

Congress of the United States
Washington, DC 20515

July 14, 2021

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

Dear Administrator Guzman:

As the Select Subcommittee on the Coronavirus Crisis and the Committee on Small Business continue our investigation of the Trump Administration's management of the Economic Injury Disaster Loan (EIDL) program, we are concerned about credible reports that Small Business Administration (SBA) employees and contractors intentionally aided in the distribution of fraudulent loans through the EIDL program. The SBA Inspector General reported last year that SBA fired employees and contractors who were involved in approving loans to themselves or who otherwise inappropriately influenced loan approval. Recent revelations are even more troubling. In May, a former public official in Florida, Joel Greenberg, pled guilty to bribing an SBA loan specialist to facilitate approval of fraudulent EIDL program loans in July 2020.¹ As these recent developments give cause for particular concern about the security and fraud controls in the program, we are writing to seek documents and information in order to understand how the previous administration sought to prevent SBA personnel from facilitating fraud.

Shortly after the onset of the coronavirus pandemic, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and other legislation that expanded the existing EIDL program to deliver badly needed relief to small businesses harmed by the coronavirus crisis. The demand for EIDLs during the pandemic was unprecedented. By December 31, 2020, SBA received over 17 million EIDL applications, approved \$184 billion in loans, and approved a further \$20 billion in emergency advance grants.² This rapid increase in the volume of loan applications posed a substantial challenge to the agency. SBA significantly expanded the workforce in its Office of Disaster Assistance (ODA) in a short time frame, adding

¹ *Matt Gaetz Associate Joel Greenberg Set to Plead Guilty to Sex Trafficking*, Wall Street Journal (May 14, 2021) (online at www.wsj.com/articles/matt-gaetz-associate-joel-greenberg-set-to-plead-guilty-to-sex-trafficking-11621023645); *Gaetz Associate Agrees to Cooperate in Federal Investigation*, Associated Press (May 14, 2021) (online at apnews.com/article/greenberg-gaetz-investigation-sex-trafficking-596299907a6a4db09554cdf4a59d8ef7); Third Superseding Indictment, *United States v. Greenberg*, Case No. 6:20-cr-97-GAP-LRH (M.D. Fla. 2021), ECF No. 90; Plea Agreement, *United States v. Greenberg*, Case No. 6:20-cr-97-GAP-LRH (M.D. Fla. 2021), ECF No. 105.

² Small Business Administration, Office of the Inspector General, *SBA's Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program* (May 6, 2021) (online at www.sba.gov/sites/default/files/2021-05/SBA%20OIG%20Report%202021-15.pdf).

over 5,000 employees and contractors to ODA within the first four months of the pandemic to help meet the surge in demand.³

Regrettably, the pandemic EIDL program has been associated with significant fraud. The SBA Office of the Inspector General (OIG) identified over 970,000 potentially fraudulent EIDLs totaling over \$62 billion that were made in the first four months of the program despite the presence of fraud indicators.⁴ The Government Accountability Office (GAO) found that between May and October 2020, financial institutions filed more than 20,000 suspicious activity reports (SARs) related to the EIDL program.⁵ GAO also reported that the SBA OIG received about 1.3 million referrals related to identity theft and other potentially fraudulent activities associated with the EIDL program.⁶ By SBA's own admission, the agency identified over 15,000 fraudulent or ineligible loans made that required referral to OIG to recover over \$750 million in improperly disbursed funds.⁷ The Department of Justice has already charged at least 50 defendants in 30 cases for the commission of EIDL fraud, and many of these cases involve systematic conspiracies to submit dozens or hundreds of fraudulent EIDL applications.⁸ OIG found that SBA "lowered the guardrails" in the program by removing important fraud controls, including by allowing approval of large numbers of loan applications in batches and by removing the requirement that two separate SBA reviewers approve each loan application.⁹

Much of the scrutiny of fraud in the EIDL program during the Trump Administration has focused on the agency's lack of anti-fraud controls and vulnerability to unwitting approval of fraudulent loan applications. But the recent indictment and guilty plea of Joel Greenberg—the former Tax Collector of Seminole County, Florida—for a successful conspiracy to bribe an SBA loan officer to approve fraudulent EIDL applications raises further concerns about the previous administration's security measures to prevent employees and contractors from using their access to SBA systems to knowingly approve fraudulent loans. The Greenberg indictment alleged that an unnamed SBA loan specialist "use[d] her access to SBA's computer systems and her access to

³ Small Business Administration, Office of the 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/2020-11/SBA%20OIG%20Report%2021-02.508.1.pdf).

⁴ Small Business Administration, Office of the 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/2020-11/SBA%20OIG%20Report%2021-02.508.1.pdf).

⁵ Government Accountability Office, *Actions Needed to Improve COVID-19 Loans' Internal Controls and Reduce Their Susceptibility to Fraud* (Mar. 24, 2021) (online at www.gao.gov/assets/gao-21-472t.pdf).

⁶ *Id.*

⁷ Small Business Administration, Office of the 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/2020-11/SBA%20OIG%20Report%2021-02.508.1.pdf).

⁸ Government Accountability Office, *Actions Needed to Improve COVID-19 Loans' Internal Controls and Reduce Their Susceptibility to Fraud* (Mar. 24, 2021) (online at www.gao.gov/assets/gao-21-472t.pdf).

⁹ Small Business Administration, Office of the 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/2020-11/SBA%20OIG%20Report%2021-02.508.1.pdf).

EIDLs to manipulate the status of EIDLs to trigger the system to extend funding for EIDLs” submitted for Greenberg.¹⁰

The facts of the Greenberg case, along with the SBA Inspector General’s earlier finding that SBA fired multiple employees and contractors for inappropriately influencing loan approval or for approving loans to themselves, raise serious concerns about whether SBA had sufficient controls to prevent employees and contractors from facilitating large scale conspiracies to approve fraudulent loans.¹¹ Indeed, the conspiracy described in the Greenberg case suggests that the SBA employee involved there could have done significant damage to the program’s integrity by accessing and approving numerous EIDL applications outside the employee’s legitimate workflow. These reports of fraudulent and criminal conduct require scrutiny to determine whether the EIDL program was unnecessarily vulnerable to criminal exploitation. The criminal conduct at issue here, coupled with the high rates of unwitting approval of fraudulent EIDL applications, make clear the need for our Committees to better understand SBA’s vulnerabilities.

Our Committees respectfully request that SBA provide the following documents by July 28, 2021, covering the period beginning March 1, 2020:

1. Documents reflecting any security and information technology policies or controls SBA has instituted intended to prevent SBA employees or contractors from intentionally approving fraudulent loan applications, recommending fraudulent applications for approval, or otherwise influencing SBA processes to facilitate the approval of fraudulent loan applications.
2. All documents concerning any potential fraudulent, criminal, or inappropriate action by the SBA employee that Joel Greenberg pled guilty to bribing as part of a conspiracy to gain approval of fraudulent EIDL applications. This request seeks, among other documents, any records reflecting SBA’s assessments of the impact of this employee on the EIDL program, any records memorializing any agency investigation of this employee, and any SBA communications with or concerning this employee related to the approval of fraudulent loans.
3. Documents sufficient to show the hiring date, termination date, title, and employee or contractor status of each SBA employee or contractor disciplined or terminated for intentionally approving fraudulent EIDL applications, or for inappropriately influencing the approval of EIDL applications, as noted in the SBA Inspector General’s October 28, 2020 report.

¹⁰ Third Superseding Indictment, *United States v. Greenberg*, Case No. 6:20-cr-97-GAP-LRH (M.D. Fla. 2021), ECF No. 90; Plea Agreement, *United States v. Greenberg*, Case No. 6:20-cr-97-GAP-LRH (M.D. Fla. 2021), ECF No. 105.

¹¹ Small Business Administration, Office of the 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/2020-11/SBA%20OIG%20Report%2021-02.508.1.pdf).

4. Any SBA analysis or assessment of the extent and impact of SBA employees or contractors intentionally approving or influencing the approval of fraudulent EIDL applications.
5. A list of all EIDLs made that SBA has determined were or may have been affected by SBA employees or contractors intentionally approving or influencing the approval of fraudulent EIDL applications.

Our Committees also respectfully request that you provide the following information by July 28, 2021:

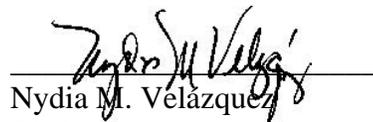
1. Please describe all investigative, disciplinary, remedial, and other actions SBA has taken or plans to take regarding the bribery conspiracy allegations and guilty plea in *United States v. Greenberg*, Case No. 6:20-cr-97-GAP-LRH (M.D. Fla. 2021).
2. What controls did SBA have in place to prevent SBA employees and contractors from intentionally facilitating approval of fraudulent EIDL applications?
3. Were there any limitations on SBA employee and contractor access to EIDL applications outside of their assigned workflows? Was there a monitoring system in place to identify inappropriate access of EIDL applications outside of employee- and contractor-assigned workflows?
4. What hiring and vetting controls did SBA have in place to screen employees and contractors to preserve EIDL program integrity?

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 Isabella Guzman
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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.