

**NOMINATION OF DILAWAR SYED TO BE DEPUTY  
ADMINISTRATOR OF THE SMALL BUSINESS AD-  
MINISTRATION**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON SMALL BUSINESS  
AND ENTREPRENEURSHIP**  
OF THE  
**UNITED STATES SENATE**  
ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

MARCH 8, 2023

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COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP  
ONE HUNDRED EIGHTEENTH CONGRESS

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**NOMINATION OF DILAWAR SYED TO BE  
DEPUTY ADMINISTRATOR OF THE SMALL  
BUSINESS ADMINISTRATION**

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**WEDNESDAY, MARCH 8, 2023**

U.S. SENATE,  
COMMITTEE ON SMALL BUSINESS  
AND ENTREPRENEURSHIP,  
*Washington, DC.*

The Committee met, pursuant to notice, at 2:30 p.m., in Room 428A, Russell Senate Office Building, Hon. Benjamin Cardin, Chairman of the Committee, presiding.

Present: Senators Cardin [presiding], Cantwell, Shaheen, Markey, Coons, Hirono, Duckworth, Rosen, Hickenlooper, Ernst, Kennedy, Hawley, and Budd.

**OPENING STATEMENT OF SENATOR CARDIN**

Chairman CARDIN. The Small Business and Entrepreneurship Committee will come to order. This is our first public hearing of this Congress, and we are here to consider the nomination of Dilawar Syed to be the Deputy Administrator of the Small Business Administration.

Before we get started I really want to welcome Senator Ernst as the Ranking Member on the Small Business Committee. She has been a valuable member of this Committee since, I think, 2015. Many of the best ideas of our Committee have come out of Senator Ernst, and we appreciate that very much. I am really looking forward to working together to help America's small businesses. I think we share the same passion towards the small business agenda, and I am looking forward to this Committee being actively engaged.

I think actually the climate is right for us to take the leadership on this. We recognize that we have to have a bipartisan product, and it has got to be one that can be shared and supported within the House. So I am hopeful that we will be able to find that spot. We have been looking to reauthorize a lot of the SBA programs for many Congresses. We used to do it regularly. And I am hopeful that the two of us will be able to work together in order to be able to accomplish that.

I would also welcome Senator Ted Budd of North Carolina. We are very happy that he is a part of the Committee. I had a chance, at the last meeting, when we were voting on the organizational issues, to welcome him to the Committee, but we look forward to his participation in our Committee.

I also want to thank Senator Ernst for the help in the organizational work, the adoption of our rules and budget. We were able to get that done in a very expedited way.

So we are off to a great start in this Congress and I am so pleased to welcome back to the Committee Dilawar Syed. It has been more than 2 years since Mr. Syed was first nominated for the position of Deputy Administrator. During his previous hearing before the Committee back in April 2021, I commended Mr. Syed for his willingness to serve our nation in public service.

Today I want to add my appreciation for his patience and perseverance during this confirmation process that has been marked by unacceptable delaying tactics, spurious accusations, and unrelated controversies. It was correct for the Biden administration to nominate Mr. Syed for a third time earlier this year, and principled and noble for Mr. Syed to accept. We thank you for that.

The position of Deputy Administrator has been vacant for nearly 5 years. This is a disservice to the small business owners throughout our nation that have suffered tremendously due to COVID-19 pandemic. Since 2020, the SBA has provided unprecedented amount of aid to small businesses, more than \$1 trillion in funding, far exceeding any efforts in the past. While the SBA has been working tirelessly to provide the assistance, the pandemic also exposed a clear need for modernization, technical upgrades, new resources and reforms at the SBA.

That is why the need of a deputy administrator today is more important than ever, and the skills and qualifications possessed by Mr. Syed are a perfect fit for the needs of the Small Business Administration. Dilawar Syed has a proven track record of scaling startups and meeting market demands. He has had leadership roles in business, entrepreneurship, and public service, and in his most recent position as the State Department's Special Representative for Commercial and Business Affairs, he has broadened his knowledge on matters related to trade and export.

He has the support of dozens of small business organizations that understand the need to help the growing number of entrepreneurs in this country. The Small Business Investment Alliance recently told the Committee that, and I quote, "The Deputy Administrator is one of the most important positions at the SBA, serving as the chief operations officer. With the position being vacant for the majority of the past 14 years, the SBA has been less efficient and less effective in serving the taxpayer public than it could have been. No business would leave a critical leadership position like this open for so long. Filling it with an accomplished executive such as Mr. Syed is a meaningful taxpayer protection that ensures SBA can prevent waste, fraud, and abuse going forward. Leaving this position vacant prevents reforms and invites inefficiencies," end quote.

I could not agree more. The sole justification of this Committee, under the standing rules of the Senate, is to consider matters related to the Small Business Administration. It is our collective responsibility as members of the Senate Small Business and Entrepreneurship Committee to ensure that the agency is working to its full potential to serve the 33 million small businesses in this country. Filling the position of Deputy Administrator with a dedicated

and accomplished nominee, as Dilawar Syed would be, is an important step towards that goal. It is past time that we got this done.

With that let me yield to the Ranking Member, Senator Ernst.

#### **OPENING STATEMENT OF SENATOR ERNST**

Senator ERNST. Thank you, Chairman Cardin. Having served on the Committee for several years now I recognize the importance of this Committee's work to support and protect the interests of small businesses in Iowa and all across the United States. I am truly honored, I am humbled, and excited to serve as Ranking Member of the Senate Small Business Committee, and I look forward to working with you, Chairman Cardin. I appreciate your support as we have had many discussions over this Congress' activities, and look forward to passing meaningful legislation that will support small businesses and allow them to do what they do best, which is to create jobs and support our local communities.

I want to welcome Mr. Dilawar Syed, who is once again here before us as the nominee to be the Deputy Administrator of the U.S. Small Business Administration. The Deputy Administrator is often referred to as the DOO of the SBA, with the critical job of overseeing the day-to-day operations of the agency. From addressing fraud to improving the agency's responsiveness, to actually enforcing the laws that are meant to protect small businesses from drowning in unnecessary red tape, there is a lot of work that needs to be done to improve the SBA's most basic functions. And I look forward to today's hearing and learning more from you, Mr. Syed, about how you will address these issues and more.

A critical component of this Committee's work is to establish policies that promote rather than discourage entrepreneurship in this country. I believe it is both this Committee's and the SBA's responsibility to ensure that they are not hamstrung by unnecessary red tape, and right now that is not happening. Steep regulatory costs and the sheer volume of regulations that come from Federal agencies year after year too often prevent a would-be entrepreneur from ever taking the first step toward creating their business or their invention.

Federal regulations now span hundreds of thousands of pages, with Federal agencies imposing over 3,000 or more new regulations every single year. Just last week, Federal agencies issued 71 final regulations, the equivalent of a new regulation every 2 hours and 22 minutes. How can any small business keep up? The answer is, unfortunately, they simply cannot.

As I am crisscrossing Iowa, small businesses continuously list overregulation as a top issue, keeping them from growing, and in too many cases, simply surviving. I look forward to hearing from Mr. Syed on how he would modernize our regulatory system to make good on his statements over the past year to promote rather than discourage entrepreneurship and innovation.

I also look forward to hearing from Mr. Syed on how he would address the internal control issues highlighted by the SBA's inspector general in his most recent report on the top management and performance issues facing the agency. At the top of all concerns raised by the OIG was the fact that internal control weaknesses limited SBA's ability to actively reduce fraud and instead increased

the risk of fraud in the Paycheck Protection Program. Addressing this abuse by holding individuals accountable and recovering taxpayer dollars provided to ineligible businesses must be a top priority for Mr. Syed and the SBA.

I also want to address the ongoing concerns with the SBA's consistent failure in responding to Republican requests for data and information in both a timely and thorough manner. This Committee cannot serve its mission unless the agency it oversees is committed to being transparent and responsive, and that starts at the top.

This nomination has been delayed due to the SBA's failure to give Committee members details of how and when the Biden administration reversed the agency's determination that Planned Parenthood affiliates were ineligible for PPP loans due to their affiliation with their national organization. This Committee has asked several times for the documentation and communications made to Planned Parenthood-affiliated organizations. So did the Biden administration give Planned Parenthood kind of a nod and wink or was there reversal communicated by letter or email or by phone? I will not rest until this Committee has that necessary information.

And so as you can see, we have got a lot of work to do, and simply put, the SBA is in dire need of reform in many areas, and I look forward to hearing Mr. Syed's thoughts on how to address these issues should he be confirmed.

And thank you very much for joining us. Your persistence is commended, and thank you very much, Mr. Chairman, for holding this hearing.

Chairman CARDIN. Thank you very much, Senator Ernst.

Now let me formally welcome Senator Budd to the Committee. It is wonderful to have you here. We look forward to your participation for America's small businesses.

Senator BUDD. Thank you, Chairman. It is an honor to be here.

Chairman CARDIN. Mr. Syed, we have a tradition in our Committee that we ask you to take an oath. We ask all nominees that we are responsible for to do that. So if you would rise and raise your right hand I will administer that oath. Thank you.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SYED. I do.

Chairman CARDIN. Thank you. Please have a seat. I have two questions we ask all nominees, and I am going to have you do that before your presentation to us.

Should you be confirmed as Administrator, are you willing to appear and testify before any duly constituted committee of Congress when requested to do so?

Mr. SYED. Yes.

Chairman CARDIN. Are you willing to provide such information as is requested by any such committee?

Mr. SYED. Yes.

Chairman CARDIN. Thank you. You may now proceed, and again, we thank you very much for your persistence, we thank you for your public service, and we thank your family for putting up with all these issues.

**TESTIMONY OF DILAWAR SYED OF VIRGINIA**

Mr. SYED. Thank you, Chairman Cardin, thank you, Ranking Member Ernst, and distinguished committee members, for this opportunity. It is an honor to be here as President Biden's nominee to be Deputy Administrator at the SBA.

I have spent the bulk of my career in private sector. I have launched and scaled ventures in software, AI, health care, and consumer media. I have also run large business operations at companies such as Yahoo!.

My teams and I have created good American jobs, delivered innovation in health care, and modernized customer service software used by thousands of Main Street businesses all across the country.

As an immigrant who made America home some 32 years ago as a young college student, I have lived the American dream. I have also worked to bring that Dream into reach for others. I learned early on that being a successful entrepreneur requires hard work, grit, and dedication to the mission. The path to success is almost never straightforward, never without challenges. And I have faced down many share of challenges and have navigated small businesses through difficult times, including the COVID pandemic.

I know what it is like to feel the burden and responsibility for making that next payroll for my employees. When the pandemic suddenly crushed demand, I remember feeling the uncertainty about what was happening in the economy and wondering how we would recover.

It is not an understatement to say that SBA was absolutely essential to keeping our nation's economy afloat during those very challenging times, providing critical relief for small businesses. For many entrepreneurs, this was their first time working with the agency. Now, as we rebuild, SBA has a unique opportunity to deepen these new customer relationships and help these small businesses grow and thrive.

Currently, as State Department's Special Representative for Commercial and Business Affairs, I lead America's commercial diplomacy, helping level the playing field for U.S. companies to compete and win all over the world. It is a privilege of a lifetime to represent the United States on the global stage.

In more than 60 bilateral meetings this past year, I have expanded fair market access for U.S. businesses, increased protection of our IP, and promoted roughly \$90 billion worth of commercial deals that are creating jobs across America while very importantly protecting our vital national security interests.

I am especially proud of our efforts to democratize access to State Department resources to underserved areas here in the United States. I traveled to meet small and mid-size exporters in Atlanta, Boise, and Frederick, Maryland. Innovative solutions I see being built in these communities can help us tackle some pressing global challenges.

My civic journey began long before my work at the State Department. As I built my career in Silicon Valley, I saw venture capitalists investing around the world but, frankly, ignoring their own backyard. Why did nearby Fresno or Modesto lack the same entrepreneurial ecosystem we see in the San Francisco Bay Area and all the economic gains that come with it?

Working to bridge this divide and promote inclusive growth, I co-founded, at my own initiative, the California Entrepreneurship Task Force to connect rural regions such as the San Joaquin Valley with networks and resources in Silicon Valley. When the pandemic hit, we launched rapid response support for small businesses. This campaign to raise awareness of resources reached more than 20,000 small businesses.

This experience was informed by the work as President Obama's AAPI Commissioner after the Great Recession, when I led engagement with the AAPI businesses across the nation.

While we still face economic headwinds, small businesses today are showing hope. More than 10 million people have applied to start a business since President Biden took office. The Bipartisan Infrastructure Law is starting to put shovels in the ground across America, and thanks in part to the CHIPS and Science Act, U.S. manufacturing is coming back with the potential to bring our nation's industrial towns with it.

These historic investments build prosperity that reaches deep into Main Streets and bolsters our startup ecosystems.

And for the millions of new small businesses, those "acts of hope," as the President put it, SBA can be an enabler of success. I am energized to serve all of America's entrepreneurs in partnership with Administrator Guzman and the team of mission-driven public servants at the SBA.

If confirmed, I will bring my operating experience of building organizations and businesses, scaling processes, systems, technology, and culture to SBA so it can more effectively, and more efficiently execute its mission.

In closing, I want to thank my family and so many amazing leaders across the country for their heart and support.

Thank you. I look forward to your questions.

[The prepared statement of Mr. Syed follows:]

**Opening Statement of Dilawar Syed, Nominee for Deputy Administrator of the  
United States Small Business Administration**

Thank you, Chairman Cardin, Ranking Member Ernst, and distinguished committee members, for this opportunity. It's an honor to be here as President Biden's nominee to be Deputy Administrator at the Small Businesses Administration.

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In closing, I want to thank my family and so many amazing leaders across the country for their support.

Thank you. I look forward to your questions.

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Chairman CARDIN. Thank you, Mr. Syed. I must tell you, I think the numbers over the last 2 years are extremely impressive. We have seen record numbers of small business startups. In my state of Maryland we have seen an incredible growth in women-owned small businesses and minority-owned small businesses, and it has been a very healthy situation, and I appreciate you acknowledging that.

But there is one area that we always need to improve on and that is customer service. It is not easy for a small business to be able to get through the bureaucracies of dealing with government agencies or dealing with the tools at the Small Business Administration.

On Monday I was in Westminster, Maryland, with a group of veterans, talking about veteran entrepreneurship opportunities. We talked about Veterans Business Outreach Center, which is incredibly valuable in our state. And we have now four Women's Business Centers. We know about the Small Business Development Centers. We have the MBDA programs.

Tell me how we can improve the service levels so that we can help particularly the smaller small businesses, the startup entrepreneurs to be able to access the help and partnership that we offer at the SBA and not overburden them with the bureaucratic issues.

Mr. SYED. Well, Senator, thank you for that question. You know, earlier in my career I built a software company that focused on customer support and customer service. And as I mentioned in my opening statement, during the pandemic the majority of the stakeholders who engaged with SBA, this was their first experience with the agency in the middle of the pandemic. So we had this opportunity to build on those first customer touchpoints and make sure that we can support those businesses as they look to grow and thrive.

So I hear you, and as someone who actually engaged with the SBA as a customer myself during the pandemic, there are certainly improvements that we can make in the process. The technology, we want to make sure that we are reaching our businesses where they are, understand what their needs are. We are using technology processes.

Obviously I am not in the job yet. Once I am confirmed, I am fortunate enough to be confirmed, if I am confirmed, I will work with the team and see what does our workflow look like. What are our processes? What is the internal capacity when it comes to data on small businesses? How can we be more effective in reaching these various constituents we are serving, all across the country?

Because one of the things that I observed in my experience at State as well, as I engage with businesses domestically, the awareness of our programs actually goes down as you go farther away from Washington, D.C. We want to serve these businesses in the heartland. We want to serve these businesses in rural communities. And I think there is an opportunity for us to do more.

So I am looking forward to, if I am confirmed, sitting down with the team, understand what our customer service process looks like, what our capacity is, also what our human capacity is to take these calls and reach the touchpoints we have with the customer. It has to be a customer experience-first agency. We are serving potentially

millions of small businesses, and not just for extra financing but also for access to mentorship and advice and other resources.

Chairman CARDIN. Thank you. I mentioned in my opening statement about the unprecedented increase in services we provided during COVID-19 and help through all the programs that were created. It started under the previous administration, and Senator Rubio, who chaired the Committee, we worked together and created the different programs that helped during COVID-19 that continued during the Biden administration.

And I will just give you my assessment. I think the programs were very successful. I think we got the money out quickly, and we saved a lot of small businesses from closing. Because we had to do it quickly there were some who abused the system.

So my question to you is, what are the lessons learned from the programs we started up during the COVID-19 and are you committed to going after those who abused the system to make sure they are held accountable for their actions?

Mr. SYED. Senator, obviously I have seen and read about the instances of fraud with SBA programs. You know, we have to really be very intentional in protecting taxpayer dollars, and I saw despair in small businesses that I was helping with as an advocate during the pandemic. And to see that criminals were able to deprive these small businesses for the money that was really intended for them, that is obviously very disturbing.

If I am confirmed, I commit to you that I will make it one of my top priorities to work with the Administrator, who I know has put in place new, enhanced controls. But there could be additional ways that we could improve things. I want to obviously study and evaluate what the state of our controls are, what we can do to bolster those controls. This would be, obviously, zero tolerance.

You know, as a businessperson, and I have run businesses, including consumer businesses, I have zero tolerance for fraud. So we need to go in with a very strong intention to ensure that all the resources that Congress, the goodwill of Congress, is making available for small businesses are used by them and are not defrauded by criminals.

Chairman CARDIN. Thank you. Senator Ernst.

Senator ERNST. Yes. Thank you, Chairman, and thank you again, Mr. Syed, for joining us today.

And I want to start my questions off by addressing the issues from the last Congress, and where so many of us got really concerned with some of the loans that were made. The Committee had trouble receiving timely information from the Small Business Administration on a number of issues, including the Planned Parenthood loans, despite multiple requests.

If confirmed, will you commit to changing the SBA's culture of unresponsiveness and starting on day one will you work to ensure the Committee receives responses to its request for communications between the Biden administration and Planned Parenthood affiliates?

Mr. SYED. Ranking Member Ernst, thank you for that question. Let me first of all acknowledge that this has been obviously an issue. I have tracked it on the outside, and I understand and I hear it is important to you and to your constituents. If I am confirmed,

I will work with the Administrator and ensure that we are responsive to the requests.

You know, one of the things that I have understood is that part of the job of the Deputy Administrator is to help with the oversight. If I am confirmed and I am fortunate to be confirmed, I will be able to augment the capacity of the agency to help with the oversight function and provide to you information that you are seeking.

Senator ERNST. Thank you, and I really appreciate that. This has been an ongoing conflict. We would like to see the end of this and determine were those loans through PPP given correctly or not, and if so, we need to make sure that we are following up. If fraud was committed, we need to recapture those dollars. So I appreciate that answer.

And as I mentioned in my opening statement, you spoke regularly in your role at the State Department that you hoped to harness the unrivaled entrepreneurship and innovation—and I love that—of the U.S. private sector and increase U.S. businesses' competitiveness globally, because we are in a global economy.

Do you believe that overregulation stifles innovation and entrepreneurship and that the red tape that exists out there often discourages those would-be innovators and job creators from ever getting into the marketplace?

Mr. SYED. Senator Ernst, I bring a perspective of a businessman to this job, if I am confirmed, and an entrepreneur who has had his share of [unclear]. So I hear you. I am someone who will work with the Administrator and our team to always look for ways to optimize for our entrepreneurs' success.

There is an appropriate place for regulation, but we want to make sure that we are evaluating and studying things that will make it easier for our businesses to succeed and thrive.

To your point, I believe our private sector is one of our most strategic and important assets as a country, and it is more competitive now than it was. You are no longer the only game in town when you go abroad and vie for those deals. And we want to help the next generation of U.S. companies and entrepreneurs, the next GE, the next Google, and that is coming from the heartland.

I have actually spent some time with folks at the Greater Des Moines Partnership and understanding, in your state, what an incredible energy is for entrepreneurship.

So we want to make sure that we bring all our tools, and at the same time look for ways that we can make it easier to do business.

So you have my commitment that if I am confirmed for this role I will work with the Administrator and our team to evaluate where we can actually improve things. Now again, there is a proper place for regulation, to protect consumers and businesses, but overall we are advocates for businesses and we should be making it easier to do business, not harder to do business.

Senator ERNST. That is great. We have talked a lot about fraud this afternoon. I want to go back into that. Senator Cardin brought this up, making sure that dollars are recouped from fraudulent loans, those that took advantage of the COVID situation. We want to make sure we are recapturing those dollars.

So will you commit to investigate all PPP loans flagged by the SBA OIG as potentially fraudulent and work to recoup those funds from the fraudulent loans, regardless of size, even those that are under \$100,000?

Mr. SYED. Senator Ernst, I have read the IG report. If I am confirmed I will address some of the recommendations, the recommendations that have been made by the IG. I obviously need to understand better, and I will work with the Administrator and the team to study all these cases, what the determination is, and what is the proposal that the team has to address the concerns.

Again, as I said earlier, I am committed to doing everything we can to fight fraud. It is, frankly, unacceptable that so much resource went wasted, and we have to recover those. So you have my commitment to work with you and this Committee as well, and the Administrator, to ensure that we are making sure that every dollar that was set aside for deserving small businesses reaches them.

Senator ERNST. Yeah, thank you very much. Thank you, Mr. Chair.

Chairman CARDIN. And let me just reinforce the Ranking Member's comments. I am committed to making sure that we work together on requests for information, and we expect any request made by this Committee to be honored.

I do want to point out that Mr. Syed, during the last confirmation process, made personal information available about himself that went beyond the customary disclosures that are made by nominees. He voluntarily made that information available to our Committee, and it helped us get through some of the hurdles we had at that time.

And let me also assure you that there has been information in regard to any entity that participates in an SBA program, there is certain information that we will make sure is always available. There is some proprietary information we have to protect, but within that confine any organization that participates in the SBA is subject to oversight. I may disagree somewhat with the way the Ranking Member characterized the response, but we will work together to make sure that that information is made available to the Committee.

Senator ERNST. Thank you.

Chairman CARDIN. Senator Hirono.

Senator HIRONO. Thank you very much, Mr. Chairman. And Mr. Syed, it is very good to see you. Do you have family members here today?

Mr. SYED. I do. My wife and my son are right behind me.

Senator HIRONO. Very good. Thank you so much, because as far as I am concerned you should have been confirmed a long time ago, and I am glad that we now have this opportunity to do the right thing because it is really crazy that at a time when small businesses are in need of the support of the SBA that this position has been vacant for many years. And you are very, very highly qualified, to say the least, to take this position and to move the SBA.

I am really glad, also, that the SBA Administrator, Isabella Guzman, did come to Hawaii. She spent an entire day meeting our small businesses and to be introduced to the entrepreneurs who really helped to move Hawaii's economy along.

You are an immigrant, right?

Mr. SYED. I am.

Senator HIRONO. So you are also an entrepreneur and you started your own business. Was part of the impetus for wanting to start your own business and be an entrepreneur part of your immigrant experience? Can you talk a little bit about what motivated you?

Mr. SYED. That is a great question, Senator Hirono. You know, immigrants have a drive in the outside and they are always looking to see how they can go forward. And clearly having that energy, that I got to make the most of this incredible opportunity to make American home, plays a big role.

And I will say, Senator, my story is only possible in the United States of America. I was born in Pakistan. I came here as an international student, to the College of Wooster in rural Ohio, so very close to that part of the state, and here I am, sitting in this room with incredible leaders for this opportunity.

But clearly the path to entrepreneurship is tied to immigration. If you look at the San Francisco Bay Area, which is home to our innovation, and now we know it is spreading around the country, almost half of all founders who have founded startups were born outside the United States. And again, you can see this in all businesses of types, whether it is in Iowa or North Carolina, that immigrants play a big role.

So part of my immigrant roots, that has been an extra sort of push for me, but at the end of the day it has also been about solving a business problem, creating jobs, supporting the communities that we serve. And I have had a civic track from the very early days, including from when I was in business school.

So yes, it has played a role, but it has also been about solving business problems.

Senator HIRONO. Well, you have hands-on experience in doing that, and I completely agree with you that immigrants to come to this country—and I know that you know that I am one too—that you have a deep appreciation for the opportunities that this country affords, opportunities that would not have been available had we not come to this country with usually very little. I do not know about you but I think you come from humble beginnings as do I. But it is a major imperative to give back to a country that provided opportunities that we would not have had otherwise.

So I have no doubt that you have a commitment to the SBA, and the fact that you stuck it out for the last 2 years, as you were prevented from being confirmed, is also a testament to your commitment.

The last time you were here we did have a chat about how important it is to reach out to minority businesses. In Hawaii, that would be the Native Hawaiian businesses. And at that time I asked you whether you would be committed to work with me to support the various programs for Native Hawaiians, and I would say to the indigenous small businesses throughout the country, the Alaska Natives and the American Indian business people. Will you have that commitment?

Mr. SYED. Absolutely, Senator, I will.

Senator HIRONO. Thank you.

The SBA Office of the Inspector General OIG published its annual report focused on the top management and performance challenges facing the SBA. Many of those challenges would require the attention of the Deputy Administrator who is responsible for the day-to-day management of the agency. And yet with that kind of an important responsibility this position was left open for 5 years.

Can you speak to how you would work to address these management challenges as Deputy Administrator, very briefly because my time is running out.

Mr. SYED. So, Senator, I am an operator. I come to this job, if I am so lucky to be confirmed, from the business experience of building of relations, running organizations. First, like I always do when I start a new job, you want to evaluate, what the current state is. So I will spend some time understanding what are some of those challenges that we need to overcome and then work with the Administrator to address them.

This is an agency that is in the front line of supporting small businesses. It is the most critical time as we are still undergoing this recovery. And so we need to make sure that we build the capacity, the muscle, the processes, our systems, use technology where it is appropriate, to make sure that have the back of our small businesses. So I am looking forward to doing that, if I am confirmed, and leverage all my operating experience as a businessman and bring that to the agency.

And as you mentioned, this role has not been filled. In fact, my understanding is for most of 14 years it has not been filled. And I work at the State Department and I see the incredible support we get from our deputies.

So there are a lot of thoughts I have. I am going to reserve the judgment until I actually get in the job. But absolutely, my focus will be to make sure we build the capacity of the organization.

When you talk about modernizing, there is an opportunity for us to learn some lessons during the pandemic and see what we can improve as we move forward.

Senator Hirono. Thank you very much. I look forward to working with you.

Mr. SYED. Thank you, Senator Hirono.

Chairman CARDIN. Thank you, Senator Hirono. Senator Budd.

Senator BUDD. I thank the Chair for your kind welcome earlier, and the Ranking Member as well. Mr. Syed, welcome again. It is good to meet you and good to see your family here with you. I appreciate your background as an entrepreneur and a small business person and the job creation that you have done.

Some concerns I have are about the potential impact of ESG policies on small businesses, which I think they could increase costs, regulatory burdens for hard-working entrepreneurs. I think these policies are often based on misguided science driven by political ideology rather than sound economic principles.

So could you talk to us a bit about your views on the ESG and how you believe the government should approach this issue in regard to small business in particular.

Mr. SYED. Senator, thank you for that question. You know, the way I look at this role and the agency's mission is to support small businesses. I will always optimize for that.

You know, there is clearly an equity lens we need to have, and the equity lens is also about serving the underserved businesses, both about the regions, but as rural parts of the country or certain communities.

But at the end of the day we are focusing on ensuring that we are helping small businesses succeed. That is where I would always optimize for, working with the Administrator.

Senator BUDD. So let me follow up on that. When you talk about equity or equality—I do not want to conflate the two; they are very different linguistically—but are you talking about equality of opportunity or equality of outcome?

Mr. SYED. What I am referring to, Senator, is that everybody has a fair shot at succeeding. You know, we want to make sure that a rural business in North Carolina has as much access to the opportunity to, let us say, work with us and our programs as a business in the DMV area.

I was, earlier in my statement, referring to the fact that, you know, I spent most of my time in the San Francisco Bay Area. If you drive 3 hours south of San Francisco, you go to Fresno, that place looks very different from Silicon Valley. And why is that? We have got to close the gap. That is the rural part of our state. A third of our state is the Central Valley.

And so I feel very passionate that we have got to make sure that when you go out of the metro regions, you have got to help them rise. And there is so much opportunity for potential for us to get those businesses off the ground.

So my view of equity is not just, obviously, communities, minority, Black and Brown communities, but also rural regions, veteran-owned businesses, women-owned businesses. Today is International Women's Day. We still have some ways to go to support women-owned businesses.

So that is a much broader view. We are a diverse country and we have got to make sure that all boats rise.

Senator BUDD. Thank you. And I want to shift gears. I think the Chair and the Ranking Member have both mentioned the concerns with fraud, and especially the one that has been reported with many of the SBA's lending programs, in particular the COVID-era programs like PPP or EIDL. A May 2022 OIG report found more than 70,000 loans, totaling more than \$4.6 billion, in potentially fraudulent PPP loans.

The IG also found SBA did not have an organizational structure with clearly defined roles, responsibilities, and processes to manage and handle potentially fraudulent PPP loans, nor did they establish a sufficient fraud risk framework. A more recent estimate found that 1.4 million PPP loans, totaling over \$64 billion, were likely fraudulent. A huge amount of dollars.

Meanwhile, the SBA continues to move forward with proposed rules that would remove prudent underwriting standards, including weakening affiliation rules around the SBA's 7(a) loan.

Mr. Syed, will you commit to work on rescinding the current lending proposed rules and ensure that adequate guardrails are in place to prevent future fraud and risky loans in SBA's core lending programs?

Mr. SYED. Senator, as I said earlier in response to Senator Ernst's questions, I am committed to ensuring that we do everything in our power to fight fraud. It is unacceptable that so much of the public resource is not going to the deserving folks.

I am not in the job yet. If I am confirmed, I look forward to evaluating, studying these things, understanding where we can improve things. I know that the Administrator has put in place more anti-fraud measures, but there could be more opportunities for us to do better.

So that is what I will commit to you. Obviously, we look forward to addressing the IG concerns, again if I am confirmed.

As I mentioned earlier, as a businessman who has often done consumer businesses, I have zero tolerance for fraud. It is just something we can do better. There is the role of technology. There is the role of processes, workflows. And again, the agency had to stand up at a very difficult time, but we can certainly evaluate where we can do better.

Senator BUDD. Thank you.

Mr. SYED. Thank you, Senator.

Senator BUDD. Mr. Chair, I yield back.

Chairman CARDIN. Thank you, Senator Budd. Senator Coons.

Senator COONS. Thank you so much, Chairman Cardin and Ranking Member Ernst. It is great to be back, to have a quorum, to be holding a confirmation hearing, God willing, to be able to move forward. The American people expect us, on the Small Business Committee, to work together to resolve our differences. This has been one of the most productive committees I have served on in my dozen years here, both legislatively and substantively, and Mr. Syed, I am very hopeful that we will at long last see you confirmed to be the Deputy Administrator. I think your personal story, as you said, is one that could only happen in America. Your experience as an entrepreneur and a business executive, someone with IT skills and capabilities makes you, in my view, unquestionably qualified for the job.

The SBA needs help. I mean, it needs, as you have heard from my colleagues, oversight, engagement, advocacy. We have asked the SBA, in recent years, to do things it has never done before, at a scale and speed it has never done before, and the data that I see about small businesses saved, business closures, job loss avoided, are really impressive. Was it all perfect? No, because we knowingly agreed that what we needed was speed of response in the face of a once-in-a-century pandemic that shut down most of our economy.

I did want to just ask you a few questions if I could. As the Special Representative for Commercial and Business Affairs now, at the State Department, you help our businesses export. Every one of our states, our businesses, small, medium, and large, look to be able to export, whether it is chickens from Delaware, perhaps other—Maryland and Delaware, big chicken exports. I can imagine that the Senator from Iowa might be passionate about pork. Maybe some other elements of the barnyard. You know, there is technology. There are services. There is manufacturing. There is agriculture.

How will that experience that you are currently having help inform your work supporting small businesses in all our states as we seek to continue to grow our exports?

Mr. SYED. Absolutely. Senator, thank you for that.

You know, I represent the U.S. [unclear] Department, and I have done a lot of work in helping advance deals. What I have seen is commercial diplomacy a lot of times is focused on larger companies. While I am proud of United States companies that are large creators of jobs, but there is an opportunity for us to do more for the next envision of large companies. And the lens that I would bring to the job, if I am lucky enough to be confirmed, is how do we steer some of those resources more towards midscale companies?

I am reminded of one story, if I may briefly share. I traveled to just outside Boise, and I met this company called IVI Systems. They make storage technology for root produce, for onions and potatoes—speaking of vegetables. And they have had a business that does very well in the Northwest and they are looking to export, and with Russia's aggression in Ukraine and the resultant food insecurity challenges now they can supply this equipment in India and Africa to extend shelf life for produce. And they are seeing their business rise. It is absolutely conceivable a company like that can become a powerhouse globally.

Now they do not know the resources that exist today in various agencies, including at State. So we have been really trying to democratize access to these resources and our programs that those kind of companies.

Today, less than 1 percent of small businesses export. We want to make sure that we succeed in the nation's private sector, which is the biggest exporter in the world, and we have to bolster that and make sure more companies are doing that.

So I will bring the global lens of global marketplace and the opportunity that exist there. In most of our allies and places, people still want to do business with U.S. companies. We have got to show up. And there is a role for agencies to play here, whether it is SBA—of course we work with Commerce very closely and FCS and State. You know, my team does a great job as well.

So I look forward to bringing that perspective to this role, if I am so lucky to be confirmed.

Senator COONS. Thank you. I was just on a bipartisan codel to Zambia, South Africa, Botswana. Vibrant, rapidly growing economies that want American businesses. There is a small bridge manufacturer in southeastern Pennsylvania. They started building the bridges for Patton's Army in the Second World War, so they have small, modular bridges that can be used for minor tributaries. They do their zinc galvanizing in Delaware. They export out of New Jersey. They are manufactured in Pennsylvania. They have gotten contract after contract, 300 bridges in DRC, 150 bridges in Ghana. We have enormous opportunities on the continent of Africa. I would love to work you on that.

I had another question about IT upgrades, but I think I should yield my time, Mr. Chairman, in the interest of advancing your nomination. Delightful to be with you today. I look forward to reinvigorating Committee.

Chairman CARDIN. Thank you, Senator Coons. Senator Hickenlooper.

Senator HICKENLOOPER. Great to see you again and finally be able to move forward on your nomination and get you confirmed. Obviously, after spending decades of advocating and helping grow underserved entrepreneurs, you are in many ways uniquely suited for the job that is waiting for her, and has been waiting for you.

Immigrants like yourself have helped start almost one-fifth of the Fortune 500 companies, which is an amazing statistic. They have founded more than half of America's billion-dollar startups. And yet research indicates that immigrants really do not understand, are not aware of what is available, of what resources are available.

What can you do at the SBA to make sure that that information is conveyed?

Mr. SYED. Yeah. Senator, what you said about awareness of our programs, that is something that I feel we can always do more when it comes to a program. We have incredible resources. We have programs. We have amazing public servants. And I find that there is a lack of awareness in many communities. It is for sure the case with immigrants, and it is also the case with underserved regions. Folks just do not know.

And one of the things that I have done at State in my current role is we just took what we have but we doubled down on telling the story of all that we had. And I have gone around the country saying there are 1,500 economic officers at our missions and embassies around the world. Part of their job is to help our companies succeed. Most people do not know that. We have to keep talking about this. We talked about customer experience, make sure we communicate.

So if I am lucky enough to be confirmed, I will make sure that we are telling the story, the Administrator is out, and she is getting the message out as well, on the road. But we do need to raise awareness, and there are tools now where we can do that.

Senator HICKENLOOPER. Great. Perfect.

Today is International Women's Day. It feels like an important day to note that women-led startups received only 1.9 percent of venture capital funding last year, 1.9 percent. It is appalling. Entrepreneurs in rural and urban communities also struggle to get their fair share. They are completely ignored in many venture circles.

What can the SBA do to offer these folks more affordable access to capital for these underserved borrowers?

Mr. SYED. So, Senator, obviously, like you just said, less than 2 percent of the VC dollars go to women firms. I mean, we saw in Silicon Valley, in my own experience, we had a long way to go to ensure equity when it comes to women entrepreneurs and founders.

SBA does have some programs. I am looking forward to understanding better what we can do more there.

But one of the things I feel strongly about is that we have to be more intentional in connecting with those stakeholders. So we are hearing from them. You know, one of the things that I was lucky enough to do in the last couple of years is get to know a lot of our resource partners, the various organizations, and there is some

good feedback that they provided us that can inform our outreach and our engagement with these communities.

We serve a very, very diverse set of stakeholders, and we have to be all our ears open to get the feedback and see that we are, frankly, reaching them where they are, modernizing that approach. I mean, just in the last few years, after the pandemic, the country has changed. It has shifted, to whether it is women entrepreneurs or immigrant entrepreneurs, it is an opportunity for us to think fresh about our approaches to the outreach and engagement with these communities.

Senator HICKENLOOPER. Great. I am going to ask another question but I am going to let you respond to it—I will just submit it because I want to make sure that we get everybody's questions in. But digital workflows using artificial machine learning, these techniques can make routine processes more efficient and help identify fraud, improve customer service. So when you get time, I think it is important to note out how can we integrate some of those new technologies to make sure that the SBA is more successful and more efficient.

But do not answer it now because I am going to yield my time back to the Chair.

Chairman CARDIN. Senator Rosen.

Senator HICKENLOOPER. Good luck.

Senator ROSEN. Well, thank you, Mr. Chair, and thank you, Ranking Member Ernst. It is nice to be back, I agree. And I appreciate Senator Coons for mentioning trade and export because I am Chairwoman of the Tourism, Trade, and Export Subcommittee on Commerce, so we have a lot to do. But today we are going to focus on Families First, because it is International Women's Day, and we know that women are the primary caregivers.

But I am going to make one last plug. Nevada-owned women businesses, we have led the nation in women startups for the last 10 years, so I am pretty proud of that.

But one thing the SBA does, and Ranking Member Ernst and I have a bill here, we want to be sure that we are expanding the loan eligibility for childcare providers, because in Nevada parents of nearly 75 percent of children under the age of 5 do not access to a licensed childcare provider, whether it is because of long waitlists, lengthy distances, high costs. There are so many things that can make childcare unavailable or unaffordable. And really, in many cases in my state childcare is more expensive than a year of college tuition.

And so currently only for-profit childcare providers have full access to SBA's loan products, while nonprofit providers only have access to SBA's microloan program, which is capped, of course, at \$50,000. Other loan products such as the 7(a) or 504 loan programs, they are just off limits to these businesses.

So this is really blocking access to capital for nonprofit childcare providers to establish those affordable facilities or expand existing ones. There are childcare deserts all across this nation, urban and rural. It is something the Ranking Member and I are passionate about. So it is why yesterday we reintroduced the bipartisan Small Business Childcare Investment Act. It is going to allow these non-

profit small businesses, the childcare providers, to participate in SBA loan programs.

And so, Mr. Syed, if confirmed, will you commit to working with our offices to advance this effort to provide nonprofit childcare providers access to all the SBA services so we can find good ways to care for our families?

Mr. SYED. Senator Rosen, thank you for sharing that. If I am confirmed, I look forward to working with you and Senator Ernst. I know this has been an important subject, and I hear you. There is clearly a need for that, so we will do.

Senator ROSEN. Thank you. We are going to move on to, of course, small businesses while you are here. And for those who do not know, over 99 percent of businesses in Nevada are small businesses, and entrepreneurs face numerous hurdles in starting a business, developing a business plan, registering the business, understanding compliance requirements. Depending on what that is you have to maybe get permits, licenses, and more. I have heard more and more from Nevadans about the complex process of getting their business off the ground and just not knowing really how to navigate what they need to do.

So it is critical, I believe, that the Federal Government create a more streamlined process to cut through this red tape, make it easier for those entrepreneurs to start their business more easily. So I introduced the bipartisan One Stop Shop for Small Business Licensing Act with Senator Capito, and that is going to require SBA to create a centralized website for state and local licensing and business permitting information, materials for small businesses that they can really just have that one-stop shop to go to so they can do what their passion is. This is really building on the success of similar legislation setting up a portal for Federal regulations that passed last year.

So, Mr. Syed, if confirmed, what actions do you plan to take to ensure it is easier for entrepreneurs to navigate the bureaucracy and the hurdles to get their businesses up and running?

Mr. SYED. Senator Rosen, as an entrepreneur myself I can tell you when you are starting a business, yeah, you are often in the dark about some of the basics, like where do you go. And that information is not readily available, even though the information exists. So it is a matter of communicating.

I obviously am not in the job yet. If I am confirmed, I will study, assess, evaluate the proposal that you have here and see how we can streamline this. Some of this stuff sounds pretty simple. It should be doable. And again, the broader theme here is it about raising awareness of what we already have, making it simpler to access information with the tools and technology we have today. It should be something we should be doing more of.

Senator ROSEN. Yes, I agree. Using the front-end technology to point somebody to one space. We are used to using apps and doing all this, so we should be able to make it easy for people to navigate. Thank you.

Mr. SYED. Thank you, Senator.

Chairman CARDIN. Senator Duckworth.

Senator DUCKWORTH. Thank you, Mr. Chairman, and thank you, Ranking Member Ernst, for this hearing. Mr. Syed, it is good to see

you, and I am glad that we are finally moving your nomination once again.

One of my top priorities is helping small businesses, especially those in historically underserved communities, and I want to make sure they can access resources and capital to grow their businesses.

As you know, the SBA should plan an important role in helping make sure Federal resources reach these communities that have traditionally been overlooked and ignored. The agency, with the help of Congress, has made progress in this effort. However, I know that more can be done to make sure that Federal resources are successfully reaching the entrepreneurs and small businesses who truly need them the most.

Given your experience in the Obama administration conducting outreach to communities of color through your role on the Advisory Commission on AAPI, how do you plan on improving SBA's outreach to underserved communities and communities of color, especially where SBA's resources have traditionally struggled to reach?

Mr. SYED. Senator Duckworth, thank you, and thank you for your support.

You know, this has been a passion of mine. You see the theme that I have shown up in places that I often drive by. I have also shown up in communities that often are ignored.

You know, I served on the President's AAPI Commission, President Obama's AAPI Commission after the Great Recession, and one of the stats that stayed with me forever—and just speak of the Asian American community—that when an AAPI lost a job she or he took the longest than anyone else to be able to get back into the workforce, because the networks were insular.

And so every community has their fair share of challenges, and we have to see them, and we have to think about how do we address. Again, we have the resources. We have the programs. We have the heart. And this is something we all can agree on, this Committee and obviously the [unclear], and we need to just make sure that we are leaning in more. If I am confirmed, I would look forward to what the programs are. I bring the experience. I bring that network, as you know very well from the AAPI community, from the Black and Brown communities. Many of them I have gotten to know, during my work as an advocate in California for small businesses. Also, in my job today at the State Department we have a pretty strong outreach to business communities that are somewhat disadvantaged.

So that will be a priority for us. It is the President's agenda as well, and that is core to his policies.

So again, I think we need to recognize that every community has their set of challenges, and they are unique at times. Again, whether it is women, whether it veteran-owned businesses, AAPI-owned businesses, Black and Brown communities. So I commit to you that if I am in the job I will work with the Administrator to be very alive to that reality and do our best to address those communities' concerns.

Senator DUCKWORTH. Thank you. And building on that, I am also interested in strengthening these businesses and their relationships across the world, not just here domestically. I would like to hear a little bit about your recent role serving at the Department

of State as the Special Representative for Commercial and Business Affairs, and if you have taken anything away from that position that could particularly help in shaping SBA's role in assisting American small businesses' access overseas markets or to build stronger supply chains with allied partners who may not be domestic partners.

Mr. SYED. Absolutely, Senator. Less than 1 percent of U.S. small businesses export, and we were just talking earlier that there is so much opportunity. I see these gems in communities around the country who can be really solving major problems in the world exporting.

I also see a role of diaspora communities. You know, AAPI is one community that roughly half of the AAPIs [unclear] out to the United States. They still maintain networks for the critical business relationship. In Southeast Asia we see that. When I was at APAC we talked about the role of diaspora in bridging that potential for companies to export, leveraging their business networks, familiar networks, and so forth. Again, there is incredible opportunity. I bring that lens to this job if I am so fortunate to be confirmed, to make sure that we are leveraging all these assets we have, relationships we have in the communities, to be able to do more business abroad. We have to show up.

You know, one I say all the time—and I get feedback from our allies when I go around the world promoting business—I say, “What can we do more?” They say, “You have to show up more. You have to be more aggressive.” Because sometimes we are getting out-competed, and so we have to be more mindful as a nation to build up our sector for the next generation.

Senator DUCKWORTH. Thank you. Very quickly while I still have time, I want to express my concern over SBA's proposed rule on small business lending companies. Specifically I am concerned that allowing fintech or financial technology companies to participate in SBA lending without any additional oversights or safeguards could threaten the longstanding integrity of SBA's loan programs.

I hope that if you are confirmed to this new role you will work with my office and the Committee here to address our concerns with this new policy allowing fintechs access to the loan programs.

And thank you, Mr. Chairman, and I yield the remainder of my time. Actually, I am over time.

Chairman CARDIN. Thank you, Senator Duckworth.

Senator Ernst and I have jointly sent a letter to the SBA concerning the proposed rule, so we join you in that concern and we will certainly share the information we get from the SBA. I just wanted you to know that.

I just really want to follow up, for the Committee briefly, on the concerns about going after those who have committed fraud or those who have made mistakes in regards particularly to those programs established during the COVID-19 pandemic.

I just want everyone to understand there is joint responsibility here between Congress and the SBA. We intentionally made decisions during the creation of these programs to allow the money to get out quickly. I will just give you a couple of examples.

We were using the 7(a) lenders for getting the money out under the PPP program, and we knew that a lot of the smaller businesses

did not have existing relations with banks. If we are going to be able to get that money out quickly, all of the regulatory requirements of the banks would make it very difficult for those loans to get out. So we intentionally—this was a decision that we made in this Committee, to relax dramatically the requirements for the banking community in order to make loans and held them harmless from areas if they did not have the information that later proved that the borrower, for example, that anti-laundering and those types of provisions. We eased up on that a little bit.

The second thing, if I remember correctly, is that we did not require documentation for the needs requirements in most cases. We just allowed it to be self-determined by the applicant. And a lot of the applicants were using third-party sources that did not bother even asking the applicant about the needs criteria, and we ran into challenges there. That was an intentional decision we made, Democrats and Republicans. We haggled a little bit because we argued as to what level the SBA should be reviewing the loans. Some of us took a lower level than others, but we reached a compromise, and it was a bipartisan compromise.

I just mention that because the SBA—these programs were administered, I think, very, very well in achieving the objective of keeping small businesses alive during the pandemic. And if fraud was committed we want to go after the people who committed fraud. There is no justification for fraud.

So we want to make sure the SBA has all the resources and tools they need in order to go after those who abused the system. And you will find that I think every member of this Committee will be wanting to give you the power and tools and resources you need in order to be able to go after those who have committed fraud.

But I just really want to make it clear that the SBA was working with a different set of rules during the COVID-19 than would have normally been applied, and new programs, and it was a challenge on administration.

Senator Shaheen.

Senator SHAHEEN. Well thank you, Mr. Chairman and Senator Ernst, and thank you to Mr. Syed for your willingness to continue to be considered for this position.

As Senator Cardin pointed out, small businesses across this country have had a very challenging last 3 years, as you appreciate, and in New Hampshire it has been no different. One of the things that has helped our small businesses get through this last period has been the district office in New Hampshire, which has been critical in providing support to our small businesses and ensuring that they know where to look for resources.

Will you commit to supporting district offices with the resources, information, and clear communication that they need in order to best serve their local communities?

Mr. SYED. Senator Shaheen, we have talked about the importance of engaging with small businesses in communities, rural communities, and communities that are far from metro areas. So I share your priority in making sure that we are present.

I commit to you, if I am confirmed, to look at what our country's sourcing is for SBDCs and how we can be supportive.

Senator SHAHEEN. Okay. Not just the SBDCs but I am talking about the district office.

Mr. SYED. Sorry. My apologies. The district offices, yes.

Senator SHAHEEN. I think there have been some communications from SBA in Washington that have been confusing to district offices over the last couple of years and have raised concerns that the operating budgets that they need to continue to reach out to the small business community and states may not be there because of changes in the way Washington views the role of the district offices.

So as the Deputy Administrator who would be focused on operations of the SBA, will you commit that this is something that we need to do and ensure that our district offices have the resources they need?

Mr. SYED. Senator, I commit to you that if I am confirmed, I will review this work with the Administrator and the SBA team to see that those district offices are providing the proper resources.

Senator SHAHEEN. Okay. That sounded a little bit like a caveat to me, so I am going to come back to you after you have had a chance to review the situation and ask you what the commitment is to ensure that those district offices get the support they need.

Mr. SYED. Thank you, Senator.

Senator SHAHEEN. One of the other areas that I have been very focused on that has been important in New Hampshire is exports, and the STEP program has been very important in supporting our small businesses as they try and export. In 2021, New Hampshire saw a 14 percent increase in our exports, and I attribute the STEP program to helping with that. It is legislation that I introduced way back when, and I think there is tremendous interest in the program. But there are some concerns about how to make it work better. One of those is a concern that I hear from some of our small businesses about a lack of flexibility in using the STEP funds.

So I know that you have been spending some time in this interim working on trade at the SBA. Can you talk about what your experience has been with the STEP program, and how you think we might make it work better for small businesses?

Mr. SYED. Senator, we had a discussion today quite a bit about export potential. You know, less than 1 percent of small businesses export, and there is so much opportunity for us to get those businesses to be solving major challenges in the world with their products and services.

I have not had any experience with the STEP program in my role at the State Department. We have our own set of commercial resources that we have, which are pretty tremendous. And I do think the SBA can be part of the intergovernmental partnership. It is not as active as it should be.

You know, we talked earlier about there are 1,500 economic officers around the world. If I am confirmed, I want to make sure they are educated about what SBA's programs are, how could STEP grants actually be part of the tools we can use to promote small businesses exporting.

That is something I am very passionate about. I think that is probably one of our most untapped growth potentials as a country. We just need to do more there, and I look forward to learning more

about what are some of the options there are with existing resources and how we can also work together with this Committee to, frankly, explore whether there are more opportunities for us to get more resources to support these companies.

In general, what I see is just a lack of awareness on the part of small businesses to even know that there are these opportunities that they can get to get help for a trade delegation, or to get on a delegation. They do not even know where to go. And I have shown up in some of these communities. I went to Atlanta, Georgia. I went to Boise. I went to Frederick, Maryland. And folks are surprised to hear that there are all these programs that exist. That is a common theme I hear, in general, and I think we just need to close that gap as quickly as we can, you know, especially as we are going through this recovery. And there is definitely an energy, especially in the underserved areas, for these businesses to go abroad, and we see massive need where we can plug in as a small business community.

Senator SHAHEEN. So do you see a willingness on the part of the commercial service state to work with SBA on this kind of outreach and making businesses more aware of what is available?

Mr. SYED. So, Senator, I can speak for the economic officers at the State Department. FCS obviously is a Commerce Department entity. But I can also say that we work with them very closely. They all would be happy to get more support from more colleagues in Washington. I mean, that is just the reality. And I go to some of these posts, and by the way, many of these countries are now smaller posts that are punching above their weight in terms of how much business there is to be done in these smaller countries, or erstwhile smaller countries.

So they would welcome more support from more agencies from our Federal Government, where we can partner, whether it is FCS or State Department's economic officers.

Senator SHAHEEN. Thank you. Thank you, Mr. Chairman.

Chairman CARDIN. Thank you, Senator. Senator Markey.

Senator MARKEY. Thank you, Mr. Chairman, very much. Thank you, Ranking Member Ernst. And thank you, Mr. Syed, for your patience with the senatorial confirmation process. It is a tribute to your ongoing commitment to public service that you are sticking with this process, and we need people of your superb professional training, background, experience to be serving our government, so we thank you so much. You are extraordinarily well qualified for this job, and my hope is that we can get you a vote as quickly as possible.

You know, we need you on the job, especially at this time in our country, and my hope is that we can get that done. With record numbers of people applying for small business loans, we need the full team on the floor because our economy is driven by small businesses, so we need you there.

On the issue of women and minority businesses, I am sure you have already discussed it in the course of this hearing, but I would love to have your views on it. You know, through the leadership of this Committee we really did try to make sure that there would be funding there for minority and women businesses during the COVID crisis. So how do you see the terrain right now, from your

perspective, and what would you recommend that we do in order to make sure that not only keep them in the game but enhance their overall role?

Mr. SYED. Senator Markey, a lot of my work as a small business advocate has been in communities that are underserved, in Black and Brown communities. I feel, in this day and age, so many fellow Black Americans or Hispanic Americans are often not getting access to the resources. There is an awareness gap, but there is also—we just have not been as aggressive in our outreach and understanding what the particular needs are.

I have had the opportunity to get to know some great organizations who are present in the ecosystem and understand some of the concerns that we can hopefully address. But I will work with the Administrator. I know this has been a priority for her. It is also a priority for the President, to ensure that at this moment, which is a unique moment for our country, when we are going through this incredible recovery—and we also saw the disparities in these communities frankly exposed during the pandemic.

We saw some of the businesses that are in underserved areas never came back. You know, one stat I read that almost a fourth or a fifth of Black-owned businesses that were just down, they just never came back after the pandemic. That is just phenomenal to hear that.

We also heard about the state of entrepreneurship in rural communities in the areas with about 20 percent—

Senator MARKEY. Let us hear that again. Let us say that number again, so everyone can hear it.

Mr. SYED. I mean, again, if I am not mistaken, the number that I have seen is that almost one-fourth of Black-owned small businesses just would never come back from this pandemic. They disappeared.

And again, we saw this challenge in all communities, where some communities were impacted more. So again, it is a reminder for us, as a country, that we have got to do more, and there are resources available. There is obviously the great work of this Congress. I, myself, engaged with those resources as a small business owner, and I think we need to be more intentional. We need to continue to prioritize that this is a priority for the Administrator, it is for the President, and if I am lucky enough to be confirmed, I will augment that capacity to make sure we engage with the communities.

Senator MARKEY. Thank you. And I want to move on—I do not have much time—but to the Small Business Innovation grants and the Small Business Technology Transfer grants, SBIR and STTR. Massachusetts has received 25,000 of these innovation grants, and it has helped us to create hundreds of thousands of jobs in the state. Just last year we received 615 grants, valued at \$373 million, going into entrepreneurial companies, creating thousands of additional jobs. And it happens in states all across the country. I mean, this is the program that targets those small business people, and it creates an ecosystem of innovation for Massachusetts and the other 49 states.

So will you commit to fighting to continue to protect and enhance those two programs?

Mr. SYED. So Senator, obviously I come from the innovation ecosystem. I am a product of that track as a career. And there is a role that SBIR and STTR programs have played in spurring innovation. If I am confirmed, we will continue to make sure that we are supporting these programs and their implementation as well around the country.

Senator MARKEY. Yeah, and I will just finish up by saying that there is increasing concern, which we should have about monopolies across the board, concentration of power, which ultimately harms smaller businesses. It is the greatest warning that Adam Smith had in his works, just talking about monopolies and what they did to innovation, small businesses. So I just think we have to keep an eye on that, and if confirmed, I would hope that you would do so as well, sounding the warning.

Thank you, Mr. Chairman.

Chairman CARDIN. Thank you, Senator Markey. Senator Ernst.

Senator ERNST. Yes, thank you, Mr. Chair, and we have covered a lot of different topics today, everything from childcare with Senator Rosen, a lot of fraud topics. The Chairman had stated we have joined together on a letter to SBA concerned about the lending programs and the involvement of fintech, a lot of concerns there.

But one thing I wanted to come back to, when we talk about the underserved communities as well is that we also have those underserved communities that are located in our rural areas, and oftentimes the focus does tend to be on more urban centers. I come from a very, very rural, economically challenged community.

And so there are a lot of deserving rural communities that we should be focusing on, so I do hope that moving forward, whether it is small business government contracting opportunities, lending programs, whatever it might be, that we also not only look at our communities of color, maybe in more urban settings, but that we also look towards those economically challenges areas all across the United States in our rural communities.

So hopefully you will have the opportunity to, if confirmed, to come out and visit some of these rural communities and see the challenges that they face as well.

Mr. SYED. Senator, if I may say very quickly, I look forward to that. I am passionate about it. My work in California has been in the Central Valley, which is the rural part of our state, very similar to parts of Iowa. So that is something that is very near and dear to my heart, and I certainly look forward to working with you, if I am fortunate to be confirmed.

Senator ERNST. Thank you very much. And thank you, Mr. Chair. This was a very productive discussion, I think, today, and I look forward to serving in this next Congress with you.

Chairman CARDIN. Well, thank you. I believe one of our members is on his way here, so I am going to hold for a moment or two. But let me let you know, Mr. Syed, that this Committee would like to get the input from the Deputy Administrator, or once you are confirmed, on what additional legislative tools you might need in order to deal with enforcement and going after those who have misused the system. So if there are additional tools that you need, we would want that information made available to this Committee.

Secondly, Senator Ernst and I are looking at some of the programs that have not been authorized for some time, and would appreciate a rather prompt review by the SBA as we consider legislation. In this Congress, we know that you are always running into an election cycle, so the sooner legislation can be put together, the better chance we have of moving it along.

And the good news about small business is we think we can work in a bipartisan manner on the small business legislation. So we appreciate your prompt review of the different resource partners—we have already talked about that—the certification programs that are handled under SBA, the offramps that are available there. We hear concerns all the time about whether the offramps are adequate enough to allow transition. We have certification issues in regard to the women-owned businesses, 8(a) businesses, et cetera. Those are issues that would be of interest to us.

We have the financial tools themselves that are not all consistent, as we know now, on some of the underwriting issues under the rule that has been proposed. But we also had the Community Advantage, which is still a pilot program, extended for 2 years by the Administration.

We are going to need input as quickly as possible on a lot of these programs, so we would appreciate you giving prompt attention to those matters so that we have an opportunity to legislate where it is needed in this Congress. So please understand that. That would be an important part for us.

Mr. SYED. Senator, obviously if I am lucky enough to be confirmed, and obviously the timing is also going to be a factor there, I will be prompt in providing you with that review, working with the Administrator closely.

Chairman CARDIN. Now after all the requests that we have all made for you to do, do you still want to go forward with this thing? [Laughter.]

Chairman CARDIN. That was a rhetorical question.

Mr. SYED. Well, I chose not to say more on that.

Chairman CARDIN. If you do not mind, we are going to pause for a moment and see if Senator Hawley is on his way. If he is then I think we will hold and give him a chance.

I will point out—and I would do this at the end of the hearing—that Senator Ernst and I have arranged for a tight schedule in an effort to try to expedite the Committee's consideration. We will ask that all questions for the record be due by 6 p.m. tomorrow. That is Thursday, March 9th. And we would request that responses be due back to the Committee by Tuesday, March 14th.

So, Mr. Syed, I hope we are not interrupting any of your weekend plans, but hopefully these are not going to be that difficult, but we would ask that you give these responses by next Tuesday so that we can try to accommodate consideration of your nomination in the Committee.

[Pause.]

Chairman CARDIN. It reminds me of a story, when I first got to the United States Senate, about a Senator who had called the Democratic cloak room to say that he was on his way, would they please hold the vote open so that he could make the vote. And they asked where he was and he said he was at the airport. So we all

assumed he was at the D.C. airport, at the Reagan Airport. He was at the Boston airport. So it took a little time for Senator Kennedy to get there. I will not tell you who it was.

I think Senator Hawley is a little bit closer than that.

[Pause.]

Chairman CARDIN. Senator Hawley, at your convenience, the floor is yours for as long as you would like to take it.

Senator HAWLEY. Thank you very much, Mr. Chairman, and thank you to the Ranking Member, Senator Ernst. Thanks to the witness too. I apologize. I have come from another hearing where I was the Ranking Member.

Let me, Mr. Syed, say thanks for being here again today. It has been a while since we talked last, and a lot has happened since then. I imagine you have been asked about a number of these questions, but I just want to make sure that we have covered the waterfront on this. Let us talk about Emgage Action and the statements they made regarding the State of Israel, so we can get this satisfied, these questions fully answered. And again, I will take a look at what you have said to other citizens.

As you know, Emgage Action made a number of statements about the State of Israel. You have served on their board. What would you say about the statements that this organization, on whose board you served, made, and how would you separate yourself from them?

Mr. SYED. Senator, good to see you. You know, my relationship with the Jewish community, my work with Israel as a partner, both at the State Department and as a businessman all my life, I think speaks for my take on this issue. I have worked with Israel-based companies. I mentored Israel entrepreneurs my entire life. In my current role as a public servant I am advancing U.S. commercial interests around the world, including partnering with Israeli entrepreneurs. And so I think that is what I stand for.

I am not going to be able to speak for Emgage's position on this. I have clearly shared with the board—I am sorry, with the Committee—in the previous process as well as to where I stood on the questions that were asked of me.

Senator HAWLEY. So you say you cannot speak for Emgage Action, so let me just ask you your own view. Emgage Action has said that Israel is an apartheid state. You do not believe that, do you?

Mr. SYED. Senator, I have been very clear about my positions. I have not spoken—my position on Israel is I have engaged with Israel. At the State Department, I am engaging with Israel as a senior—

Senator HAWLEY. Can I just get a yes or no? This should be, I think, pretty easy. Is Israel an apartheid state?

Mr. SYED. It is a specific term. I do not believe it is an apartheid state. And so that is—again, my work and how I work with Israeli businesses and entrepreneurs speaks for how I am treating that ally of ours.

Senator HAWLEY. Okay. Emgage Action issued a statement of support after a House member equated Israel and the United States to Hamas and Taliban terrorist organizations. Do you think that Israel is a moral equivalent of a terrorist organization?

Mr. SYED. Senator, as I said earlier, I am not speaking for the organization.

Senator HAWLEY. No. I am asking you.

Mr. SYED. Those are not my views.

Senator HAWLEY. Good. I am just looking for a yes or no. These are meant to be easy questions, super easy.

Mr. SYED. Those are not my views.

Senator HAWLEY. Okay. So the answer is no?

Mr. SYED. The answer is no.

Senator HAWLEY. Okay. Good.

Emgage Action has issued a statement calling for a ceasefire in which they said that the current state of affairs is not a case of both sides being responsible. The State of Israel is an occupier when it comes to the Palestinians. Do you agree with that?

Mr. SYED. Senator, let me just say this, and I am happy to clarify further. But my entire career is I have engaged with the Jewish community, as I mentioned earlier. I have engaged with Israel as a business person. That speaks for my record.

Senator HAWLEY. Yeah, but can we just answer my question? I mean, I heard all that, but my question is, do you think that the State of Israel is an occupier?

Mr. SYED. Could you elaborate, "occupier"?

Senator HAWLEY. No. I am reading to you from Emgage Action, quote, "This state of affairs is not a case of both sides"—they have that in quotation marks—"not when Palestinians are occupied and the State of Israel is the occupier," end quote.

Mr. SYED. Senator, I am going to speak for what I believe in, what my values are.

Senator HAWLEY. Okay. Yeah.

Mr. SYED. My values are that I have worked with Israel, I have advanced the commercial interests with Israel—

Senator HAWLEY. But do you agree with that statement? Just a yes or no. I just trying to give you an opportunity to—

Mr. SYED. That is an Emgage statement, Senator.

Senator HAWLEY. I know that. That is why I am asking you if you agree with it or not.

Mr. SYED. Senator, I am not going to be able to speak for Emgage's statements. I am just not going to speak for all my views, and again, my views on Israel and my work with the Jewish community in the United States and around the world, I have made that abundantly clear. And a lot of the allies that I have in this room also reflect on that incredible support I have in the Jewish community.

Senator HAWLEY. Well, my time has expired and I have sorely tried the patience of the Chairman and Ranking Member, who have been very gracious to hold this hearing open. So I think what I am going to do is I will give you some questions for the record. I mean for this to be easy. I thought your position was that you did not agree with any of those things. I just wanted to get that on the record. Maybe I misunderstood. If I have misunderstood then I am really concerned.

But I will give you some questions for the record and we can just put it in writing, and that way we will allow you to go. I think you have been here a long time.

Thank you, Mr. Chairman, and thank you, Senator Ernst.

Chairman CARDIN. Thank you, Senator. I will put into the record the statement from the AJC, the American Jewish Committee, on this subject. It starts by saying they normally do not take positions on nominees, but due to the innuendos concerning Mr. Syed's nomination—this was from the last Congress, not this Congress—they issued that statement, underscoring the support that Mr. Syed has been in regards to the Muslim and Jewish community, and that his association with the organization mentioned are not his views. I will put that into the record so we have it in the record.

And if there is no further business the Committee, again, if we can get those answers to the questions timely—there is a deadline of tomorrow night on questions for the record—the Committee will stand adjourned. Thank you.

Whereupon, at 4:01 p.m., the hearing was adjourned.

**APPENDIX MATERIAL SUBMITTED**



FOR IMMEDIATE RELEASE: March 8, 2023  
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## **NASE Supports Syed for Deputy Administrator of the Small Business Administration**

### ***Syed will Continue to Support the Growing Small Business Community***

WASHINGTON, DC – With the nomination of Dilawar Syed to be Deputy Administrator of the Small Business Administration (SBA) before the U.S. Senate Small Business and Entrepreneurship Committee, [Keith Hall](#), the president and CEO of the [National Association for the Self-Employed \(NASE\)](#), the nation's leading advocate and resource for the self-employed and micro-businesses, today signaled his strong support for Deputy Administrator-designee Syed during his nomination hearing today.

“We strongly support Deputy Administrator-designee Syed’s nomination to the Small Business Administration,” said [Keith Hall](#), president and CEO of the [National Association for the Self-Employed \(NASE\)](#), the nation's leading advocate and resource for the self-employed and micro-businesses. “As the small business community continues to grow, we need a common-sense, pragmatic approach to ensuring the SBA supports our smallest businesses. Deputy Administrator-designee Syed brings that approach and a keen eye focused on making sure our community can continue to grow, thrive, and expand.

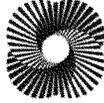
“We look forward to working with Deputy Administrator-designee Syed and the entire SBA to foster growth among the American small business community.”

###

*The National Association for the Self-Employed (NASE) is the nation's leading advocate and resource for the self-employed and micro-businesses, offering a broad range of benefits to help entrepreneurs succeed and to drive the continued growth of this vital segment of the American economy.*

*The NASE [NextBizThing](#) helps identify and connect our nation's smallest businesses. Need small business help? Check out NASE's [Ask the Experts](#) for advice or the [NASE Minute](#) for small business support.*

*The NASE is a 501(c) (6) nonprofit organization and provides big-business advantages to hundreds of thousands of micro-businesses across the United States. For more information, visit the association's website at [NASE.org](http://NASE.org)*



U.S. Chamber of Commerce

1615 H Street, NW  
Washington, DC 20062-2000  
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March 7, 2023

The Honorable Ben Cardin  
Chairman  
Committee on Small Business  
& Entrepreneurship  
United States Senate  
Washington, DC 20510

The Honorable Joni Ernst  
Ranking Member  
Committee on Small Business  
& Entrepreneurship  
United States Senate  
Washington, DC 20510

Dear Chairman Cardin and Ranking Member Ernst:

The U.S. Chamber of Commerce supports the nomination of Dilawar Syed to be Deputy Administrator of the U.S. Small Business Administration (SBA). We believe that it is essential for SBA's senior leadership team to be in place to deliver on the agency's responsibilities and we believe Mr. Syed is well qualified for this position.

Dilawar Syed has an impressive background as an entrepreneur and understands the operational challenges of scaling a start-up to meet increased market demand. Those skills and management acumen are needed at a time when SBA services continue to be in high demand after the agency gained prominence from its role during the COVID-19 pandemic.

As Special Representative for Commercial & Business Affairs at the State Department, Dilawar Syed has been a champion for American business in markets overseas. Throughout his tenure, he partnered effectively with the private sector to advance trade and investment priorities with foreign governments and ensure a level playing field for U.S. business. We know that he will bring that same passion and commitment to SBA to help spur small business engagement and growth through international trade.

We request that the Committee consider Mr. Syed's nomination expeditiously, and we hope that the President and this Committee will move forward shortly with a nomination to head SBA's Office of Advocacy, a critically important department serving America's small business community that has been without a Senate-confirmed Chief Counsel for over six years.

The Chamber looks forward to working with Dilawar Syed as SBA Deputy Administrator. We support his nomination and appreciate the Committee scheduling the March 8<sup>th</sup> hearing.

Sincerely,

Neil L. Bradley  
Executive Vice President, Chief Policy Officer,  
and Head of Strategic Advocacy  
U.S. Chamber of Commerce

cc: Members of the Senate Committee on Small Business & Entrepreneurship

## **AJC Statement on Dilawar Syed Nomination to be SBA Deputy Administrator**



July 7, 2021 — New York

American Jewish Committee (AJC) does not normally take positions on nominees requiring Senate confirmation. However, accusations around Dilawar Syed's nomination based on his national origin or involvement in a Muslim advocacy organization are so base and unamerican that AJC is compelled to speak out.

Syed has been an active partner of the San Francisco Jewish community, including taking part in a program for the national Muslim-Jewish Advisory Council, co-convened by AJC. He traveled to Israel with the Jewish Community Relations Council of San Francisco and has been involved in other Muslim-Jewish dialogue efforts.

The unsupported accusation that somehow Jewish businesses or those with ties to Israel may not fare as well under Syed's leadership in the Small Business Administration (SBA) has no factual grounding. Indeed, he has specifically disavowed support for the boycott, divestment, and sanctions (BDS) movement, which seeks the dissolution of Israel. In a question for the committee record, Syed stated, "Let me unequivocally state that I do not support BDS. Throughout my career, I have supported engagement with Israeli business. I have personally conducted business with Israeli companies and have mentored entrepreneurs based in Israel."

Syed is also being attacked for his involvement with Emgage, an organization with which AJC has made common cause on a number of shared policy issues. While AJC often disagrees with Emgage on matters related to Israel, its advocacy is done in the great American tradition of respectful public debate. AJC rejects the charge that simply an affiliation with Emgage would reflect negatively on an individual, organization, or agency.

Marc Stern, AJC Chief Legal Officer, said, "As an organization which focuses on combating antisemitism and all forms of hate, and cultivating allies for the State of Israel, AJC is not in a position to comment on Syed's qualifications to be the Deputy Administrator of the Small Business Administration (SBA). However, his national origin or his involvement in a Muslim American advocacy organization are not and should not be disqualifying factors."

Senate Committee on Small Business and Entrepreneurship Hearing  
March 8, 2023  
Follow-Up Questions for the Record

Questions for Mr. Dilawar Sved

Questions from:

Ranking Member Ernst

Planned Parenthood's Ineligibility for Paycheck Protection Programs Loans

Last Congress, the Committee had notable trouble receiving timely information regarding Planned Parenthood loans despite multiple requests.

QUESTION 1:

**Will you commit to changing the SBA's culture of unresponsiveness and starting day one will you work to ensure the Committee receives responses to its requests for communications and documentation the Biden Administration made regarding Planned Parenthood affiliates?**

I understand that this issue is important to the Committee. If confirmed, I commit to learning about all outstanding Congressional requests for the agency so that we can ensure that we are being appropriately responsive to Congress.

QUESTION 2:

**Will you commit to ensuring you and the agency you would help oversee will respond to Committee requests in a timely and thoughtful manner regardless of whether you or the agency supports or disagrees subject matter at hand?**

Yes.

Lack of Responsiveness by SBA

Perhaps no issue is reported more often by Members of Congress, staff, stakeholders, and even SBA's own field offices than the agency's persistent unresponsiveness. The agency consistently fails to respond to requests in a timely manner, in a thorough manner, and the agency often simply ignores requests altogether. The Senate Committee on Small Business and Entrepreneurship cannot serve its mission unless the agency it oversees is committed to being transparent and responsive—and that starts at the top. One particularly egregious example occurred last Congress when the Committee's Minority Staff requested information on numerous occasions without a sufficient response regarding the SBA's

approval of PPP funds to Planned Parenthood Affiliates despite apparent findings by the SBA that they were ineligible for said loans. Further, SBA Field Offices have informed Committee staff that they regularly have trouble contacting SBA's main office, thereby being left to fend for themselves while regularly working 20-hour weeks.

**QUESTION 3:**

**If confirmed, will you hereby commit to changing the SBA's culture of unresponsiveness and starting day one will you work to ensure the Committee receives responses by the deadlines provided and, where a genuine, good faith reason is provided, a request for an extension by the provided deadlines?**

Yes, if confirmed, I commit to working with the agency to ensure that the Committee receives responses in a timely manner. As a businessman who has built complex organizations in my career, I strongly believe timely communication is key to building trust so that we can work together to advance the mission of the organization.

**QUESTION 4:**

**Can you please explain how you would address the culture of unresponsiveness at the SBA and implement and maintain a culture of timely and thorough responsiveness? Can you also please explain how you would hold accountable staff that fails to respond in a timely and thorough manner, should that situation arise?**

I will work across the agency to ensure that Congress receives information in a timely manner and that the staff is communicating expectations to the Committee about the time it takes to compile the needed information. Throughout my career working in business, I have worked with staff to set deadlines and hold people responsible and accountable to both internal and external stakeholders. If confirmed, I will bring that perspective to the role.

**Commitment to Impartiality and the Rule of Law**

**Government officials' personal beliefs, including whether one supports or does not support an issue or organization, should not be relevant to any decision-making by the SBA. Regardless of one's personal beliefs, leadership at the agency should make decisions on loans based on the legal criteria and should always be responsive to requests by its committee of jurisdiction.**

**QUESTION 5:**

**Do you agree that all agency decisions should be made impartially and based on the rule of law?**

Yes.

**QUESTION 6:**

**If confirmed, can you commit to ensuring you and the agency you would oversee will respond to Committee requests in a timely and thoughtful manner regardless of whether you support or disagree with the position or issue at hand?**

Yes.

**Need for Modernizing Regulatory Processes and Preventing Overregulation from Stifling Innovation and Entrepreneurship**

As the State Department’s Special Representative for Commercial and Business Affairs you regularly mentioned in your speeches and statements the importance of driving innovation and entrepreneurship in the United States. Indeed, just last month at Global Business Briefing hosted by Meridian Corporate Council you said you hope to harness the unrivaled entrepreneurship and innovation of the U.S. private sector and create a level playing field for American businesses abroad.<sup>1</sup>

While reasonably tailored, limited regulations are certainly important and, in some instances, necessary to provide industries with the guidance and clarity they need to compete, overregulation stifles the very innovation and entrepreneurship you claim we should promote. Overregulation also prevents U.S. small businesses from competing with international competitors because the United States is one of the most overregulated countries in the world, with some studies ranking us the fourth most overregulated country in the world and a study by the National Federation of Independent Businesses finding that, after cost of health insurance, retaining good employees, and taxes, the biggest issue was “unreasonable government regulations.”

**QUESTION 7:**

**Do you believe that overregulation stifles innovation and entrepreneurship and red tape often discourages would-be innovators and job creators from ever entering markets?**

As stated in the hearing, I believe there is an appropriate role for regulation, and I have experience in business navigating and complying with regulation. I believe the role of the SBA is to be an advocate for small businesses by making it easier for entrepreneurs to do business not harder to do business.

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<sup>1</sup> See, e.g., Meridian Int’l Center, *Meridian Global Business Briefing with Mr. Dilawar Syed, Special Representative for Commercial & Business Affairs* (Feb. 10, 2023), <https://www.meridian.org/project/meridian-global-business-briefing-with-mr-dilawar-syed-special-representative-for-commercial-business-affairs/>; U.S. Embassy and Consulates in Pakistan, *U.S. Special Representative Syed: Entrepreneurship and Innovation are Key to A Healthy Economy* (July 7, 2022), <https://pk.usembassy.gov/u-s-special-representative-syed-entrepreneurship-and-innovation-are-key-to-a-healthy-economy/> (stating “[t]he United States will keep working to expand our bilateral trade, boost investment and expand entrepreneurial and educational opportunities for all...”).

If confirmed, I intend to be an advocate for small businesses within the Administration, including on issues regarding regulatory reform. I will work with stakeholders, Congress, and directly with small business owners to hear their thoughts on a wide range of issues and will provide that feedback to the Administration. As a former businessman and advocate, I will be guided by my strong belief that U.S. private sector is one of our most strategic assets as a nation and we need to reduce friction to their growth.

**QUESTION 8:**

**Do you believe that regulations should be tailored or adjusted in order to accommodate firms of all sizes, instead of a one-size-fits-all model that regulates all firms the same regardless of size? If so, can you discuss how, if confirmed, you might work to ensure federal agencies genuinely try to tailor their regulations appropriately to accommodate small business's needs?**

SBA plays an important role in voicing the concerns of small businesses on a variety of issues, including regulation. I will need to understand the full range of regulations and the small business community's feedback. If confirmed, I look forward to working with the SBA Office of Advocacy and the SBA Ombudsman to ensure that the concerns of small firms are at the forefront when considering regulation.

**QUESTION 9:**

**If confirmed, will you commit to prioritizing working with the SBA Office of Advocacy and this Committee to identify and implement policies that will better ensure Small Business concerns are fully considered in the creation of regulations?**

Yes.

**QUESTION 10:**

**Do you believe SBA has a role to play in making the United States an easier place to launch a new business, especially in terms of reducing the bureaucratic barriers entrepreneurs face when launching a new business? If so, can you discuss what SBA's role is or should be and how you would work to address those issues if confirmed?**

The United States remains the most dynamic economy in the world because of our entrepreneurial ecosystem. Yes, SBA has a critical role to help ensure that the new businesses have an enabling environment to succeed. From access to capital to mentorship and advice that reaches all aspiring entrepreneurs, especially in our under-served areas, SBA is a frontline federal agency for American entrepreneurs. If confirmed, I will work with the Administrator and the SBA team to make sure we are always optimizing for entrepreneurs' success.

**QUESTION 11:**

**As a small business owner and founder yourself, did you or your employees ever struggle with regulatory burdens (federal, state, and/or local), including costs of compliance, understanding of the regulations, access to, or understanding of, guidance documents?**

*Need to Ensure Small Businesses Can Find the Agency Guidance Intended to Guide Them:* The Administrative Conference of the United States (ACUS) is an independent federal agency within the executive branch whose statutory mission is to identify ways to improve the procedures by which federal agencies protect the public interest and determine the rights, privileges, and obligations of private persons.<sup>2</sup> ACUS noted recently that guidance, while often helpful for small businesses, is often hard to find.<sup>3</sup> In that same report, ACUS noted that “[a]gencies should be cognizant that the primary goal of online publication is to facilitate access to guidance documents by regulated entities and the public.”<sup>4</sup> In other words, agencies issue guidance purportedly to help regulated entities better understand the regulations that must comply with, yet don’t make the effort to ensure the intended audience can be actually guided.

In your testimony, you also recognized that “as an entrepreneur...you’re often in the dark on the basics, like where do you go, and often in the dark on the basics ... and often that information is not available even if the information exists.” You further stated, “the broader theme is its about raising awareness of what we already have, making it simpler to access information with the tools and technology that we have today—it’s something we should be doing more of.”<sup>5</sup>

**QUESTION 12:**

**While building and running your own businesses, did you or your employees ever deal with issues finding and/or understanding guidance documents?**

Responses to Questions 11-12:

Having run startups that have limited capacity and staff to manage the overhead and compliance, I greatly appreciate the importance of streamlining and easing regulatory burden. If confirmed, I will bring that perspective and lens to SBA. I agree that we should make it easier for small

<sup>2</sup> See Admin. Conf. of the U.S., About ACUS (last visited Mar. 5, 2023), <https://www.acus.gov/about-acus>.

<sup>3</sup> Admin. Conf. of the U.S., Public Availability of Agency Guidance Documents, Rec. Numb. 2019-3 (Adopted June 13, 2019), <https://www.acus.gov/recommendation/public-availability-agency-guidance-documents>.

<sup>4</sup> *Id.*

<sup>5</sup> *Nomination of Dilawar Syed to be Deputy Administrator of the Small Business Administration Before the S. Comm. On. Small Business and Entrepreneurship*, 118th Cong. (2023) (statement of Mr. Dilawar Syed), <https://www.sbc.senate.gov/public/index.cfm/hearings?ID=007192B6-BBD2-4D70-88ED-DFDA24F7D205> (making specific statement at 1:08:55).

businesses to understand and navigate the regulatory landscape and it would be a priority if I am confirmed.

I was not aware of agency guidance as an entrepreneur. This goes to the broader point I made during my hearing of raising awareness of federal resources to the small business community. If confirmed, I look forward to driving awareness of resource documents to small businesses.

**QUESTION 13:**

**Do you think this is an issue that should be addressed so that guidance—and especially guidance referencing or elaborating on rules found to have significant economic impacts on a substantial number of small entities—should be made readily available online?**

**QUESTION 14:**

**The FDA is required to solicit comments on their guidance and have been for decades. Do you believe it could be helpful for small businesses to be able to comment on guidance documents, especially to ensure the agency can update the guidance to make it easier to understand and generally more helpful for small businesses?**

Response to Questions 13-14:

It is my understanding that agencies must publish small business compliance guides on their website. If confirmed, I look forward to working with you and other members of Congress to ensure that guidance documents are not only easily accessible, but also that small businesses can understand them.

**Combatting and Addressing Fraud Through SBA Loans**

Since you last came before the Committee, much has been discovered about the pervasiveness and sheer volume of fraud that occurred through the SBA's COVID-19 programs and the Committee believes addressing this fraud must be a top priority. FinTechs alone were responsible for distributing billions of dollars in fraudulent loans as they put in place little to no fraud prevention measures in order to profit off of the processing fees. Meanwhile, the SBA continues to move forward with proposed rules that would remove prudent underwriting standards including weakening affiliation rules, and allowing an unlimited number of FinTechs to access SBA 7(a) loans. Indeed, the SBA OIG noted in its FY 2023 report on the top management and performance challenges facing the SBA that "SBA risk management and oversight practices need improvement to ensure the

integrity of loan programs,” mainly due to “SBA’s lack of internal controls led to significant fraud risk and vulnerabilities.”<sup>6</sup>

**QUESTION 15:**

**Can you discuss how, if confirmed, you would begin addressing the vulnerability and lack of internal controls issues identified by the SBA OIG in their most recent report?**

As I stated in the hearing, fraud is not acceptable in any of the businesses I have led. I understand Administrator Guzman has prioritized restoring fraud prevention and controls. If confirmed, I look forward to meeting with the Inspector General to better understand the concerns raised in his report with the nonpublic information that will be available in my role. I also commit to helping in any way needed to ensure SBA has in place controls and protocols to prevent and detect fraud, waste, and abuse in the agency’s programs. If confirmed to the job, I will make fraud prevention one of my top priorities.

**QUESTION 16:**

**Will you commit to working to investigate all PPP loans flagged by the SBA OIG as potentially fraudulent, and work to recover funds from fraudulent loans of all sizes, including those of less than \$100,000?**

I will commit to ensuring that SBA and its Office of Inspector General continue to work collaboratively to prevent, detect, and respond to fraud. We should make every effort to ensure that law enforcement recovers taxpayer dollars that were obtained fraudulently.

**QUESTION 17:**

**If confirmed, will you commit to rescinding the current lending proposed fintech lending rules and ensuring adequate guardrails are in place to protect from future fraud and risky loans in SBA’s core lending programs?**

I will certainly prioritize guardrails and safeguards on all of SBA’s systems. If I am confirmed, I will examine all of the agency’s proposed rules.

**Commitment to Ensuring “Underserved” Communities Doesn’t Forget Rural America**

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<sup>6</sup> U.S. SBA OIG, TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE SMALL BUSINESS ADMINISTRATION IN FY 2023 1, 20 (2022), [https://www.sba.gov/sites/default/files/2022-10/SBA%20OIG%20Report%202023-01\\_0.pdf](https://www.sba.gov/sites/default/files/2022-10/SBA%20OIG%20Report%202023-01_0.pdf).

The Biden Administration has regularly touted the need to use government programs to better support “underserved”<sup>7</sup> and “socially and economically disadvantaged individuals”<sup>8</sup> or SDBs. Of particular note, the President recently issued an Executive Order recently stating that “[t]he Government-wide goal for Federal procurement dollars awarded to small business concerns owned and controlled by [SDBs] shall be 15 percent in Fiscal Year 2025” and that “[t]he Small Business Administration shall, on an annual basis, work with each agency to establish an agency-specific goal that, in aggregate, supports the Government-wide goal.” The EO lastly states that “agencies shall undertake efforts to increase contracting opportunities for all other small business concerns as described in the Small Business Act (15 U.S.C. ch. 14A).”<sup>9</sup>

**QUESTION 18:**

**Can you discuss how you would go about implementing this Executive Order and, specifically, how you would ensure small businesses are better able to compete for government contracts, if confirmed?**

The U.S. Government is the world’s largest purchaser of goods and services. Ensuring that small businesses have access to government contracting opportunities is an important role for the SBA that is outlined in statute. I am not at the agency, but if I am confirmed, I look forward to working with the Government Contracting office to ensure that we are fulfilling all of the requirements for the program and meeting our small business goals as established by statute and the Administration.

**QUESTION 19:**

**If confirmed, can you commit to ensuring rural communities are fully considered and engaged with when developing any policy or program to increase small businesses and SBD’s ability to compete for government contracts?**

Yes. Throughout my civic career, I have been passionate about bridging the divide with our rural communities – whether in the Central Valley region of California or my work in reaching rural regions at the State Department’s Office of Commercial & Business Affairs. If confirmed, I look forward to working with you to ensure Iowa entrepreneurs, including in the rural regions, are actively engaged and are aware of SBA’s programs.

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<sup>7</sup> White House, Fact Sheet: Biden-Harris Administration Announces Reforms to Increase Equity and Level the Playing Field for Underserved Small Business Owners (Dec. 2, 2021), <https://www.whitehouse.gov/briefing-room/statements-releases/2021/12/02/fact-sheet-biden-harris-administration-announces-reforms-to-increase-equity-and-level-the-playing-field-for-underserved-small-business-owners/>.

<sup>8</sup> Exec. Order No. 14091, 88 Fed. Reg. 10825 (2023), <https://www.whitehouse.gov/briefing-room/presidential-actions/2023/02/16/executive-order-on-further-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/>.

<sup>9</sup> *Id.* at Sec. 7.

**QUESTION 20:**

**Can you speak to how you would work to engage with deeply rural communities such as those in Iowa that are often very isolated, with the closest “city” centers being many hours away?**

As I engage with small businesses across the country, too few business owners — especially in underserved rural regions — are aware of SBA’s core programs. In my work with the California Entrepreneurship Task Force, I have discovered that many small businesses are unaware of SBA programs in the rural parts of the state. If confirmed, I look forward to working with Congress to raise awareness of the SBA resources in the rural regions across the nation. With the advances in technology, we have an opportunity to promote a deeper metro-rural connectivity for teams.

**QUESTION 21:**

**Similarly, if confirmed, can you commit to ensure that the development, implementation, and administering of any policy or program is done in a way that includes *all* qualifying citizens and small businesses without prioritization of certain groups, regardless of their race, color, religion, sex, sexual orientation, marital status, age, disability or national origin?**

Though my work with the California Entrepreneur Task Force, I have seen firsthand that talent and entrepreneurial energy exist in every community and every geographic region, but not every community and region, especially fellow Americans in our rural regions, has the same opportunity. SBA’s mission is to meet all our small business customers where they are and ensure that all entrepreneurs can access our services regardless of whether they live in an underserved or rural area or whether they come from a socio-disadvantaged background. I will always work with the Administrator to optimize for small business success and ensure that our programs are serving the needs of all of our nation’s small businesses and aspiring entrepreneurs.

**The Affiliation and Lending Criteria for the SBA Business Loan Programs, 87 FR 64724, and Small Business Lending Company (SBLC) Moratorium Rescission and Removal of the Requirement for a Loan Authorization, 87 FR 66963**

**Earlier this week, Chairman Cardin and I sent a letter to Administrator Guzman detailing our concerns about two recent proposed rules, the Affiliation and Lending Criteria for the SBA Business Loan Programs, 87 FR 64724, and Small Business Lending Company (SBLC) Moratorium Rescission and Removal of the Requirement for a Loan Authorization, 87 FR 66963, that could open SBA lending programs to fraud and other vulnerabilities, and do not reflect congressional input or authorization.**

**QUESTION 22:**

**It is essential that in order to maintain the integrity of SBA lending programs, that prudent underwriting and credit analysis standards are able to mitigate risks to potential fraud and predatory lending practices. If confirmed, can you commit to ensuring that prudent lending guardrails in SBA lending programs will not be weakened by any new regulations proposed by the SBA?**

I understand this is an important issue to you and Chairman Cardin. The SBA must always have guardrails to protect the integrity of its programs and, if confirmed to the job, I will make fraud prevention one of my top priorities. As a nominee, I have not had the opportunity to work directly with the staff at the agency on the proposed rules. If confirmed, I look forward to examining this issue and learning more about it.

**QUESTION 23:**

**In order to provide fairness to all SBA approved lenders under these programs, can you commit to ensuring that all new lenders will have the same minimum underwriting standards as any other SBA approved lender?**

The SBA should not disadvantage any lender that is eligible to participate in its programs, and, if confirmed, I look forward to learning more about this issue.

**Addressing the Severe Shortage of Child Care Options for the Small Business Workforce**

**Last Congress, I introduced the Childcare Development of Employee Solutions for Early Rearing in Towns with Shortages Act, or the Childcare DESERTS Act, which would allow for small businesses to use 7(a) and 504 loans under the SBA to open an onsite child care facility for employees. I am also an original cosponsor of Senator Rosen's *Small Business Childcare Investment Act* that would allow for the same SBA loan programs to be used by nonprofit childcare providers. Communities across the United States, especially rural communities, are facing severe shortages of child care that is preventing many parents from returning to work, causing major challenges for the small business work force.**

**QUESTION 24:**

**Will you commit to ensuring that the SBA will work with the Administration of Children and Families under the Department of Health and Human Services to provide small businesses with technical assistance with regards to providing optional child care benefits as part of the SBA's Business Guide?**

Improving access to child care is essential for strengthening our workforce and helping small businesses recruit and retain the workers they need. The SBA should always partner with other

federal agencies where it makes sense to help support small businesses, and I will look at this issue if I am confirmed.

**Investment and Innovation Programs**

**Last Congress, I co-sponsored legislation to extend the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. The SBIR and STTR Extension Act of 2022 provided a critical due diligence framework to protect American investments from foreign influence concerns and starts to curb so-called “SBIR mill’s” program abuse through performance benchmarks.**

**QUESTION 25:**

**If confirmed, will you commit to overseeing the full implementation of the *SBIR and STTR Extension Act of 2022* as prescribed by law?**

Yes.

**Question from:**

**Senator Hickenlooper**

**QUESTION 1:**

**Digital workflows using artificial and machine learning techniques can make routine processes more efficient, help identify fraud, and improve the customer experience. Do you plan to integrate any new technologies to improve SBA's day-to-day function?**

AI presents a promising opportunity to streamline and optimize processes to accelerate decision-making, detect fraud, and improve risk management. Like any other new technology, we want to be thoughtful in how the implementation impacts SBA's customers. We also want to carefully consider costs given SBA's scale. If confirmed, I will work with the technology teams to assess whether AI and machine learning can help modernize SBA's infrastructure and improve decision-making speed, customer service, and delivery of SBA products.

**Question from:**

**Senator Risch**

**SBA Proposed Rules**

**Given the 7(a) program's importance to Idaho, I've supported legislation to ensure the strength of the 7(a) program into the future in order to guarantee that entrepreneurs in Idaho will have access to the critical capital they need to build and grow their businesses. I'm concerned that new rules put forth by the SBA could jeopardize the 7(a) program's integrity. The new rules would allow new unsupervised entities into the program, erode affiliation standards, weaken underwriting requirements, and allow political appointees to make key decisions regarding loans and lending plans.**

**QUESTION 1:**

How will you ensure that these new rules will not undermine the 7(a) loan program?

The 7(a) loan program is SBA's flagship product, providing critical capital to businesses throughout the nation. If confirmed, I look forward to working with the Committee and Administrator Guzman and agency leadership to ensure that the program has critical safeguards that will allow even more entrepreneurs to access the funding they need to start and grow their business.

**Questions from:****Senator Young**

**As part of your diplomacy work with the State Department, you've traveled to over 12 countries and have held dozens of senior-level meetings with foreign officials.**

**QUESTION 1:**

**Can you speak to the lessons you've learned while serving as Special Representative for Commercial and Business Affairs and how your work will shape your decision-making if confirmed as SBA Deputy Administrator?**

My commercial diplomacy and advocacy at the State Department has a geo-strategic focus. I advance U.S. commercial interest to ensure U.S. private sector competitiveness against our biggest competitors. My work has involved promoting U.S. emerging tech against the Chinese government-supported entities such as Huawei in the Middle East, Southeast Asia, and Africa, and mobilizing private sector in support of the people of Ukraine (and Eastern Europe) since the very inception of Russia's brutal aggression.

Small businesses are core to America's private sector leadership. If confirmed, I will bring the perspective to the agency that in addition to being an engine of economic growth at home, U.S. small businesses in certain sectors play a major role in advancing our national security. Innovative startup ecosystem is critical to building our leadership in AI, nanotech, and quantum computing. Mid-scale manufacturers in the heartland augment our capacity to respond to food security and energy security across the globe. I have engaged with small businesses domestically in these sectors as Special Rep. at the State Department. If confirmed, I look forward bringing an even greater purpose to SBA to support these innovators and entrepreneurs.

Finally during my time at the U.S. State Department, what I have seen is that commercial diplomacy is often focused on larger companies. I am proud of United States companies that are major job creators, but there is an opportunity for us to do more for the next generation of large companies. The lens that I would bring to the job, if I am lucky enough to be confirmed, is how do we steer some of our commercial resources towards midscale companies and direct them to the global marketplace and the opportunities that exist there. In every country I have visited as a senior diplomat, people still want to do business with American companies, but we have got to show up. SBA can play a more energetic role, working with the Foreign Commercial Service at the Department of Commerce and the Department of State to ensure small businesses are at the forefront as U.S. exporters.

**While serving in the State Department's Bureau of Economic and Business Affairs, you've been a strong advocate for advancing trade and export activities.**

**QUESTION 2:**

**If confirmed, how will you work with Administrator Guzman to ensure small businesses have a voice when the Office of the U.S. Trade Representative negotiates and examines relevant trade agreements?**

At the State Department, I saw the positive influence of the interagency process working with the Department of Commerce, USTR, and other agencies to provide support to American companies in foreign markets. If confirmed, I look forward to working with the SBA's Office of International Trade to ensure that small businesses have a seat at the table when USTR is negotiating trade agreements.

**QUESTION 3:**

**From your experience in both the private and public sector, what would you see as the major barriers for small businesses to export goods and services?**

**QUESTION 4:**

**With nearly 96% of potential customers living outside the U.S., access to foreign markets is of the utmost importance for many businesses to continue expansion. Do you believe Free Trade Agreements and uniform export controls are essential to helping our small businesses have access to foreign markets?**

Answers to Questions 3-4

During the hearing, I discussed the challenge that only one percent of small businesses export goods abroad. For too many businesses, it can be a challenge to navigate a foreign market with all types of risk. There is also a lack of awareness of federal resources and support available to small businesses to explore foreign markets. I have received similar feedback from small businesses I have engaged with in Indiana. I have seen the way that the State Department, Commerce Department, and other agencies provide critical support to American companies. If confirmed, I look forward to working with the SBA to ensure that small businesses understand the breadth of our inter-government resources and can begin promoting and selling American-made products abroad.

Finally, as Special Representative, I am actively involved with multilateral forums the United States is engaged on— APEC (21 nation economies across the Pacific Rim) which we are hosting this year, I2U2 (a grouping that brings together partners from India, Israel, and UAE), and APEP (Americas-focused effort), and IPEF (14 partners in the Indo-Pacific). These are major platforms to promote U.S. small businesses and address business environment issues such as cross-border data flows and protection of U.S. intellectual property that often discourages U.S. innovators and entrepreneurs from exporting.

**QUESTION 5:**

**In December 2022, the SBA suspended major fintech companies from working with the agency as part of its efforts “to address the fraud and weak controls that were so prevalent at the onset of the Paycheck Protection Program (PPP).”**

**QUESTION 6:**

**Do you believe current SBA requirements are sufficient in preventing high rates of fraud in the agency’s lending programs?**

As I emphasized in the hearing, we need to protect taxpayer dollars and make every effort to recover fraudulently obtained loans. Fraud is unacceptable and Administrator Guzman has made reforms to SBA’s programs to restore controls and reduce risk to the agency. If confirmed, I will make fraud prevention one of my top priorities. I look forward to examining current anti-fraud measures at the agency and working closely with the Inspector General, GAO, and other experts to better understand ways that SBA can improve its systems to ensure that we protect and recover taxpayer dollars intended to support our small businesses.

**QUESTION 7:**

**Do you believe there are investments in loan application and verification systems that the SBA could pursue to lower fraud risks?**

Without serving at the agency, I cannot speak to current loan application and verification systems. However, my experience in business and technology informs my view that advanced technology can provide a better customer experience while also strengthening SBA’s fraud controls. As mentioned above, I intend to make fraud prevention one of my top priorities and, if confirmed, will review workflows, processes, and systems to explore what the agency can improve to protect taxpayer funds.

**QUESTION 8:**

**If confirmed, will you commit to working with members of this committee to address PPP fraud concerns, as well as other concerns regarding the role of fintech companies in future initiatives?**

Yes.

**QUESTION 9:**

**Will you commit to working with Administrator Guzman and the Treasury Department on crafting sufficient anti-fraud criteria for fintech lenders that would participate in future programs?**

Yes. I believe any lender participating in SBA's programs must have strong standards that help prevent fraud.

**On October 19, 2022, the SBA published proposed rules to amend the Small Business Investment Company (SBIC) program. Among the many reforms, the agency is proposing the creation of "Accrual SBICs" and "Accrual Debentures."**

**As opposed to semi-annual interest payments associated with the standard Debentures, the Accrual Debenture would accumulate interest over its 10-year term (in addition to a five-year rollover if the licensee can't pay), and the SBA would guarantee all principal and unpaid interest. If Accrual SBICs were to have a few bad investments in early-stage ventures, there is confusion as to how those losses will be offset. As such, there are concerns whether the new program would threaten the stability of the standard Debenture program.**

**QUESTION 10:**

**If confirmed, will commit to working with relevant stakeholders and this Committee to address any concerns regarding the new Accrual Debenture program?**

Yes.

**QUESTION 11:**

**Will you also commit to producing the information or models that lay out how the Accrual Debenture program will maintain the SBIC program's statutory requirement for a zero-subsidy rate on leverage?**

Yes.

Questions from:

Senator Kennedy

PPP Loan Program

**QUESTION 1:**

**If confirmed, will you ensure safeguards are put in place so that taxpayer dollars are not stolen by criminals to buy luxury items and real estate?**

Yes. As discussed at the hearing, fraud is unacceptable and the American people have a right to expect that their tax dollars reach the small businesses Congress intended to help.

**QUESTION 2:**

**At the time you were pursuing venture financing for Lumiata, what were the potential future earnings that were presented to you and/or other executives at Lumiata from the venture?**

As an early-stage start-up, Lumiata was not profitable during my time working there and did not project to be profitable for several years to come due to the high cost of building AI products and the complexity of the healthcare market for a small startup. Because I resigned from the company in August 2021, I am not aware of the company's current financial position. When I resigned, I did not exercise any shares in the business, and I do not hold any financial stake in the company.

**QUESTION 3:**

**With such a quick turnaround on repayment of your federal loans, do you believe receiving federal funds for Lumiata was justified while small businesses around the country were struggling to keep their doors open during the pandemic?**

Like many business owners in March 2020 staring down a global pandemic that crushed business demand, my company was facing a truly uncertain future, and I was responsible for the livelihoods of 24 employees. Small businesses like Lumiata are capital-intensive due to the high cost of engineers and data scientists. The company's early prospective customers were health systems which deferred or canceled plans to invest in new technologies as they scrambled to respond to rising COVID infections. Investors were retreating, and we were initially not able to raise funds required to keep the company going without significant layoffs.

During the pandemic, the company had to take steps it never thought it would have to take, and SBA's COVID-19 relief programs provided a lifeline. An SBA-approved lender and the SBA determined the company met the eligibility criteria to receive a Paycheck Protection Program (PPP) loan, an Economic Injury Disaster Loan (EIDL), and EIDL Advance fund.

SBA-related funds were used in accordance with applicable rules to keep all 24 U.S. employees on payroll, preserving those American jobs and the health insurance of many families in the middle of a worsening pandemic. The PPP funds received by the company were used exclusively for payroll of all U.S. employees, including my salary. The EIDL was used to pay office rent and utilities. Both PPP and EIDL loans were paid off in January of 2021, a process the company started in December after the Board decided to clear all debt the company owed including SBA loans. No additional money is owed to the SBA or the company's SBA-approved lender.

**Questions from:  
Senator Hawley**

**As we discussed in your nomination hearing, you were previously a Board Member of Emgage Action, a political action committee which has released a number of concerning statements about the State of Israel. Please clarify for the committee whether or not you personally support the following positions:**

**QUESTION 1:**

**Yes or no, do you believe that “Palestinians are occupied and the State of Israel is the occupier”?**

I resigned my position from the Emgage Board in December 2021 before entering public service, and I have been clear that the organization does not speak for my views.

The position of the United States government, which I support, confirms Israel’s right to exist as a sovereign state while recognizing that certain territories in the region are in dispute. This is a long-standing position that has been held by both Republican and Democratic Administrations over the course of many decades. I support the U.S. government position of a two-state solution that allows Israelis and Palestinians to enjoy equal measures of security, prosperity and freedom. I have worked in pursuit of that goal as a private citizen, businessman and as a senior official at the State Department and have received strong support of Jewish community organizations from across the political spectrum.

**QUESTION 2:**

**Yes or no, do you believe Israel is an apartheid state?**

No.

I have done business with Israel throughout my career as a businessman and have supported Israel’s economic integration in my work at the US State Department. I traveled to Israel as part of Jewish Community Relations Council (JCRC)’s Study Tour. Working with the San Francisco JCRC, I sought to increase the dialogue and engagement between Muslim and Jewish communities.

**QUESTION 3:**

**Yes or no, do you support Israel’s right to exist as a sovereign state?**

Yes. Since 1948 when the United States first recognized Israel as a sovereign state, our countries have been committed allies. I have seen the close partnership between Israel and the United States firsthand in my role at the State Department as we worked together for a prosperous and peaceful Middle East.

**QUESTION 4:**

**Yes or no, do you support the Boycott, Divestment, and Sanctions (BDS) movement?**

No.

Throughout my career, I have supported engagement with Israeli business. At the State Department, I have worked closely with Israel on economic integration in the region and collaborated on issues such as setting standards on advanced technology and AI. As a businessman, I have conducted business with Israeli companies and have mentored entrepreneurs based in Israel.

**QUESTION 5:**

**Yes or no, do you believe that the United States should reduce or condition aid to Israel?**

No.

