

Congress of the United States
Washington, DC 20515

May 11, 2021

The Honorable Isabella Guzman
Administrator
Small Business Administration
409 3rd Street, S.W.
Washington, D.C. 20416

Dear Administrator Guzman:

For the past eight months, our Committees have been investigating a contract, currently worth \$750 million, that the Trump Administration awarded to RER Solutions (RER) to manage the Economic Injury Disaster Loan (EIDL) program during the coronavirus crisis. Unfortunately, due to the Trump Administration’s refusal to comply with our investigation, our Committees were unable to obtain key information about how the Small Business Administration (SBA) managed the program. We have recently obtained new evidence that political appointees in the Trump Administration may have been involved in a decision to substantially expand the scope of RER’s contract—taking a small pre-existing contract with RER and expanding it, without a competitive bidding process, to become one of the largest federal contracts related to the pandemic response. As a result, more than \$360 million in taxpayer funds were funneled to RER’s subcontractors—Rocket Loans (Rocket) and its affiliate, Rapid Finance (Rapid). New information also suggests that the Trump Administration directed SBA personnel to withhold responsive information about this contract from our Committees.

Our Committees launched this investigation in July 2020 “to ensure that taxpayer dollars are being spent in the best interest of the American people and not diverted to fraud, waste, or abuse.”¹ Unfortunately, as the investigation has progressed, concerns regarding the program’s fraud controls have only increased. The troubling new revelations underscore our Committees’ need to get to the bottom of this contract. We are encouraged by the Biden Administration’s commitment to transparency and write today to request the production of long overdue documents necessary for our Committees to complete our investigation.

Political Involvement in Contract Extension

On December 17, 2018, SBA’s Office of Disaster Assistance awarded RER a contract with a ceiling of \$100 million to assist SBA with processing loan applications primarily relating

¹ Letter from Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis, and Chairwoman Nydia M. Velázquez, Committee on Small Business, to Administrator Jovita Carranza, Small Business Administration (July 30, 2020) (online at <https://coronavirus.house.gov/news/letters/chairs-launch-investigation-500-million-contract-sba-emergency-loan-program-plagued>).

to natural disasters.² Because SBA set aside the award for small businesses, only businesses meeting certain size thresholds, like RER, were eligible to compete for the contract. After the onset of the coronavirus pandemic, SBA used its emergency contracting powers on March 29, 2020, to issue a \$50 million task order under this contract for loan recommendation services related to the coronavirus. After that initial task order, the Trump Administration expanded the award amount to \$750 million without any additional competition.³

We now understand that political appointees in the Trump Administration may have been involved in the process to dramatically expand the scope of this contract without additional competition, which, as a result, funneled more than \$360 million in taxpayer funds to RER's subcontractors—Rocket and Rapid. SBA's Associate Administrator for the Office of Disaster Assistance explained to Subcommittee staff that at the onset of the pandemic, Trump "politicals reached out to several companies" and may have played a role in the decision to use the 2018 contract as the vehicle to manage the EIDL program, instead of issuing a new contract that would have been open to competition.

We are concerned that the involvement of Trump political appointees in the government contracting process here may run counter to federal contracting rules. Accordingly, we are seeking more information regarding the decision to expand this contract in order to determine whether American taxpayer dollars were spent responsibly.

Inadequate Fraud Controls

We also remain concerned about the fraud controls—or lack thereof—in the EIDL program. On October 28, 2020, the SBA Inspector General issued a report finding that SBA approved billions of dollars in potentially fraudulent EIDL loans and advances. The report identified: (a) approximately \$62.7 billion in potentially fraudulent loans made to applicants using the same IP addresses, email addresses, bank accounts, or business addresses; (b) \$14.3 billion in loans made to bank accounts that differed from the ones listed on the original loan applications; and (c) approximately \$1.1 billion in loans made to businesses that registered after the program's cutoff date. The Inspector General noted that, among other problems, "controls in the subcontractor's system"—meaning controls implemented by Rocket and Rapid—"were not always consistently flagging problematic loan applications."⁴

On March 25, 2021, the SBA Inspector General testified before the Select Subcommittee that the risk of fraud in the EIDL program "was not taken as seriously" by SBA at its outset,

² USA Spending, *Indefinite Delivery Vehicle Summary: Indefinite Delivery / Indefinite Quantity (IDIQ) Contract PIID 73351019D000* (online at www.usaspending.gov/award/CONT_IDV_73351019D0001_7300) (accessed Apr. 19, 2021).

³ USA Spending, *Contract Summary: Delivery Order (DO) PIID 73351020F0071* (online at www.usaspending.gov/#/award/CONT_AWD_73351020F0071_7300_73351019D0001_7300) (accessed Apr. 19, 2021).

⁴ Small Business Administration, Office of Inspector General, *Inspection of Small Business Administration's Initial Disaster Assistance Response to the Coronavirus Pandemic* (Oct. 28, 2020) (online at www.sba.gov/sites/default/files/2020-10/SBA%20OIG%20Report%2021-02.pdf).

which contributed to rampant fraud in the program. The Inspector General explained that “we knew this would happen based on our prior experience and prior reports that we had done. That’s why we notified SBA up front that [] this is the time that we have to strengthen our controls ... we sat down with the executives here at SBA to say ‘we have a problem.’” The Trump Administration failed to implement the fraud controls the Inspector General recommended, the implantation of which “would not slow the program down at all.”⁵

Under the Trump Administration, SBA did not produce any documents detailing fraud controls for this contract. Given the strong indicia of fraud in the EIDL program, it is imperative that our Committees obtain the requested information.

Obstruction by Trump Administration

On July 30, 2020, our Committees sent a letter to then-SBA Administrator Jovita Carranza regarding reports that millions of small businesses seeking emergency loans faced long delays, poor service, and processing errors.⁶ For the remaining months of the Trump Administration, SBA failed to produce the documents requested by our Committees and instead provided only publicly available information about this \$750 million government contract. SBA also ignored multiple requests to schedule a staff briefing regarding potential mismanagement of this contract.

Under the new Administration, in March 2021, SBA provided the requested briefing to Committee staff. During this briefing, the Associate Administrator for SBA’s Office of Disaster Assistance explained that his office had received “direction” from the Trump Administration to keep information regarding the management of the \$750 million EIDL contract “close hold,” and only share already publicly available information with Congress. Pursuant to this “direction,” rather than produce documents responsive to the Committees’ requests, SBA career officials “were just generally packaging public information and pushing that out.”⁷ This evidence of obstruction is consistent with the Trump Administration’s pattern of attempting to avoid oversight of its disastrous response to the coronavirus crisis.

In order to finally get answers to these questions, we are respectfully requesting the following documents, covering the period from March 1, 2020, to January 20, 2021. We ask that you produce these documents by May 25, 2021:

⁵ Select Subcommittee on the Coronavirus Crisis, Testimony of Inspector General Hannibal “Mike” Ware, Small Business Administration, *Hearing on Rooting Out Fraud in Small Business Relief Programs* (Mar. 25, 2021) (online at <https://coronavirus.house.gov/subcommittee-activity/hearings/remote-hearing-rooting-out-fraud-small-business-relief-programs>).

⁶ Letter from Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis, and Chairwoman Nydia M. Velázquez, Committee on Small Business, to Administrator Jovita Carranza, Small Business Administration (July 30, 2020) (online at <https://coronavirus.house.gov/news/letters/chairs-launch-investigation-500-million-contract-sba-emergency-loan-program-plagued>).

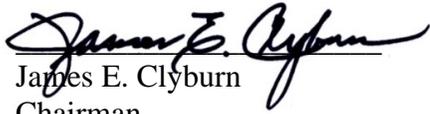
⁷ Briefing by James Rivera, Associate Administrator, Small Business Administration Office of Disaster Assistance, to Staff, Select Subcommittee on the Coronavirus Crisis (Mar. 26, 2021).

1. All documents in SBA's possession relating to the solicitation, award, modification, or performance of the contract awarded to RER pertaining to EIDL loans, including but not limited to:
 - a. the contract, including the statement of work, and all modifications;
 - b. any memoranda or other documents regarding the decision to increase the size of the award, issue task orders, or modify the contract;
 - c. any documents regarding the participation of Rocket or Rapid in the contract;
 - d. any documents regarding the ability of RER, Rocket, or Rapid to perform the contract; and
 - e. any contractor performance assessment reports.
2. All communications by political appointees in the Small Business Agency or employees at a level of GS-13 or higher regarding the contract, its performance, or the decision to award or modify this contract, including internal SBA communications and communications with RER, Rapid, Rocket, Quicken Loans, Rock Holdings, Inc. or any affiliated company, the White House, other federal agencies, or third parties.
3. All documents and communications regarding fraud checks conducted on EIDL applications related to the coronavirus pandemic, including any reports regarding the performance of those fraud checks;
4. All communications of political appointees in the Small Business Agency or employees at a level of GS-13 or higher regarding fraud in the EIDL program related to the coronavirus pandemic;
5. All documents regarding SBA's requirements, specifications, or guidance regarding the business process rules for managing the application work flow, including but not limited to how the loan software created by the RER-Rocket-Rapid project team should classify applications for various recommendation queues (e.g., approval, denial, or manual review) and flag potential fraud; and
6. All SBA policies, guidance, directives, and training materials regarding SBA procedures for processing EIDL loan recommendations, including how SBA personnel (or contract staff hired to process loan recommendations) should address fraud alerts generated by the contractors' loan recommendation software.

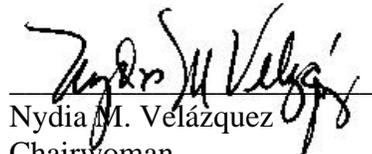
In addition, our Committees request a staff briefing with the contracting officer responsible for this contract, by May 31, 2021.

An attachment to this letter provides additional instructions for responding to the request. If you have any questions regarding this request, please contact Select Subcommittee staff at (202) 225-4400.

Sincerely,



James E. Clyburn
Chairman
Select Subcommittee on the Coronavirus
Crisis



Nydia M. Velázquez
Chairwoman
Committee on Small Business

Enclosure

cc: The Honorable Steve Scalise, Ranking Member
Select Subcommittee on the Coronavirus Crisis

The Honorable Blaine Luetkemeyer, Ranking Member
Committee on Small Business

Responding to Oversight Committee Document Requests

1. In complying with this request, produce all responsive documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, and representatives acting on your behalf. Produce all documents that you have a legal right to obtain, that you have a right to copy, or to which you have access, as well as documents that you have placed in the temporary possession, custody, or control of any third party.
2. Requested documents, and all documents reasonably related to the requested documents, should not be destroyed, altered, removed, transferred, or otherwise made inaccessible to the Committee.
3. In the event that any entity, organization, or individual denoted in this request is or has been known by any name other than that herein denoted, the request shall be read also to include that alternative identification.
4. The Committee's preference is to receive documents in electronic form (i.e., CD, memory stick, thumb drive, or secure file transfer) in lieu of paper productions.
5. Documents produced in electronic format should be organized, identified, and indexed electronically.
6. Electronic document productions should be prepared according to the following standards:
 - a. The production should consist of single page Tagged Image File ("TIF"), files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.
 - b. Document numbers in the load file should match document Bates numbers and TIF file names.
 - c. If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.
 - d. All electronic documents produced to the Committee should include the following fields of metadata specific to each document, and no modifications should be made to the original metadata:

BEGDOC, ENDDOC, TEXT, BEGATTACH, ENDATTACH, PAGECOUNT, CUSTODIAN, RECORDTYPE, DATE, TIME, SENTDATE, SENTTIME, BEGINDATE, BEGINTIME, ENDDATE, ENDTIME, AUTHOR, FROM, CC, TO, BCC, SUBJECT, TITLE, FILENAME, FILEEXT, FILESIZE, DATECREATED, TIMECREATED, DATELASTMOD, TIMELASTMOD,

INTMSGID, INTMSGHEADER, NATIVELINK, INTFILPATH, EXCEPTION,
BEGATTACH.

7. Documents produced to the Committee should include an index describing the contents of the production. To the extent more than one CD, hard drive, memory stick, thumb drive, zip file, box, or folder is produced, each should contain an index describing its contents.
8. Documents produced in response to this request shall be produced together with copies of file labels, dividers, or identifying markers with which they were associated when the request was served.
9. When you produce documents, you should identify the paragraph(s) or request(s) in the Committee's letter to which the documents respond.
10. The fact that any other person or entity also possesses non-identical or identical copies of the same documents shall not be a basis to withhold any information.
11. The pendency of or potential for litigation shall not be a basis to withhold any information.
12. In accordance with 5 U.S.C. § 552(d), the Freedom of Information Act (FOIA) and any statutory exemptions to FOIA shall not be a basis for withholding any information.
13. Pursuant to 5 U.S.C. § 552a(b)(9), the Privacy Act shall not be a basis for withholding information.
14. If compliance with the request cannot be made in full by the specified return date, compliance shall be made to the extent possible by that date. An explanation of why full compliance is not possible shall be provided along with any partial production.
15. In the event that a document is withheld on the basis of privilege, provide a privilege log containing the following information concerning any such document: (a) every privilege asserted; (b) the type of document; (c) the general subject matter; (d) the date, author, addressee, and any other recipient(s); (e) the relationship of the author and addressee to each other; and (f) the basis for the privilege(s) asserted.
16. If any document responsive to this request was, but no longer is, in your possession, custody, or control, identify the document (by date, author, subject, and recipients), and explain the circumstances under which the document ceased to be in your possession, custody, or control.
17. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, produce all documents that would be responsive as if the date or other descriptive detail were correct.

18. This request is continuing in nature and applies to any newly-discovered information. Any record, document, compilation of data, or information not produced because it has not been located or discovered by the return date shall be produced immediately upon subsequent location or discovery.
19. All documents shall be Bates-stamped sequentially and produced sequentially.
20. Two sets of each production shall be delivered, one set to the Majority Staff and one set to the Minority Staff. When documents are produced to the Committee, production sets shall be delivered to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2105 of the Rayburn House Office Building.
21. Upon completion of the production, submit a written certification, signed by you or your counsel, stating that: (1) a diligent search has been completed of all documents in your possession, custody, or control that reasonably could contain responsive documents; and (2) all documents located during the search that are responsive have been produced to the Committee.

Definitions

1. The term “document” means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, data, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, communications, electronic mail (email), contracts, cables, notations of any type of conversation, telephone call, meeting or other inter-office or intra-office communication, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings and motion pictures), and electronic, mechanical, and electric records or representations of any kind (including, without limitation, tapes, cassettes, disks, and recordings) and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk, videotape, or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.
2. The term “communication” means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether in a meeting, by telephone, facsimile, mail, releases, electronic

message including email (desktop or mobile device), text message, instant message, MMS or SMS message, message application, or otherwise.

3. The terms “and” and “or” shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information that might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neutral genders.
4. The term “including” shall be construed broadly to mean “including, but not limited to.”
5. The term “Company” means the named legal entity as well as any units, firms, partnerships, associations, corporations, limited liability companies, trusts, subsidiaries, affiliates, divisions, departments, branches, joint ventures, proprietorships, syndicates, or other legal, business or government entities over which the named legal entity exercises control or in which the named entity has any ownership whatsoever.
6. The term “identify,” when used in a question about individuals, means to provide the following information: (a) the individual’s complete name and title; (b) the individual’s business or personal address and phone number; and (c) any and all known aliases.
7. The term “related to” or “referring or relating to,” with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with, or is pertinent to that subject in any manner whatsoever.
8. The term “employee” means any past or present agent, borrowed employee, casual employee, consultant, contractor, de facto employee, detailee, fellow, independent contractor, intern, joint adventurer, loaned employee, officer, part-time employee, permanent employee, provisional employee, special government employee, subcontractor, or any other type of service provider.
9. The term “individual” means all natural persons and all persons or entities acting on their behalf.