

Congress of the United States  
U.S. House of Representatives  
Committee on Small Business  
2561 Rayburn House Office Building  
Washington, DC 20515-6515

August 26, 2021

The Honorable Isabella Casillas Guzman  
Administrator  
United States Small Business Administration  
409 3<sup>rd</sup> Street, SW  
Washington, DC 20416

Dear Administrator Guzman:

Thank you for your recent response to my letter dated April 4, 2021 regarding increased fraudulent activity within the COVID EIDL program. The information you shared is important as I continue to examine oversight controls of the COVID relief resources for small businesses.

As you know, the Small Business Administration's (SBA) Inspector General (IG) has been actively auditing the small business federal relief programs to ensure proper oversight controls are in place and adhered to. In a report dated May 6, 2021, the IG found that 846,111 COVID EIDL applications have been flagged for identity theft reasons.<sup>1</sup> Unfortunately, your letter to me dated August 12, 2021 shows that this program continues to be susceptible to nefarious activity by reporting that 1,127,327 applications now have an Agency Hold for identity theft reasons. Simply put, this program is a magnet for fraudulent activity. Significant and continuous increases in the number of applications flagged for identity theft concerns indicate that the structure of the program invites illicit behavior. This is unacceptable as American taxpayer dollars are on the line. Enhanced oversight guardrails must be erected, and dollars must be safeguarded.

With reports from the Government Accountability Office (GAO) and the IG published almost monthly, there is no shortage of recommendations to better protect these programs and the taxpayer dollars that are used to fund them. While I appreciate the SBA's willingness to outline the steps that have been and are being taken, I cannot stress enough that these programs are temporary. While some have concluded, others are set to expire in the near future. Unfortunately, there is no time to plan for implementing these recommendations. They must be instituted immediately.

---

<sup>1</sup> U.S. SMALL BUS. ADMIN., OFFICE OF INSPECTOR GENERAL, SBA'S HANDLING OF IDENTITY THEFT IN THE COVID-19 ECONOMIC INJURY DISASTER LOAN PROGRAM (May 6, 2021).

Due to the level of fraud within and the temporary nature of the COVID EIDL program, I am requesting that you provide me with a timeline and date of when each GAO and IG recommendation will be thoroughly implemented, officially closed out, and explicitly executed by SBA personnel. Given that hard-earned taxpayer dollars are at stake, please respond to me no later than Thursday, September 9, 2021. If you have any questions about this request, please contact David Planning, Republican Staff Director, at (202) 225-5821.

Sincerely,

A handwritten signature in black ink, appearing to read "Blaine Luetkemeyer", followed by a horizontal line.

Blaine Luetkemeyer