

TO REQUIRE THE INSPECTOR GENERAL OF THE SMALL BUSINESS ADMINISTRATION TO SUBMIT A QUARTERLY REPORT ON FRAUD RELATING TO CERTAIN COVID-19 LOANS

SEPTEMBER 1, 2023.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WILLIAMS of Texas, from the Committee on Small Business, submitted the following

R E P O R T

[To accompany H.R. 4666]

The Committee on Small Business, to whom was referred the bill (H.R. 4666) to require the Inspector General of the Small Business Administration to submit a quarterly report on fraud relating to certain COVID-19 loans, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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I. PURPOSE AND BILL SUMMARY

H.R. 4666 was introduced by Rep. Aaron Bean (R-FL) and Rep. Kweisi Mfume (D-MD) on July 17, 2023. The purpose of H.R. 4666 is to require the Inspector General of the Small Business Administration to submit a quarterly report to Congress for two years

which provides updated information concerning the ongoing fraud investigations of Paycheck Protection Program (PPP) loans and COVID–19 Economic Injury Disaster Loans (EIDL).

II. NEED FOR LEGISLATION

H.R. 4666 requires the Office of the Inspector General (OIG) of the SBA submit a report to Congress every quarter for two years which provides updated information concerning the ongoing fraud investigations of PPP loans and COVID–19 EIDLs. Specifically, the report must include the total dollar amount of all covered loans that were made, the number of both new fraud cases and suspected fraud cases, the type of fraud identified in those cases, and the number of fraud cases resolved to date.

According to the SBA OIG White Paper Report 23–09, *COVID–19 Pandemic EIDL and PPP Loan Fraud Landscape*, an estimated \$200 billion in potentially fraudulent COVID–19 EIDLs and PPP loans were disbursed by the SBA.¹ As the OIG continues working on the tens of thousands of investigative leads on alleged fraud, waste, and abuse of taxpayer resources, it is important for Congress to be kept apprised of the extent of the fraud and the progress in resolving ongoing cases.

III. HEARINGS

In the 118th Congress, the Committee held one hearing examining the issues covered in H.R. 4666. On July 13, 2023, during the Full Committee hearing, “Stolen Taxpayer Funds: Reviewing the SBA and OIG Reports of Fraud in Pandemic Lending Programs,” the Committee examined two recent and contradicting reports that exposed fraud in the COVID–19 pandemic lending programs. The SBA OIG report concluded the SBA disbursed more than \$200 billion in potentially fraudulent loans through pandemic relief programs, while the SBA reported the fraud in these programs is closer to \$36 billion.

In addition to the discrepancy of more than \$160 billion in fraud between the two reports, the Inspector General testified that he is committed to keeping the House Committee on Small Business updated amid the more than 100 years of investigative casework required to look into the over 90,000 actionable leads from hotline complaints that they received.

IV. COMMITTEE CONSIDERATION

The Committee on Small Business met in open session, with a quorum being present, on July 18, 2023, and ordered H.R. 4666 reported to the House of Representatives. During the markup, no amendments were offered.

V. COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the recorded votes on the motion to report legislation and amendments thereto. The Committee voted to favorably report H.R. 4666 to the House of Representatives at 11:00 AM.

¹U.S. SMALL BUS. ADMIN. OFFICE OF INSPECTOR GEN., REPORT 23–09, WHITE PAPER ON COVID–19 PANDEMIC EIDL AND PPP LOAN FRAUD LANDSCAPE (JUN. 27, 2023).

118th Congress House Committee on Small Business Vote Record

Date:
Convened:

Bill: 4666

Adjourned:

Republicans	Aye	Nay	Present
Mr. Luetkemeyer (MO-03)	✓		
Mr. Stauber (MN-08)	✓		
Mr. Meuser (PA-09)	✓		
Ms. Van Duyne (TX-24)	✓		
Ms. Salazar (FL-27)	✓		
Mr. Mann (KS-01)	✓		
Mr. Ellzey (TX-06)	✓		
Mr. Molinaro (NY-19)	✓		
Mr. Alford (MO-04)	✓		
Mr. Crane (AZ-02)	✓		
Mr. Bean (FL-04)	✓		
Mr. Hunt (TX-38)	✓		
Mr. (La-Low-ta) Lalota (NY-01)	✓		
Chairman Williams (TX-25)	✓		
TOTALS:			

Mr. Chairman _____ Votes _____

Mr. Chairman _____ Off _____, Votes _____

Mr. Chairman on that vote 26 Ayes 0 Nays and 0 Present

118th Congress House Committee on Small Business Vote Record

Date:

Bill:

Democrats	Aye	Nay	Present
Mr. Golden (ME-02)	✓		
Mr. M-fume (MD-07)	✓		
Mr. Phillips (MN-03)	✓		
Mr. Landsman (OH-01)	✓		
Mr. Mc-Gar-vey (KY-03)	✓		
Ms. Glue-sen-kamp Perez (WA-03)	✓		
Ms. (Skull- ton) Scholten (MI-03)	✓		
Mr. (Tan-a-dar) Thanedar (MI-13)	✓		
Ms. (Chew) Chu (CA-28)	✓		
Ms. Davids (KS-03)	✓		
Mr. Pappas (NH-01)	✓		
Ranking Member Nydia Velazquez (NY-07)	✓		
TOTALS:			

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VI. SECTION-BY-SECTION OF H.R. 4666

Section 1. Report on fraud relating to certain COVID-19 loans

This section requires that the Inspector General of the SBA submit a report to Congress every quarter that details the number of borrowers it has found to have engaged in fraud with respect to PPP loans and EIDLs. This report must include the total dollar amount of all covered loans made, the number and type of fraud found in both new and suspected fraud cases, and the number of fraud cases resolved to date.

Section 2. Compliance with CUTGO

This section does not authorize any additional appropriations for this bill.

VII. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(d)(1) of House rule XIII, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974. The Committee has requested but not received from the Director of the Congressional Budget Office a cost estimate for the Committee's provisions. Once available, the cost estimate will be published in the Congressional Record.

VIII. NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a)(I) of the Congressional Budget Act of 1974, the Committee provides the following opinion and estimate with respect to new budget authority, entitlement authority, and tax expenditures. While the Committee has not received an estimate of new budget authority contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to Sec. 402 of the Congressional Budget Act of 1974, the Committee does not believe that there will be any additional costs attributable to this legislation. H.R. 4666 does not direct new spending.

IX. OVERSIGHT FINDINGS AND RECOMMENDATIONS

In accordance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in the H.R. 4666 are incorporated into the descriptive portions of this report.

X. PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of H.R. 4666 are to require a quarterly report from the SBA OIG to Congress over a two-year period that includes updated data from investigative casework that includes the total dollar amount of all covered PPP and EIDL loans that have been made, the number of both new fraud cases and suspected fraud

cases, the type of fraud identified in those cases, and the number of fraud cases resolved to date.

XI. STATEMENT OF DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, no provision of H.R. 4666 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111-139 or the most recent Catalog of Federal Domestic Assistance.

XII. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee finds that the bill does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI of the Rules of the House of Representatives.

XIII. FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

XIV. FEDERAL ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

XV. APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

XVI. STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to clause 7 of rule XII of the Rules of the House, the Committee finds that the authority for this legislation in Art. I, § 8, cl.1 of the Constitution of the United States.