

# United States Senate

WASHINGTON, DC 20510

January 30, 2023

The Honorable Hannibal Ware  
Inspector General  
U.S. Small Business Administration

Dear Mr. Ware:

On January 30, 2023, the Pandemic Response Accountability Committee (PRAC) released a fraud alert detailing widespread fraud of the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL).<sup>1</sup> Specifically, PRAC reviewed over 33 million applications and discovered 221,427 applications used fraudulent social security numbers. Of those, 69,323 applications were issued EIDL and PPP loans, totaling over \$5.4 billion in funds dispensed to fraudsters.

Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020 in response to the coronavirus pandemic.<sup>2</sup> The CARES Act and subsequent legislation established PPP and expanded EIDL to counter the economic damage caused by the pandemic. However, it is clear from this data that more scrutiny is necessary. What PRAC has discovered is deeply disturbing and the extent of the fraud could be far greater. The Social Security Administration (SSA) confirmed that the 221,427 Social Security Numbers (SSNs) used on applications were either not issued by SSA or that identifying information in SSA's records did not match, suggesting potential identity fraud in the use of those SSNs.

We request that the SBA OIG conduct an assessment to determine the true extent of fraudulent activity in PPP and EIDL and to the extent necessary, work with the Department of Justice to ensure that fraudsters are held accountable. This should include:

1. An investigation into the nearly 70,000 EIDL and PPP loans that were issued, including the potential for recovery of the \$5.4 billion dispensed;
2. A review of the actions SBA took with respect to identifying fraud and alerting affected taxpayers;
3. A review of SBA's failure to take appropriate measures to validate applicants prior to dispensing funds as well as during EIDL servicing and the PPP loan forgiveness process; and
4. A review of SBA's PPP forgiveness process including its automated and manual checks as well as compliance with the forgiveness audit plan authorized by Section 307 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act.<sup>3</sup>

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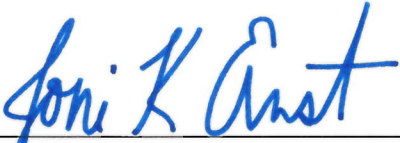
<sup>1</sup> Pandemic Response Accountability Committee, *FRAUD ALERT: PRAC Identifies \$5.4 Billion in Potentially Fraudulent Pandemic Loans Obtained Using Over 69,000 Questionable Social Security Numbers* (Jan. 30, 2023).


<sup>2</sup> Pub. L. 116-136.

<sup>3</sup> Pub. L. 116-260.

Thank you for your prompt attention and cooperation in this matter. Please provide an update on the status of this assessment by Monday, February 13, 2023. If you have any questions about this request, please do not hesitate to contact us or our staff.

Sincerely,

  
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Joni K. Ernst  
United States Senator

  
\_\_\_\_\_  
Rand Paul, M.D.  
United States Senator