of defrauding the Government from receiving any assistance from the Small Business Administration, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 13, 2023

Mr. WILLIAMS of Texas (for himself, Mr. MFUME, and Mr. BEAN of Florida) introduced the following bill; which was referred to the Committee on Small Business

SEPTEMBER --, 2023

Committed to the Committee of the Whole House on the State of the Union,
and ordered to be printed

A BILL

To prohibit individuals convicted of defrauding the Government from receiving any assistance from the Small Business Administration, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. ASSISTANCE PROHIBITED AFTER FRAUD CON-**
4 **VICTION.**

5 (a) IN GENERAL.—Section 16 of the Small Business
6 Act (15 U.S.C. 645) is amended by adding at the end the
7 following new subsection:

8 “(h) FINANCIAL ASSISTANCE PROHIBITION.—

9 “(1) IN GENERAL.—An associate of a small
10 business concern who is finally convicted of any
11 crime involving or relating to financial misconduct or
12 a false statement with respect to a covered loan or
13 grant shall be ineligible to receive any financial as-
14 sistance from the Administrator, other than financial
15 assistance under section 7(b).

16 “(2) BUSINESS CONCERNS.—A small business
17 concern that has as an associate an individual sub-
18 ject to paragraph (1) shall be ineligible to receive
19 any financial assistance from the Administrator,
20 other than financial assistance under section 7(b).

21 “(3) DEFINITIONS.—In this subsection:

22 “(A) ASSOCIATE.—The term ‘associate’
23 means, with respect to a small business con-
24 cern—

1 “(i) an officer, director, or owner of
2 more than 20 percent of the equity of, or
3 a key employee of, such small business
4 concern;

5 “(ii) any entity not less than 20 per-
6 cent owned or controlled by one or more
7 individuals referred to in clause (i); and

8 “(iii) any other individual or entity in
9 control of or controlled by such small busi-
10 ness concern, except for a licensed small
11 business investment company (as defined
12 in section 103(3) of the Small Business In-
13 vestment Act of 1958 (15 U.S.C. 662(3)).

14 “(B) COVERED LOAN OR GRANT.—The
15 term ‘covered loan or grant’ means—

16 “(i) a loan made under—

17 “(I) paragraph (36) or (37) of
18 subsection (a) of section 7 of the
19 Small Business Act (15 U.S.C. 636);
20 or

21 “(II) subsection (b) of such sec-
22 tion in response to the COVID-19
23 pandemic; or

24 “(ii) a grant made under—

1 “(I) section 5003 of the Amer-
2 ican Rescue Plan Act of 2021 (15
3 U.S.C. 9009e); or

4 “(II) section 324 of the Eco-
5 nomic Aid to Hard-Hit Small Busi-
6 nesses, Nonprofits, and Venues Act
7 (15 U.S.C. 9009a).

8 “(C) FINALLY CONVICTED.—The term ‘fi-
9 nally convicted’ means, with respect to an indi-
10 vidual or entity, that such individual or entity
11 has been convicted of an offense and such con-
12 viction—

13 “(i) has not been appealed and is no
14 longer appealable because the time for tak-
15 ing an appeal has expired; or

16 “(ii) has been appealed and the ap-
17 peals process for such conviction is com-
18 pleted.”.

19 (b) APPLICABILITY.—Subsection (h) of section 16 of
20 the Small Business Act (15 U.S.C. 645), as added by sub-
21 section (a) of this Act, shall not apply to any contract or
22 other agreement entered into by the Government prior to
23 the date of the enactment of this Act.