

Congress of the United States
House of Representatives

SELECT SUBCOMMITTEE ON THE CORONAVIRUS CRISIS

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<https://coronavirus.house.gov>

November 22, 2021

Mr. Toby Scammell
Chief Executive Officer
Womply, Inc.
2810 N Church Street, #73871
Wilmington, DE 19802

Dear Mr. Scammell:

The Select Subcommittee on the Coronavirus Crisis has been investigating potential waste, fraud, and abuse in the Paycheck Protection Program (PPP).¹ I am deeply troubled by reports alleging that financial technology (FinTech) lenders and their bank partners failed to adequately screen PPP loan applications for fraud. This failure may have led to millions of dollars worth of FinTech-facilitated PPP loans being made to fraudulent, non-existent, or otherwise ineligible businesses. I am writing today to request documents and information necessary for the Select Subcommittee to understand whether your company appropriately implemented all necessary fraud and financial crime prevention controls while facilitating PPP loans.

On April 8, 2020, the Small Business Administration (SBA) began allowing non-bank and non-insured depository institution lenders, including FinTechs, to provide PPP loans to eligible recipients.² To participate in the program, each institution in this category was required to certify that it was following the anti-money laundering (AML) requirements applicable to an equivalent federally regulated financial institution under the Bank Secrecy Act (BSA).³

¹ Select Subcommittee on the Coronavirus Crisis, *Press Release: Select Subcommittee Launches Investigation into Role of FinTech Industry in PPP Fraud* (May 28, 2021) (online at coronavirus.house.gov/news/press-releases/select-subcommittee-launches-investigation-role-fintech-industry-ppp-fraud).

² Department of the Treasury, *Paycheck Protection Program* (online at home.treasury.gov/policy-issues/coronavirus/assistance-for-small-businesses/paycheck-protection-program) (accessed May 20, 2021); Small Business Administration, *SBA Form 3507: CARES Act Section 1102 Lender Agreement – Non-Bank and Non-Insured Depository Institutions Lenders* (Apr. 8, 2020) (online at home.treasury.gov/system/files/136/PPP--Agreement-for-New-Lenders-Non-Bank-Non-Insured-Depository-Institution-Lenders-w-seal-fillable-4-8-2020.pdf). For definitional consistency, the Select Subcommittee is relying on SBA's identification of FinTech lenders. Small Business Administration, *Fintech Companies Participating in Paycheck Protection Program as of May 8, 2020* (May 8, 2020) (online at www.sba.gov/sites/default/files/2020-05/Fintech_Companies_Participating_in_PPP_05.08.20_0.pdf).

³ Small Business Administration, *SBA Form 3507: CARES Act Section 1102 Lender Agreement – Non-Bank and Non-Insured Depository Institutions Lenders* (Apr. 8, 2020) (online at home.treasury.gov/system/files/136/PPP--Agreement-for-New-Lenders-Non-Bank-Non-Insured-Depository-

In February 2021, Womply, Inc. (Womply) started an online platform through which borrowers could apply for PPP loans for up to \$50,000. Through this platform, Womply gathered applicant information and submitted packages of loan documents to its partner lenders. In issuing PPP loans, your company worked with 17 lenders and processed at least 1.4 million loans, for amounts totaling more than \$20 billion. Processing these PPP loans is estimated to have generated fees of between \$1.7 billion and \$3 billion for Womply.⁴

Unfortunately, many of these fees may have been earned by processing fraudulent or ineligible loan applications. An academic working paper issued by the McCombs School of Business at the University of Texas at Austin found that Womply's largest lending partner had exceptionally high rates of suspicious loans, with over one third of its PPP loans having indicators of fraud, including loans that were made to businesses that claimed they paid workers significantly more than their industry's norm and loans made to businesses that lacked a state business registration.⁵

To help the Select Subcommittee better understand the PPP fraud and financial crime detection processes applied by FinTech lenders and their bank and non-bank partners, please produce the following documents and information, accounting for the activities of your company, by December 6, 2021.

1. All documents and policies establishing or governing the process that Womply used to review and approve PPP loan applications.
2. All documents and policies related to:
 - a. any system of preventive controls that Womply has used to deter and minimize fraud related to PPP loans; and
 - b. any system of detective controls Womply has had in place to identify and respond to PPP loan fraud after it had occurred.

Institution-Lenders-w-seal-fillable-4-8-2020.pdf). See also Small Business Administration, *Business Loan Program Temporary Changes; Paycheck Protection Program*, 85 Fed. Reg. 20811, 20815 (Apr. 15, 2020) (available at www.federalregister.gov/d/2020-07672/p-115) (interim final rule) ("Entities that are not presently subject to the requirements of the [Bank Secrecy Act], should, prior to engaging in PPP lending activities, including making PPP loans to either new or existing customers who are eligible borrowers under the PPP, establish an anti-money laundering (AML) compliance program equivalent to that of a comparable federally regulated institution.").

⁴ *How Two Start-Ups Reaped Billions in Fees on Small Business Relief Loans*, New York Times (June 27, 2021) (online at www.nytimes.com/2021/06/27/business/ppp-relief-loans-blueacorn-womply.html).

⁵ John M. Griffin, Samuel Kruger, and Prateek Mahajan, *Did FinTech Lenders Facilitate PPP Fraud?*, McCombs School of Business, University of Texas at Austin (online at ssrn.com/abstract=3906395); *15% of Paycheck Protection Program Loans Could Be Fraudulent, Study Shows*, New York Times (Aug. 17, 2021) (online at www.nytimes.com/2021/08/17/business/ppp-fraud-covid.html).

3. All communications concerning potential fraud or other financial crime related to PPP loans, including, but not limited to, emails, persistent chat room logs and transcripts, direct electronic messages, and minutes of senior leadership meetings.
4. All training materials provided to employees and contractors from January 1, 2020 to May 27, 2021 related to fraud control and prevention, PPP loans, financial crime investigations, and suspicious activity reporting.
5. All documents, including audits, monthly statistics, and external reviews, containing assessments or estimates of the amount and value of improper payments that have been made to PPP applicants whose loans were processed through or facilitated by the company.
6. The completed SBA Form 3507.
7. All communications, onboarding materials, and Know Your Customer (KYC) documents related to customers that have been indicted for, convicted of, or have pleaded guilty to criminal misconduct in connection with any PPP loan or application for a PPP loan, including but not limited to the loan application documents, internal and external communications regarding the customer's loan or loan application, documentation of the company's or partner organization's review of the loan application, documents reflecting any recommendations or decisions to reject or approve the loan application, and documents or communications concerning disbursement of the loan funds.

Please also provide written responses to the following information requests by December 6, 2021:

1. How much is Womply's total revenue from facilitating PPP loans to date?
2. How many PPP loan applications and loans have been approved, issued, or otherwise facilitated by Womply, broken down by week, from April 1, 2020 to May 27, 2021?
3. How many PPP loan applications have been denied or rejected by Womply, broken down by week, from April 1, 2020 to May 27, 2021, and what was the reason for each denial or rejection?
4. How many Womply employees have been dedicated full time and exclusively to AML, BSA, or fraud compliance, including those employed full time to prevent, detect, or investigate potential fraud, broken down by week, from January 1, 2019 to May 27, 2021? When providing this information, please specify the title and job responsibilities for each employee included in the total.

5. Please provide a list of all fraud checks conducted by Womply on PPP loan applications, including indicators used by automatic systems to detect fraud, a description of how each check serves to detect and prevent fraud, and the average time taken to approve or reject a PPP loan application, broken down by week.
6. What is Womply's assessment or estimate of the number and value of potentially fraudulent PPP loans that Womply has issued, approved, or otherwise facilitated to date, including those loans made in partnership with other financial institutions or loan service providers?
7. Please provide a description of what indicators and information Womply's automated systems use to detect fraud or money laundering and how many and what percentage of applications were rejected through this system; please also describe what indicators trigger these automated systems to escalate an application for human review and what percentage of those escalations resulted in rejected applications.
8. Please provide a detailed description of Womply's relationship with any non-bank or bank partners involved in PPP loans, including the name of each entity and any revenue sharing or liability sharing agreements.
9. Please provide a detailed description of how Womply recruited PPP loan applicants, including marketing strategies and advertising plans.
10. Please provide a detailed description of any incentives or rewards that Womply offered or provided to employees or contractors processing PPP loan applications, including non-monetary rewards.
11. What were the total budgets for, and amounts allocated to, AML, BSA, and fraud compliance at Womply, on a per quarter basis, in 2019, 2020, and 2021?
12. What was the total compensation of each member of Womply's executive team in 2019, 2020, and 2021, broken down by constituent components?
13. Did any directors, executives, employees, consultants, or contractors of Womply receive a bonus, reward, or increase in compensation that was related in whole or in part to responsibilities for, or profits arising from, PPP lending? If so, please provide details including the title and responsibilities of each recipient; the criteria used to determine each recipient's compensation or reward; the amount of each recipient's compensation or reward; and all documents and communications related to the decision to issue such bonuses, rewards, or increases in compensation.

These requests are consistent with the House of Representatives' authorization of the Select Subcommittee on the Coronavirus Crisis "to conduct a full and complete investigation" of

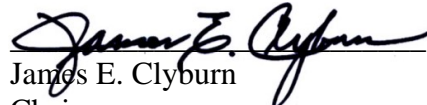
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“issues related to the coronavirus crisis,” including the “efficiency, effectiveness, equity, and transparency of the use of taxpayer funds and relief programs to address the coronavirus crisis” and “reports of waste, fraud, abuse, price gouging, profiteering, or other abusive practices related to the coronavirus crisis.”⁶

Please respond to this letter by no later than November 26, 2021, to confirm your company’s cooperation. An attachment to this letter provides additional instructions for responding to the Select Subcommittee’s request. If you have any questions regarding this request, please contact Select Subcommittee staff at (202) 225-4400.

Sincerely,


James E. Clyburn
Chairman

Enclosure

cc: The Honorable Steve Scalise, Ranking Member

⁶ H.Res. 8, sec. 4(f), 117th Cong. (2021); H.Res. 935, 116th Cong. (2020).

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.