

# Semiannual Report to Congress

April 1, 2024 – September 30, 2024



# Message from the Inspector General

November 30, 2024



Hannibal “Mike” Ware  
Inspector General



I am pleased to present the U.S. Small Business Administration’s (SBA) Office of Inspector General (OIG) Fall 2024 *Semiannual Report to Congress*. This report summarizes OIG’s activities from April 1, 2024 through September 30, 2024, as required by law.

In October, OIG released its report *Top Management and Performance Challenges Facing the SBA in Fiscal Year 2025*. This year, we reframed our approach to elevate this discussion in a more holistic manner, specifying challenges that are systemic and cross-cutting in nature, as opposed to highlighting specific programs. Importantly, OIG prioritizes its oversight work to align with top management and performance challenges.

OIG can continue to bring charges of pandemic assistance fraud and misuse until about 2032, but without the requested appropriations for the fiscal year 2026 budget, we will lack the resources necessary to continue bringing fraudsters to justice and return taxpayer funds. Full budget support is critical for OIG to maintain effective oversight of SBA’s expanded and evolving flagship programs, which includes disaster assistance for recent hurricanes, amounting to hundreds of billions of dollars. Our budget request is also essential for applying lessons learned from the pandemic to future oversight efforts, safeguarding SBA programs and services.

## Our Work this Period







During this reporting period, OIG continued to bring fraudsters to justice and provide an exponential return on investment to American taxpayers. During the 6-month period from April through September 2024, OIG issued 15 reports with 37 recommendations to improve SBA operations and reduce fraud and unnecessary losses in agency programs. In addition, OIG investigations resulted in 137 indictments and 154 convictions. Overall, OIG’s investigations and audit work achieved total dollar accomplishments of \$420.3 million during this semiannual period.

OIG Accomplishments this Period		
	Reports	15
	Recommendations	37
	Dollar Accomplishments	\$420.3M

Significant reviews and investigation findings covered in this report include:

- We leveraged data analytics to unravel a comprehensive pandemic assistance fraud scheme. This investigation resulted in successful federal charges against an Arizona man and co-defendants for their roles in falsifying applications and improper use of \$178 million in pandemic assistance loans.
- We participated in a case that led to the conviction of a former SBA employee for conspiracy, bribery, and wire fraud involving the approval of fraudulent Paycheck Protection Program (PPP) loans and Economic Injury Disaster Loans (EIDL) in exchange for bribes.
- We issued a management advisory ([Report 24-21](#)) on the Shuttered Venue Operators Grant, where we identified 1,818 high-risk awards totaling \$1.6 billion that warrant review.
- We issued an inspection report ([Report 24-17](#)) finding that between October 2019 and May 2023, SBA approved and disbursed 5,044 7(a) loans totaling \$4.5 billion to borrowers with unresolved compliance issues related to PPP loans or EIDLs because of a delayed implementation of a screening process that only began in August 2023.

### Total OIG Investigative Results related to pandemic assistance funds, as of September 2024

	Indictments	1,536
	Arrests	1,164
	Convictions	925
	Seized/Forfeited Assets	\$1.1B
	Restitution Orders	\$889M
	COVID-19 EIDLs Seized/Returned to SBA	\$9B
	Est. PPP Seizures and Funds Returned*	\$175M

\*Because SBA tracks this data informally, we don't know the full scope of PPP seized and returned funds

The nation can depend on OIG to provide independent, objective, and timely oversight of SBA. OIG's engaged workforce will continue to give taxpayers a significant return on investment, rooting out fraud, waste, and abuse in SBA programs.



Hannibal "Mike" Ware

SBA Inspector General

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## Summary of OIG Oversight Work

### Pandemic Response Oversight

As a result of the Coronavirus Disease 2019 (COVID-19) pandemic's widespread economic effects on the U.S. economy, Congress approved legislation to create the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP). Congress also increased appropriation to SBA's disaster assistance program with funds available through the Economic Injury Disaster Loan (EIDL) program.

Congress enacted the Shuttered Venue Operators Grant (SVOG) for SBA to administer grants to shuttered entertainment venues. Also in 2021, Congress established the Restaurant Revitalization Fund (RRF) to help small businesses in the food service industry adversely affected by the pandemic.

Executive and legislative actions intended to expedite aid during the crisis led SBA to reduce or eliminate key internal controls that could have helped mitigate fraud and misuse of taxpayer funds. In the COVID-19 EIDL program, the agency relied on a mandated self-certification of eligibility to expedite aid. The unprecedented demand and stress on SBA systems were considerable challenges for the agency, and fraudsters took advantage.



The following summarizes our pandemic oversight work this period.

### Inspections, Evaluation, and Advisories



#### SBA's Handling of Returned COVID-19 Economic Injury Disaster Loan Funds and De-obligations of Approved Loans (Report 24-15)

We reviewed SBA's processing of COVID-19 EIDL funds that were returned to the agency by borrowers, banks, or other sources. We found significant delays in SBA's processing. The majority of these COVID-19 EIDLs were eventually made available to small business owners, including the original borrowers. However, SBA canceled \$3.1 billion of these

loans, part of the returned funds, over several months. SBA also canceled \$8.1 billion of undisbursed funds. The agency had not disbursed these loans because of inaccurate applicant information or other reasons, including fraud indicators that had not yet been resolved. The returned and undisbursed COVID-19 EIDLs, totaling \$11.2 billion, were canceled after the program closed, so the funds could not be made available to other eligible borrowers. On June 3, 2023, the Fiscal Responsibility Act of 2023 was enacted, which rescinded unobligated COVID-19 EIDL subsidy balances.

We recommended SBA create processing timeframes for returned funds for all disaster programs. Management partially agreed and acted to address the recommendation, which we then closed.

Access this [management advisory](#) on the SBA OIG Reports site.



### **Evaluation of COVID-19 Economic Injury Disaster Loan Applicants on the U.S. Department of the Treasury's Do Not Pay List (Report 24-18)**

We reviewed whether SBA effectively implemented internal controls when using the U.S. Department of the Treasury's Do Not Pay databases to detect and prevent payments of COVID-19 EIDLs and grants to ineligible entities. We found despite implementing controls requiring loan officers to check the databases prior to loan approval, SBA continued to award and disburse COVID-19 EIDL and grant funds to those listed in the databases without mitigating the negative information.

We recommended the agency review the 3,643 potential improper payments we identified, and if applicants are unable to rectify the Do Not Pay information, the agency should work to recover the funds.

SBA management partially agreed with our recommendation, stating they will review and address loans and grants in the child support population that had information on the application or credit report that was not previously addressed. For the remainder, management stated they will review those with an alert in the file that was not previously addressed. Management's proposed corrective actions do not satisfy the recommendation to review the potentially ineligible loans and grants. OIG will seek resolution of the recommendation in accordance with our audit follow-up policy.

Access this [evaluation report](#) on the SBA OIG Reports site.



## **SBA's Guaranty Purchases for Paycheck Protection Program Loans (Report 24-20)**

We reviewed SBA's guaranty purchase process for PPP loans. Lenders are responsible for servicing PPP loans and communicating with borrowers to determine the status of the business and notify the borrower that payment is due. If a borrower does not submit a forgiveness application after the 10-month deferral period and the borrower's debt becomes more than 60 days delinquent, the lender should demand payment in full and request a guaranty purchase, which is SBA's purchase of the guaranteed portion of the loan. A charge-off means the agency removes the outstanding balance of the loan from its accounting records.

We found SBA did not always report and refer charged-off PPP loans to commercial credit reporting agencies and Treasury, as required. Specifically, SBA did not report 14,739 loans totaling \$945.3 million to the credit reporting agencies and did not refer 7,550 loans totaling \$2.2 billion to Treasury. Further, SBA did not effectively oversee lender communication, servicing, and debt collection activities to ensure lenders met their required responsibilities. For all the 203,101 charged-off loans, totaling \$7.3 billion, SBA did not ensure lenders met their requirements to 1) communicate with the borrower to determine the status of the business, 2) notify the borrower that the loan payment was due, and 3) demand payment in full when the borrower becomes more than 60 days past due.

We made seven recommendations to improve SBA's reporting and referring of charged-off PPP loans to credit reporting agencies and Treasury and to ensure lenders comply with SBA's requirements for their communication, servicing, and debt collection activities. Management agreed with six of our recommendations but only partially agreed with our recommendation to conduct lender reviews to ensure they complied with their communication, servicing, and debt collection activity requirements. Management's proposed actions did not satisfy the intent of this recommendation and one other. However, since report issuance, we have reached resolution on all recommendations.

Access this [inspection report](#) on the SBA OIG Reports site.



## **Improvements Needed in SBA's Shuttered Venue Operators Grant Post-Award Review Process (Report 24-21)**

We reported concerns regarding SBA's post-award review process to monitor SVOG award recipients' eligibility, award calculation, and use of funds. SBA planned to use a risk-based approach to select awards for review. The agency selected awards based on identified risks from internal reviews, external referrals, and random

selection. As of February 2024, program officials selected 2,162 awards for post-award reviews, the majority of which would be reviewed to check the accuracy of the amount of funds awarded or verify the recipient used the funds for allowable expenses. Only 155 of the selected awards would be reviewed to verify eligibility; however, OIG identified an additional 1,818 high-risk awards totaling \$1.6 billion that warranted review. Since the agency was conducting post-award reviews at the time of our report, we advised management to take immediate action to apply a more robust risk-based approach in selecting awards to review for eligibility.

We also advised the agency to assess its post-award review process to ensure reviews are conducted in a timely manner. Program officials assigned 30 staff members to review 2,162 of the 13,011 SVOG awards. At the pace the agency was going, we estimated it would take 19 years, or until 2043, to complete the reviews, long after the statute of limitations had passed to collect fraudulently obtained or misused funds.

SBA partially agreed with two recommendations and disagreed with one recommendation, stating they did not agree with OIG's calculation on how long it would take to complete the post-award reviews. However, we reached agreement on this recommendation because SBA provided evidence to support that agency managers updated guidance to terminate awards for unresponsive recipients. They also assessed staffing and improved the processing times to complete post-award reviews. As a result, we closed two recommendations. Program officials continue to complete reviews of high-risk award recipients to address the remaining recommendation.

Access this [management advisory](#) on the SBA OIG Reports site.



### **SBA's Processing of COVID-19 Economic Injury Disaster Loan Reconsideration Requests (Report 24-22)**

We reviewed SBA's processing of COVID-19 EIDL reconsideration requests.

Applicants who were not approved for a loan could request the agency reconsider their loan application, initiating the reconsideration process.

We found SBA generally processed reconsideration requests promptly and accurately. The agency approved and funded 77 of the 83 (or 93 percent) sampled COVID-19 EIDL reconsideration requests within 30 days of receiving all documents needed for processing. We also determined SBA processed 71 of the 83 (or 86 percent) sampled reconsideration requests accurately.

We recommended SBA recover funds provided to two ineligible applicants. The agency agreed with our recommendation and stated that it is working to recover funds through the normal repayment and collection processes. Access this [inspection report](#) on the SBA OIG Reports site.

## Notable Investigations



### **Arizona Man and Co-defendants Facing Federal Charges for \$178 Million COVID-19 Fraud Conspiracy**

An Arizona man and three associates were charged for conspiring to devise and carry out a scheme that attempted to defraud SBA out of at least \$178 million in loans intended to help small businesses during the COVID-19 pandemic. They are charged in the 23-count superseding indictment with conspiracy to commit wire fraud, wire fraud, and conspiracy to commit money laundering. According to the indictment, from January 2021 continuing until at least March 2022, the man carried out a scheme to gather fraudulent business information from customers and used the information to submit fraudulent PPP loan applications to SBA. To facilitate the scheme, he and his co-conspirators created fictitious documents to support their fraudulent loan applications, including false payroll information and tax documents. In total, he submitted at least 1,300 PPP applications for at least \$178 million from SBA. Approximately \$105 million in loans were funded in response to these fraudulent applications.



### **San Jose Restaurant Owner Sentenced to about 3 Years in Multi-million Dollar Fraud Scheme**

A California man was sentenced to 30 months in federal prison for his role in a scheme to fraudulently obtain and misuse millions in COVID-19 relief funds. He fraudulently obtained loans he received from the RRF and the PPP. According to his plea agreement, he applied for \$5 million in RRF funds that he certified he would use for approved business-related expenses; however, he transferred \$3.5 million to a personal investment account, purchased securities, and paid fees associated with the refinancing of his mortgage. He also received about \$600,000 in PPP loans that he used to make payments to a Lexus dealership and at a casino in northern California. Ultimately, he received approximately \$5.6 million in RRF and PPP funds of which \$3.3 million was used unlawfully.



### **Former Assistant City Attorney and Police Officer Sentenced in \$15M PPP Fraud Scheme**

An Atlanta woman, who formerly served as an assistant city attorney and police officer for the city of Atlanta, was sentenced to 7 years, 3 months in federal prison to be followed by 3 years supervised release for fraudulently obtaining approximately \$15 million in PPP loans. Evidence presented at trial showed the woman and other co-conspirators submitted PPP loan applications on behalf of four businesses. The loan applications falsely inflated the number of employees and average monthly payroll for each business, resulting in larger PPP loans than they would have been entitled to obtain. The woman and her co-conspirator also

submitted false tax documents to support the inflated statements in each loan application. They used the loan proceeds to purchase luxury items, including a 10-carat diamond ring.



### **Atlanta Promoter, Entrepreneur, and Former NFL Player Sentenced for PPP Fraud**

An Atlanta man, a former NFL player, was sentenced to 1 year, 4 months in federal prison to be followed by 3 years of supervised release for PPP fraud. He was also ordered to pay restitution in the amount of \$997,457. He provided fraudulent information on his application about the number of employees, payroll, and revenue for the business. Based on the fraudulent information, the lender deposited \$968,405 into the bank account for Atlanta Luxury Cars & Trucks LLC. The man soon began transferring the PPP loan funds into his personal bank accounts. In the following months, he posted social media pictures of himself holding a large stack of cash, buying a Rolex watch and other jewelry, and renting a room at a luxury hotel. He also used a portion of the PPP loan funds to finance other start-up businesses.



### **National Roofing Company Settles PPP Fraud Allegations for \$9 Million**

A Texas-based commercial roofing contractor and its nationwide network of roofing and disposal companies agreed to pay \$9 million to resolve allegations that they violated the False Claims Act by falsely certifying that eight of their affiliates were eligible to receive loans through the PPP. The contractor, along with affiliated businesses within its nationwide network, applied for and received a total of \$6.7 million in PPP loans.

## Small Business Access to Capital

SBA provides small businesses with capital and financial assistance through several key programs. The agency has a financial assistance portfolio of guaranteed loans that totaled about \$153 billion, as of March 2024, after the forgiveness of more than \$755 billion in PPP loans. Over the years, OIG has worked closely with the agency to identify potential risks and improve SBA's oversight and controls to ensure eligible participants most in need of assistance benefit from these programs.

The Section 7(a) loan program is SBA's principal vehicle for providing small businesses with access to credit that cannot be obtained elsewhere. Recipients may use proceeds from a 7(a) loan to establish a new business or assist in acquiring, operating, or expanding an existing business. This program relies on numerous outside parties (such as borrowers, loan agents, and lenders) to complete loan transactions.

SBA has made significant policy changes to its traditional 7(a) loan program with the goal of helping expand access to capital, including increasing non-bank lender participation. These lenders are considered by SBA to be higher risk than those lenders with federal regulators and require more oversight by SBA. OIG has conducted prior audit work related to third-party service providers in the 7(a) program, and we are currently assessing the risk associated with non-bank lenders in the PPP.

Criminals use a wide array of techniques to fraudulently get — or induce others to obtain — SBA-guaranteed loans. The techniques include submitting fraudulent documents, making fictitious asset claims, manipulating listed property values, using loan proceeds contrary to the terms of the loans, and failing to disclose debts or previous criminal records. Consequently, because of these criminal activities, there is a greater chance of financial loss to the agency and its lenders. OIG dedicates a significant portion of its resources to identifying wrongdoers and, whenever possible, recovering taxpayer funds.

The following summarizes our audit and investigative work this period.

## Advisory, Inspection, and Verification Inspections



### **SBA's Implementation of the SBIR and STTR Extension Act of 2022 (Report 24-14)**

We reviewed SBA's implementation of the Small Business Innovation Research (SBIR) program and the Small Business Technology Transfer (STTR) program to determine if small businesses in these programs performed required verifications related to sales and investments and to assess their self-certification requirements for minimum performance

standards. Through a competitive awards-based system, these programs enable small businesses to explore their technological potential and provide an incentive to profit from commercialization.

We found there is limited assurance that small businesses verified sales and investments as outlined in the SBIR and STTR Extension Act of 2022. We were unable to determine whether small businesses subject to increased minimum performance standards verified covered sales and investments. The combination of SBA spot checking supporting documentation, along with the Act excluding supporting documentation for federal sales and not requiring supporting documentation for investments, was not sufficient to make such a determination. In addition, self-certifications, which are used when small businesses submit reports to SBA, are not adequate to ensure that small businesses met program requirements. As a result, taxpayer funds awarded to small businesses that do not meet the established performance standards are at increased risk because the small businesses may not have the ability to achieve program goals for commercialization as intended by the Act.

We recommended SBA establish formal procedures for obtaining and reviewing appropriate supporting documentation to ensure sales and investments are accurately reported. SBA managers agreed with this recommendation and stated they have already started developing formal procedures, which they should complete by March 31, 2025.

Access this [management advisory](#) on the SBA OIG Reports site.



### **7(a) Loan Approval for Borrowers with Unresolved COVID-19 Pandemic Loan Compliance Issues (Report 24-17)**

We reviewed SBA's process for approving 7(a) loans for borrowers with unresolved pandemic loan compliance issues. SBA is authorized under Section 7(a) of the Small Business Act to provide financial assistance to small businesses in the form of government guaranteed loans. SBA implemented a process to screen 7(a) loan applications for eligibility, which included screening for PPP and COVID-19 EIDL hold codes prior to loan approval; however, it did not implement the process until August 2023, after we initiated this review. Prior to August 2023, SBA did not, nor did it require, delegated lenders to review hold codes on pandemic loans to ensure borrowers met eligibility requirements. Beginning fiscal year (FY) 2020 through May 8, 2023, there were 5,044 approved and disbursed 7(a) loans totaling approximately \$4.5 billion with related PPP loans or COVID-19 EIDLs with unresolved hold codes.

We recommended SBA review and appropriately resolve hold codes related to the 5,044 7(a) loans to determine the effect on 7(a) eligibility and seek remedy or repayment of all 7(a) loans deemed ineligible. SBA partially agreed with the recommendation. SBA managers stated they already resolved 3,015 of the 5,044 7(a) loans and plan to review the remaining 2,029 loans.

Access this [inspection report](#) on the SBA OIG Reports site.



### **SBA's State Trade Expansion Program (Report 24-19)**

We conducted a verification inspection of SBA's corrective actions for the six recommendations from our Report 18-11, *Audit of SBA's State Trade Expansion Program* (STEP). We determined the extent to which STEP grant recipients measured program activity performance, the results of those measurements, and the overall management and effectiveness of STEP. The Trade Facilitation and Trade Enforcement Act of 2015 directed SBA to establish STEP to make grants to states to increase the number of small businesses expanding to new trade opportunities abroad. In FY 2023, STEP grant awards totaled \$19.9 million.

SBA effectively implemented corrective actions for three of the six recommendations; however, managers have not fully addressed recommendations to update the funding opportunity announcements to require applicants to include reimbursement thresholds in their proposals. Managers did not include a question on quarterly review checklists to confirm whether program managers have reviewed reported expenditures. They also have not implemented a site visit program. We will track management's execution by reopening the three recommendations.

Access this [verification inspection](#) on the SBA OIG Reports site.



### **Verification Inspection of SBA's Microloan Program (Report 24-24)**

We reviewed SBA's corrective actions for four recommendations from our Report 17-19, *Audit of SBA's Microloan Program*. SBA's Microloan program provides loans to nonprofit intermediary lenders (microlenders) that then lend funds in amounts of \$50,000 or less to small businesses and startups. The program targets new and early-stage businesses in underserved markets, including borrowers with little or no credit history, low-income borrowers, and women and minority entrepreneurs who generally do not qualify for conventional loans or other larger SBA-guaranteed loans. In FY 2023, microlenders disbursed \$86.4 million to over 5,500 small businesses.

We found that corrective actions were still operating as intended for all four OIG recommendations. SBA improved the information system to include outcome-based performance measurements and ensured the data captured could be used to effectively monitor program compliance, performance, and integrity. The agency implemented a site visit plan to comprehensively monitor microloan portfolio performance and ensured program results could be evaluated across the program. SBA issued a standard operating procedure that clarified evidence requirements for use of proceeds and proof that the borrower could not obtain credit elsewhere.

They also updated the microloan reporting system manual to reflect current technology capabilities.

Access this [verification inspection](#) on the SBA OIG Reports site.

## Notable Investigation



### **Former Hospitality Executive Sentenced to 5 Years for Multiple Fraud Schemes**

A California man, a former hospitality executive, was sentenced to 65 months in prison following convictions of wire fraud and failing to pay taxes. The investigation revealed that from 2013 to 2016, he orchestrated a kickback scheme while managing a Hilton hotel in San Francisco, California. He ensured that the contractor's inflated or fraudulent invoices were paid by the owner of the hotel. After depositing the checks into his business banking account, the contractor transferred funds into an illegitimate living trust bank account and then wrote checks back to himself or his associates. He then opened collision and auto repair centers in the Bay Area. He used the auto repair funds for personal interest, leaving the company with mounting debt.

In 2019, he made several material omissions and false statements to secure two SBA 7(a) program loans for the auto repair centers, totaling approximately \$5 million, from an SBA Preferred Lender. SBA guaranteed 75 percent of the loans. When applying for the SBA loans, he failed to disclose that his business banking account was overdrawn by more than \$700,000. He also presented false bank statements showing inflated cash balances, submitted an incomplete debt schedule, submitted false financial statements showing inflated revenue, and presented falsified documents relating to an acquisition.

In 2020, he applied for and received \$1.7 million in PPP funds. In the application, he falsely certified salaries and payroll taxes. In fact, he had not been paying payroll taxes for his employees as required since mid-2019.

## Disaster Assistance Program

SBA has had a critical role in the nation's disaster responses since its inception in 1953. SBA provides long-term, low-interest financial assistance to businesses of all sizes, private nonprofits, homeowners, and renters following a declared disaster. Each year, SBA approves hundreds of millions in disaster assistance loans.

The disaster assistance loan program is the only form of SBA assistance not limited to small businesses. The program's disaster assistance loans are the primary form of federal assistance for repairing and rebuilding nonfarm, private sector losses following a declared disaster.

The program includes four categories of loans for disaster-related losses: home disaster loans, business disaster loans, economic injury disaster loans, and military reservist economic injury loans.

The following summarizes our audit and investigation work this period. Disaster assistance program loans include the COVID-19 EIDL, economic injury and physical disaster loans. Investigative results often include both PPP and EIDL fraud, which are also included in the [Pandemic Response Oversight](#) section.

## Inspections



### Maui Wildfires — Initial Disaster Assistance and Recovery Response (Report 24-11)

We reviewed SBA's initial response to the Maui wildfire disaster, including staffing, loan application volume, and timeliness of disaster loan approvals. We found the agency's initial response to the disaster was timely and effective. On the day of the presidential disaster declaration, SBA placed personnel in locations throughout Hawaii to support businesses and residents affected by the wildfires. Within 6 days of the presidential disaster declaration, agency representatives were stationed at the first Disaster Recovery Center and Business Recovery Center on Maui and provided timely disaster loan assistance to survivors. Interviews with disaster survivors found they were satisfied with SBA's customer service and assistance.

While the agency successfully navigated challenges, such as increased customer service calls and loan applications, we suggested SBA management routinely conduct a staffing needs assessment throughout a disaster to ensure recovery centers are adequately staffed based on customer demand and workload.

SBA management disagreed with our suggested action, stating that the agency regularly examines staffing levels and will continue to do so as it navigates future disaster assistance challenges. Management further stated that a new system is not needed because there is an existing system in place. We will continue to assess the effectiveness of SBA's procedures to routinely conduct staffing needs assessments in future reviews.

Access this [inspection report](#) on the SBA OIG Reports site.



### **Hurricane Idalia — Initial Disaster Assistance and Recovery Response (Report 24-12)**

We reviewed SBA's initial response to Hurricane Idalia, including staffing, loan application volume, and timeliness of disaster loan approvals. We found the agency's initial response to Hurricane Idalia was timely and effective. SBA established a field presence within 3 business days and opened a Business Recovery Center within 10 business days for both Florida and Georgia.

In Florida, SBA established a field presence with the Federal Emergency Management Agency at the interim operating facility in 2 business days of the presidential declaration and opened a Business Recovery Center in 5 business days of the declaration. In Georgia, SBA opened the first recovery center in 4 business days of the presidential declaration and increased staff at the joint field office in Atlanta within 3 business days of the declaration. During the disaster, SBA appropriately responded and properly assigned staff at the centers based on loan volume.

Additionally, the agency was responsive to the increase in loan applications that resulted from the hurricane, and residents reported positive experiences with the customer service received at the recovery centers.

Access this [inspection report](#) on the SBA OIG Reports site.



### **Hurricanes Fiona and Ian — Initial Disaster Assistance and Recovery Response (Report 24-13)**

We reviewed SBA's initial response to Hurricanes Fiona and Ian, including staffing adequacy, loan application volume, and timeliness of disaster loan approvals. We found the agency's initial response to Hurricanes Fiona and Ian was timely and effective. SBA established a field presence within 3 business days and opened a Business Recovery Center within 10 business days for both hurricanes, meeting its strategic goal. SBA also approved loan applications in a timely manner, faster than its goal of 31 days. Additionally, the agency successfully addressed initial staffing concerns and maintained adequate staffing levels throughout its response to both hurricanes.

The agency reacted to anticipated resource needs by implementing a hiring initiative and providing advanced specialty training. These actions addressed a projected staffing shortfall, including the need for bilingual staff who were brought in from other SBA offices to assist.

Access this [inspection report](#) on the SBA OIG Reports site.

## Notable Investigations



### **Baltimore Man Sentenced to 7 Years for \$18 Million COVID-19 Scheme**

A Maryland man was sentenced to 7 years in federal prison, followed by 1 year of home detention and 3 years of supervised release, in connection with a conspiracy to commit wire fraud relating to the submission of more than \$17.9 million in fraudulent EIDL and PPP loans. The man and his co-conspirators prepared and filed 85 false and fraudulent PPP loan applications and 57 false and fraudulent EIDL applications for borrowers in exchange for kickbacks, typically ranging from 20 to 30 percent of the loan amount. The fraudulent PPP and EIDL applications grossly inflated the purported businesses' number of employees, monthly payroll costs, and revenue numbers, including for businesses that did not exist in any legitimate capacity.



### **Former Oregon Dentist Pleads Guilty to Stealing \$11.5 Million**

An Oregon man was sentenced to federal prison for attempting to steal more than \$170 million in COVID-19 relief funds and illegally distributing thousands of doses of prescription drugs. He was sentenced to 70 months in prison and 3 years supervised release. He was ordered to pay more than \$10.5 million in restitution for his role in the scheme. According to court documents, from September 2020 to May 2021, he submitted dozens of fraudulent loan applications to SBA to obtain EIDL and PPP funds using the names and Employer Identification Numbers of fictitious business entities. He further provided false information about the business start dates, number of employees, locations, and the identities of the purported applicants and business owners. In the spring of 2021, he purchased a collection of stolen identities online and used the personally identifiable information to register dozens of straw companies and obtain additional Employer Identification Numbers.



### **Oregon Man Sentenced and Ordered to Forfeit \$18 Million in Stock and Properties**

An Oregon man was sentenced to 48 months in federal prison, 5 years supervised release, and ordered to pay more than \$4 million in restitution. He also was made to forfeit 25 properties and more than 15,000 shares of Tesla Inc. stock seized by law

enforcement. According to court documents, beginning in April 2020, he began submitting PPP and EIDL applications using numerous business names and personally identifiable information of relatives and business associates without their consent. He submitted false documentation to justify the loan amounts requested, including IRS forms listing the 2019 wages purportedly paid by entities he controlled. He claimed these entities paid employees as much as \$4.7 million. His loan applications included lists of dozens of purported employees and the total wages paid to each. The loan application packages included some of the same information across the different business entities, including the physical locations and the names of several dozen employees.

## Contracting and Counseling Programs

The U.S. government is the largest single purchaser of goods and services in the world, awarding over \$760 billion in prime contracts annually. SBA works to maximize opportunities for small businesses to receive these contract awards. As mandated by the Small Business Act, the government-wide goal is to award at least 23 percent of contract dollars to small businesses.

SBA has specific programs that focus on strengthening types of small businesses, like those owned by service-disabled veterans and women, as well as small businesses that are disadvantaged or located in historically underutilized business zones (HUBZones).

The HUBZone program is intended to help small businesses stimulate their economically challenged local economies. Similarly, to help small, disadvantaged businesses gain access to federal and private procurement markets, SBA's 8(a) Business Development Program helps socially and economically disadvantaged entrepreneurs who own small businesses gain business skills and access to federal contracting opportunities so they can better compete in the open marketplace. The program offers free business development education, training workshops, and matchmaking opportunities with federal buyers.

SBA also aids existing and prospective small businesses through a variety of counseling and training services offered by partner organizations. Among these partners are Small Business Development Centers, the SCORE mentoring network, Women's Business Centers, and Veterans Business Outreach Centers. SBA designed the Boots to Business program to provide transitioning military service members with entrepreneurial skills and technical assistance to start their own businesses. SBA is wrapping up the Community Navigator Pilot Program, an American Rescue Plan initiative, that provided funding to organizations working with local community groups to improve access to government resources. These programs all require effective and efficient management, outreach, and service delivery.

The following summarizes our audit and investigation work this period.

## Audits



### **SBA's Oversight of HUBZone Program Participants' Continuing Eligibility (Report 24-23)**

We reviewed whether SBA's oversight ensured triennial program examinations were completed in a timely manner and if certified HUBZone firms met continuing eligibility requirements in accordance with regulations and internal guidance. In FY 2022, SBA reported that federal agencies awarded over \$16.3 billion, or

2.7 percent of prime federal contracting dollars, to 5,818 HUBZone businesses. In FY 2021, SBA began conducting program examinations every 3 years to verify whether HUBZone firms continued to meet eligibility requirements.

We found SBA completed almost all 1,252 triennial program examinations in a timely manner. SBA also correctly validated that 18 of the 20 firms we reviewed (90 percent) met eligibility requirements. But we identified opportunities to further improve eligibility review practices and enhance functionality of the HUBZone information system that notifies participants of their annual recertification requirements.

We recommended SBA revise regulations to require documents that can be verified to ensure firms complied with program eligibility requirements for legacy employees. We also recommended the agency update and implement standard operating procedures to request documents, as permitted under the Code of Federal Regulations, to verify that firms meet size standards in the North American Industry Classification code in which they contract for as a HUBZone business. We also recommended the agency improve the HUBZone Certification Tracking System notification module to ensure recertification notifications are sent promptly and consistently to all HUBZone firms; and to establish procedures to verify completion of annual recertifications by defining parameters, timing, and other requirements as needed.

Management's planned actions resolved three of the four recommendations. Specifically, management proposed a rule change to strengthen HUBZone residency requirements and plans to replace the HUBZone information system with a new system with better functionality. However, SBA's planned action for a rule change to reinforce the policy of accepting a firm's self-certification for size representation in the certification database does not meet the underlying intent of our recommendation; therefore, OIG will seek resolution in accordance with our audit follow-up policy.

Access this [audit report](#) on the SBA OIG Reports site.



### **SBA's Oversight of the Community Navigator Pilot Program Performance (Report 24-25)**

We reviewed SBA's oversight of the Community Navigator program, which was established by the American Rescue Plan Act of 2021. It authorized \$100 million to provide technical assistance and pandemic recovery services to underserved small businesses and entrepreneurs. SBA awarded 51 grants, ranging from \$1 million to \$5 million, totaling \$99.9 million. The Navigator program had a 2-year period of performance, from December 1, 2021 through November 30, 2023, though most grant recipients were approved to continue providing services through May 31, 2024.

We found although SBA officials established performance measures and program goals, there was no established target for the number of underserved clients to reach through the program. In addition, there were data quality issues during the intake process which limited the reliability of performance results. While program officials generally monitored the activities of grant recipients, we found they had limited assurance that recipients who were also SBA Resource Partners did not double count performance results because the Community Navigator program offered the same services to the same types of clients and used the same performance measures as existing programs. Further, not all changes in participating organizations were approved and listed on SBA's website. By improving measuring and monitoring efforts, SBA can more accurately assess grant recipients' performance and analyze the value and results to better determine whether the \$99.9 million invested in the program served the intended purpose.

We made five recommendations, should the program continue, for SBA to improve measuring program performance, the quality of performance data collection efforts, and tracking partner organizations participating in the program. Management disagreed with four recommendations. We will seek resolution of these recommendations in accordance with our audit follow-up policy.

Access this [audit report](#) on the SBA OIG Reports site.

## Notable Investigations



### **Former Navy Civilian Employee Pleads Guilty to Bribery Involving Government Contracts Worth Hundreds of Millions**

A Nevada man pled guilty in federal court to multiple bribery conspiracies, admitting that while he was a public official at the Naval Information Warfare Center Pacific in San Diego, he accepted hundreds of thousands from defense contractors in the form of free meals, tickets to premier sporting events, and jobs for family and friends. In exchange, he helped contractors win and maintain hundreds of millions in government contracts. He took official action to aid his benefactors, such as allowing defense contractors to draft government documents in competitive and non-competitive procurements, submitted those documents as part of the procurement process, and advocated for their selection as defense contractors. From approximately March 2016 through October 2019, he and a coworker received bribes from the president and CEO of a defense contractor and participant in the SBA 8(a) Business Development Program.

He also admitted that from May 2014 through October 2019, he received bribes from another defense contractor in the form of expensive meals, a job for his wife, and rounds of golf at private country clubs. In return for these bribes, he used various methods to steer contracts to these

defense contractors and kept his contracting activities hidden from the Naval Information Warfare Center.



### **Former Construction Contractor Sentenced for Crimes Involving Veteran Contracts**

A New York man was sentenced to 2 years of probation for conspiracy to commit wire fraud in relation to government contracts. He was also sentenced for conspiracy to commit an offense against the United States by offering and giving gratuities to a former Fort Drum contracting officer. The man and his former business partner fraudulently obtained government contracts, which had been set aside solely for service-disabled veteran-owned small businesses. The man and a co-conspirator obtained contracts set aside for veteran-owned small businesses, which they knew they were not entitled to. He and the co-conspirator falsely certified to federal agencies that an actual service-disabled veteran personally managed and controlled the day-to-day business operations of the company. The company received more than \$3.3 million in gross revenue from these fraudulently obtained contracts, and the man admitted to personally receiving \$345,271 in profit from the scheme. They agreed to pay a total of \$758,526 to resolve their civil liability for the submission of false claims.

## Agency Management

OIG is responsible for ensuring SBA goals are met and that managers appropriately safeguard the agency from fraud, waste, and abuse. As part of this work, OIG coordinates with the offices of the Chief Financial Officer, the Chief Information Officer, and the Chief Operating Officer to review financial reporting and performance management, human resources, procurements and grants, space and facilities, and maintenance of SBA's information systems and related security controls.

The following summarizes our audit work this period.

## Audit



### **Independent Auditors' Report on SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act of 2019 (Report 24-16)**

We contracted with the independent certified public accounting firm KPMG, and it found SBA was not compliant with 8 of the 10 reporting requirements under the Payment Integrity Information Act and Office of Management and Budget guidance.

SBA is not compliant with the Act because it did not publish improper and unknown payment estimates in the FY 2023 *Agency Financial Report* and accompanying materials for the Restaurant Revitalization Fund, Shuttered Venue Operators Grant, and payments for covered loans in the 7(a) and 504 loan guaranty programs under the Debt Relief Program. The auditors found the agency did not use appropriate sampling and estimation methodology plans for disaster assistance loans, COVID-19 EIDL, and EIDL Targeted Advance programs and activities. SBA did not publish effective corrective action plans for the disaster assistance loans, PPP loan forgiveness, and PPP loan guaranty purchases programs and activities. The agency also did not demonstrate improvements to payment integrity for 7(a) loan guaranty approvals, 7(a) loan guaranty purchases, 504 Certified Development Company loan approvals, disaster assistance loans, and COVID-19 EIDL programs and activities as the improper payment estimates increased between fiscal years 2022 and 2023.

SBA indicates that it is committed to reducing the dollar amount of improper payments, ensuring program integrity, and continuing to implement effective risk management procedures in accordance with improper payment legislation.

Access this [audit report](#) on the SBA OIG Reports site.

## **Other Significant OIG Activities**

### **Background Investigations Ensure Integrity**

During this reporting period, OIG initiated 105 background investigations and issued 7 security clearances for OIG employees and contractors. OIG adjudicated 59 background investigative reports, debarment, and other administrative enforcement actions.

### **Debarment and Other Administrative Enforcement Actions**

OIG promotes program integrity by making present responsibility referrals to SBA and other agencies. Present responsibility means the business ethics, integrity, honesty, and competence of persons who participate in SBA programs or otherwise do business with the government. During this reporting period, OIG prepared three present responsibility referrals.

Present responsibility referrals can result in suspensions, debarments, and similar administrative enforcement actions. These actions protect taxpayer funds from program participants who are not a good risk for the government.

A typical OIG referral contains a summary of allegations and criminal, civil, administrative, or other evidence supporting the recommendation. Most OIG administrative referrals involve SBA's loan and contract programs. OIG ensures that a suspension and debarment official reviews all appropriate allegations arising in other contexts, such as the investigation of False Claims Act cases.

### **Stakeholder Presentations on PPP and EIDL Fraud**

During this reporting period, SBA OIG held 278 presentations for internal and external stakeholders to raise awareness of fraud, waste, and abuse related to SBA programs. More than 6,720 participants attended these events.

### **Reviews of Proposed Agency Regulations, Operating Procedures, and Other Initiatives Lead to Improved Program Controls**

OIG reviews changes SBA proposes to make to its program directives, such as regulations, internal operating procedures, agency policy notices, and SBA forms completed by the public. OIG often identifies material weaknesses in the proposals and works with the agency to promote more effective controls to deter waste, fraud, and abuse. During the reporting period, OIG reviewed

114 proposed revisions of these program directives and submitted comments designed to improve 6 of these initiatives.

## **Approval of Small Business Development Center Surveys**

According to 15 USC 648(a)(7) of the Small Business Act, when Small Business Development Center information disclosure regulations are issued, the Inspector General must approve any related client survey, as well as the use of any survey information. OIG must also include this approval in the semiannual report. SBA did not submit any surveys to OIG review during this reporting period.

## OIG Hotline

Offices of Inspector General have a hotline function that takes complaints from anyone who suspects waste, fraud, abuse, or serious mismanagement within an agency or its programs by employees, contractors, and the public. Hotline complaints may result in corrective actions, audits, or administrative, civil, or criminal investigations.

Our OIG Hotline staff examines complaints and monitors the progress of matters referred to SBA program offices for action to ensure the agency has promptly followed up, adequately resolved allegations, and documented any corrective actions.

 <b>HOTLINE</b>	
<b>Current Period</b> (April 1, 2024 to September 30, 2024)	
Paycheck Protection Program	6,620
Economic Injury Disaster Loan	583
Other*	2,326
<b>Total</b>	<b>9,529</b>
* Includes complaints not yet processed or categorized	

## Serving Taxpayers

Hotline work has changed dramatically because of the COVID-19 pandemic. OIG's Hotline team has been diligently working through a large influx of complaints. The staff is addressing each complaint received via online submissions to the SBA OIG website, telephone, e-mail, and posted mail, as well as referrals from banks and other agencies.

The number of complaints has increased by orders of magnitude since the COVID-19 pandemic relief programs were established by Congress, which overwhelmed the system and our staff. During this semiannual period, the OIG Hotline received more than 9,500 complaints of loan fraud and abuse, identity theft, and problems with SBA's customer service.

In total, since the pandemic began in March 2020, OIG has received more than 296,000 complaints, which averages about 74,000 per year. By contrast, the OIG Hotline received 742 complaints in calendar year 2019.

# Organizational Overview

## U.S. Small Business Administration

SBA's mission under the Small Business Act, as amended, is to maintain and strengthen the nation's economy by enabling the establishment and vitality of small businesses and assisting in the economic recovery of communities after disasters. The agency's strategic plan for fiscal years 2022–2026 has three key goals:

1. Ensure equitable and customer-centric design and delivery of programs to support small businesses and innovative startups.
2. Build resilient businesses and a sustainable economy.
3. Implement strong stewardship of resources for greater impact.

SBA is organized around the areas of financial, contracting, entrepreneurial development, and disaster assistance. The agency also represents small businesses through an independent advocate and an ombudsman.

SBA headquarters is in Washington, D.C. The agency has staff in 10 regional offices, 68 district offices and corresponding branch offices, and 2 disaster field operation centers. SBA also has 6 government contracting area offices and maintains a network of resource partners in all 50 states, the District of Columbia, Puerto Rico, American Samoa, the U.S. Virgin Islands, and Guam.

## Office of Inspector General

OIG's mission is to provide independent, objective, and timely oversight to improve the integrity, accountability, and performance of SBA and its programs for the benefit of all Americans.

Our strategic plan for fiscal years 2022–2027 has four goals. In addition to the Office of Counsel to the Inspector General, four divisions assist in carrying out the statutory responsibilities of OIG: the Audits Division, Investigations Division, Technology Solutions Division, and the Management and Operations Division.



Our vision is to be valued and engaged change agents who set the standard for oversight excellence in support of America's small businesses. We seek to demonstrate our values of integrity, commitment, and excellence as we deliver products and services of the highest quality defined by accuracy, timeliness, fairness, and usefulness.

The **Office of Counsel** provides legal and ethics advice to all OIG components; protects the OIG's interests in litigation arising out of or affecting OIG operations; assists in prosecuting criminal, civil, and administrative enforcement matters; processes subpoenas; responds to Freedom of Information Act and Privacy Act requests, and reviews and comments on proposed policies, regulations, legislation, and procedures.

The **Audits Division** performs and oversees audits and reviews to promote the economical, efficient, and effective administration of SBA programs and operations. Key areas of emphasis are SBA loan, disaster assistance, business development, and government contracting programs, as well as mandatory and other statutory audit requirements involving information technology security, financial reporting, and other SBA program areas.

The **Investigations Division** manages programs to detect and deter illegal and improper activities involving SBA's programs, operations, and personnel. The criminal investigations staff carries out a full range of traditional law enforcement functions. Within the division, Hotline staff reviews

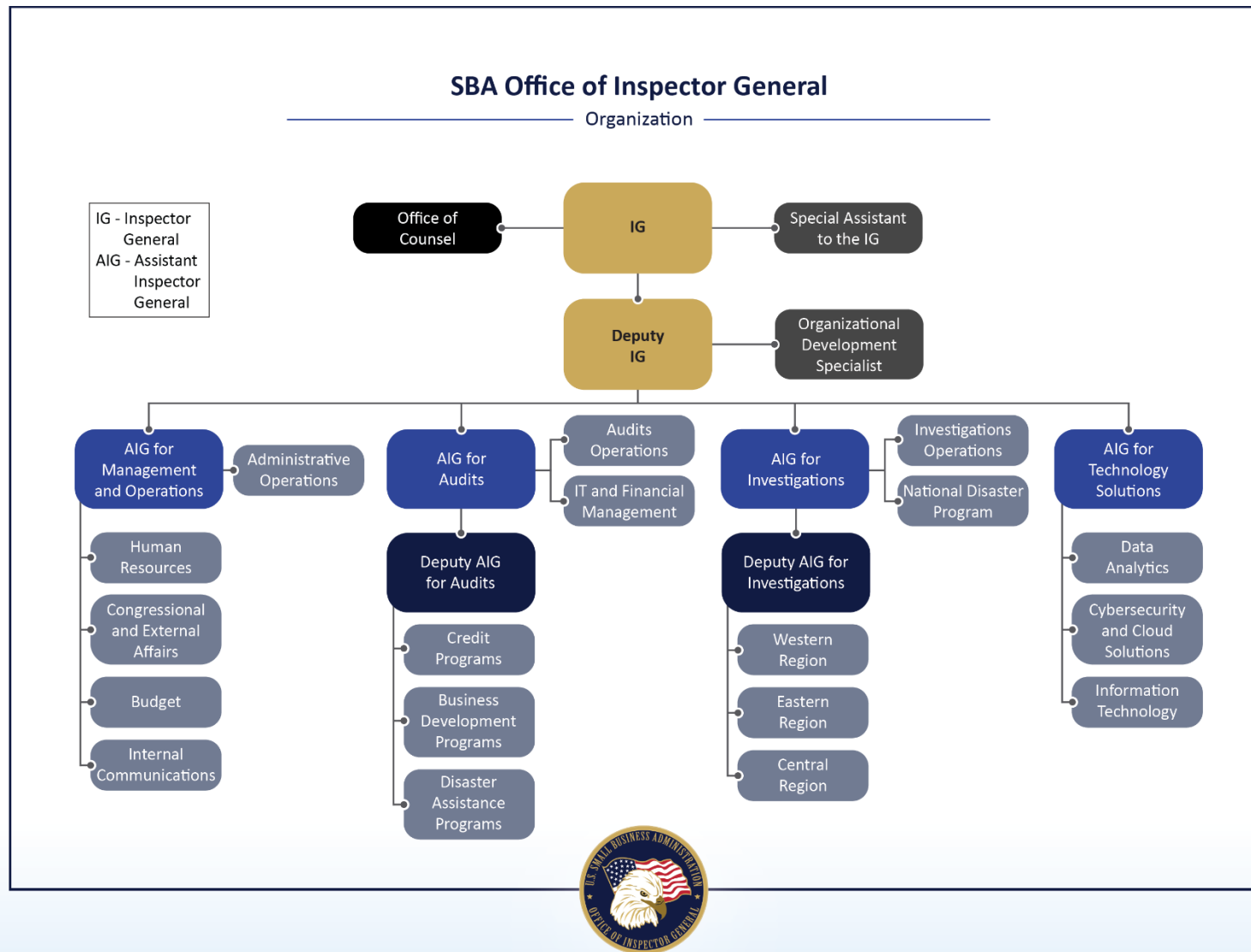
allegations of waste, fraud, abuse, and severe mismanagement within SBA or its programs made by employees, contractors, and the public.

A preliminary review of all complaints is conducted to determine the appropriate course of action. As part of the review process, Hotline staff may coordinate reviews of allegations within OIG, SBA program offices, or other government agencies.

The **Technology Solutions Division** provides data analytics and IT support across OIG, such as artificial intelligence and machine learning solutions, and expands the impact of OIG's oversight activities.

The **Management and Operations Division** provides business support (e. g., budget and financial management, human resources, and procurement) for various OIG functions and activities. The Security Operations Staff within the division conducts required employee and contractor background investigations to achieve a high level of integrity in the agency's workforce. It makes adjudications on OIG employees and contractors for issuance of Personal Identity Verification cards pursuant to Homeland Security Presidential Directive-12 background investigations requirements.

OIG's headquarters is in Washington, D.C. Our field offices are in Atlanta, Georgia; Boston, Massachusetts; Charlotte, North Carolina; Chicago, Illinois; Columbus, Ohio; Dallas-Fort Worth, Texas; Detroit, Michigan; Denver, Colorado; Seattle, Washington; Herndon, Virginia; Houston, Texas; Los Angeles, California; Miami, Florida; New York, New York; Philadelphia, Pennsylvania; Sacramento, California; San Francisco, California; Tampa, Florida; and Washington, D.C.



# Appendices

## Appendix A: Reporting Period Statistical Highlights

### Summary of OIG Dollar Accomplishments

<b>Dollar Accomplishments as a Result of Investigations and Related Activities</b>	
Potential Investigative Recoveries and Fines	\$85,569,498
Other Recoveries (e.g., administrative seizures with partner law enforcement agencies/civil settlements/qui tam)	\$166,616,9616
Asset Forfeitures Attributed to OIG Investigations	\$22,780,612
Loans/Contracts Not Approved or Canceled as a Result of Investigations	0
Investigations Subtotal	\$274,967,071
<b>Dollar Accomplishments as a Result of Audit Activities</b>	
Disallowed Costs Agreed to by Management	\$145,409,691
Recommendations that Funds Be Put to Better Use Agreed to by Management	0
Audit Subtotal	\$145,409,691
Total OIG Dollar Accomplishments	\$420,376,762

### Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Follow-up Activities

Reports Issued	15
Recommendations Issued	37
Dollar Value of Costs Questioned	\$145,409,691
Dollar Value of Recommendations that Funds Be Put to Better Use	0
Recommendations With Management Decisions	48
Recommendations Without a Management Decision	14
Collections as a Result of Questioned Costs	0

### Indictments, Convictions, and Case Actions

Indictments From OIG Cases	137
Convictions From OIG Cases	154
Cases Opened	124
Cases Closed	92

## SBA Personnel Actions Taken as a Result of Investigation

Dismissals	0
Resignations and Retirements	0
Suspensions	0
Reprimands	0

## Program Actions Taken During the Reporting Period as a Result of OIG Action

Present Responsibility Referrals to the Agency	3
Pending at the Agency as of September 30, 2024	3
Suspensions Issued by the Agency	13
Proposed Debarments Issued by the Agency	13
Final Debarments Issued by the Agency	13
Proposed Debarments Declined by the Agency	0
Administrative Agreements Entered by the Agency in Lieu of Debarment	0
Present Responsibility Actions by Other Agencies	0

## Agency Legislative and Regulatory Proposals Reviewed

Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed	114
Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	6

## Appendix B: Full-Year Statistical Highlights, FY 2024

### Summary of OIG Dollar Accomplishments

<b>Dollar Accomplishments as a Result of Investigations and Related Activities</b>	
Potential Investigative Recoveries and Fines	\$239,862,625
Other Recoveries (e.g., administrative seizures with partner law enforcement agencies/civil settlements/qui tam)	\$189,119,031
Asset Forfeitures Attributed to OIG Investigations	\$29,370,367
Loans and Contracts Not Approved or Canceled as a Result of Investigations	\$128,970
Investigations Subtotal	\$458,352,023
<b>Dollar Accomplishments as a Result of Audit Activities</b>	
Disallowed Costs Agreed to by Management	\$200,477,017
Recommendations that Funds Be Put to Better Use Agreed to by Management	0
Audit Subtotal	\$200,477,017
Total OIG Dollar Accomplishments	\$658,829,040

### Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Follow-up Activities

Reports Issued	25
Recommendations Issued	125
Dollar Value of Costs Questioned	\$8,062,519,961
Dollar Value of Recommendations that Funds Be Put to Better Use	0
Recommendations With Management Decisions	130
Recommendations Without Management Decisions	14
Collections as a Result of Questioned Costs	0

### Indictments, Convictions, and Case Actions

Indictments from OIG Cases	267
Convictions from OIG Cases	278
Cases Opened	255
Cases Closed	214

## SBA Personnel Actions Taken as a Result of Investigations

Dismissals	0
Resignations and Retirements	0
Suspensions	0
Reprimands	0

## Program Actions Taken During the Fiscal Year as a Result of OIG Action

Present Responsibility Referrals to the Agency	16
Pending at the Agency as of September 30, 2024	3
Suspension Issued by the Agency	25
Proposed Debarments Issued by the Agency	25
Final Debarments Issued by the Agency	57
Proposed Debarments Declined by the Agency	0
Administrative Agreements Entered by the Agency in Lieu of Debarment	0
Present Responsibility Actions by Other Agencies	0

## Agency Legislative and Regulatory Proposals Reviewed

Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed	140
Comment Memoranda Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	9

## Appendix C: Reports, Recommendations, and Management Decisions

### Reports Issued

#### Agency Management

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
SBA's Fiscal Year 2023 Compliance With the Payment Integrity Information Act of 2019	24-16	5/15/2024	0	0
Program Subtotal	1	—	0	0

#### Credit/Capital Programs

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
7(a) Loan Approval for Borrowers With Unresolved COVID-19 Pandemic Loan Compliance Issues	24-17	5/21/2024	0	0
SBA's Guaranty Purchases for Paycheck Protection Program Loans	24-20	7/9/2024	0	0
Verification Inspection of SBA's Microloan Program	24-24	9/17/2024	0	0
Program Subtotal	3	—	0	0

#### Disaster Assistance

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Maui Wildfires — Initial Disaster Assistance and Recovery Response	24-11	4/2/2024	0	0
Hurricane Idalia — Initial Disaster Assistance and Recovery Response	24-12	4/3/2024	0	0
Hurricanes Fiona and Ian Initial Disaster Assistance and Recovery Response	24-13	4/9/2024	0	0
SBA's Handling of Returned COVID-19 Economic Injury Disaster Loan Funds and De-obligations of Approved Loans	24-15	4/24/2024	0	0
Evaluation COVID-19 EIDL Applicants on the U.S. Department of the Treasury's Do Not Pay List	24-18	6/4/2024	\$145,265,191	0
SBA's Processing of COVID-19 Economic Injury Disaster Loan Reconsideration Requests	24-22	8/6/2024	\$144,500	0
Program Subtotal	6	—	\$145,409,691	0

## Contracting and Counseling Programs

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
SBA's Implementation of the SBIR and STTR Extension Act of 2022	24-14	4/19/2024	0	0
SBA's State Trade Expansion Program	24-19	6/11/2024	0	0
Improvements Needed in SBA's Shuttered Venue Operators Grant Post-Award Review Process	24-21	7/10/2024	0	0
SBA's Oversight of HUBZone Program Participants' Continuing Eligibility	24-23	8/15/2024	0	0
Program Subtotal	4	—	0	0

## Entrepreneurial Development

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
SBA's Oversight of the Community Navigator Pilot Program Performance	24-25	9/24/2024	0	0
Program Subtotal	1	—	0	0

## Reports With Questioned Costs

IG Act Reporting Requirement	Reports	Recommendations*	Questioned Costs**	Unsupported Costs***
No Management Decision Made by March 31	—	—	—	—
Issued During this Reporting Period	2	2	\$145,409,691	\$145,265,191
Management Decisions Made During this Reporting Period	—	—	—	—
(i) Disallowed Costs	2	2	\$145,409,691	\$145,265,191
(ii) Costs Not Disallowed	—	—	—	—
No management decision made by September 30	0	0	—	—

\* Reports may have more than one recommendation.

\*\* Questioned costs found to be improper.

\*\*\* Unsupported costs that may be proper but lack documentation. Unsupported costs are a subset of questioned costs.

## Reports With Recommendations that Funds Be Put to Better Use

IG Act Reporting Requirement	Reports	Recommendations	Recommended Funds for Better Use
No Management Decision Made by March	—	—	—
Issued During this Reporting Period	—	—	—
Subtotal	—	—	—
Management Decisions Made During this Reporting Period	—	—	—
(i) Recommendations Agreed to by SBA Management	—	—	—
(ii) Recommendations Not Agreed to by SBA Management	—	—	—
No Management Decision Made by September	—	—	—

## Reports From Prior Periods With Overdue Management Decisions

Report Number	Report Title	Issue Date	Recommendation	Reason for Delay	Timetable for Resolution
24-09	SBA's Restaurant Revitalization Fund Program Award Practices	3/26/2024	Validate historical sales for 47,565 awards designated or treated as Tier 2 that failed or did not receive IRS validation. Recover any excess funds paid that are attributable to unverified historical sales data.	Program officials are working to identify a process for recovering any improperly paid funds resulting from post-award reviews.	12/6/2024
24-09	SBA's Restaurant Revitalization Fund Program Award Practices	3/26/2024	Review the 3,443 applicants awarded funds totaling \$376,583,100 that self-certified as a brewery or inn, to determine if they met the 33 percent onsite sales eligibility requirement and recover any funds from applicants that did not meet the requirement.	Program officials are working to identify a process for recovering any improperly paid funds resulting from post-award reviews.	12/6/2024

24-09	SBA's Restaurant Revitalization Fund Program Award Practices	3/26/2024	Review the 16,345 applicants that disclosed having an affiliated business to determine if the amounts collectively awarded to the applicant and affiliates exceeded the \$10 million maximum and recover any excess awards.	Program officials are working to identify a process for recovering any improperly paid funds resulting from post-award reviews.	12/6/2024
24-10	SBA's IT Investment Governance Framework	3/29/2024	Update procedures to provide specific guidance to agency investment managers on how to utilize earned value principles to measure investment progress against both the current approved baseline and the original baseline for all major investments as required by SOP 90 52 and OMB A130.	Pending a policy decision by program officials.	12/31/2024

## Reports From Prior Periods With Open Recommendations as of September 30, 2024

Report Number	Title	Date Issued	Number of Open Recommendations	Aggregate Potential Cost Savings
20-03	Audit of SBA's Oversight of High-Risk Lenders	11/12/2019	3	—
20-20	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	9/30/2020	8	—
21-02	Inspection of SBA's Initial Disaster Assistance Response to the Coronavirus Pandemic	10/28/2020	1	—
21-07	Inspection of SBA's Implementation of the Paycheck Protection Program	1/14/2021	1	—
21-08	SBA's Use of Vendors Without a Contract	2/3/2021	2	\$10,800,476
21-09	Duplicate Loans Made Under the Paycheck Protection Program	3/15/2021	1	—
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance With Cooperative Agreement Financial Requirements	5/4/2021	8	\$785,961
22-01	SBA's Emergency EIDL Grants to Sole Proprietors and Independent Contractors	10/7/2021	1	\$4,500,000,000

## U.S. Small Business Administration | Office of Inspector General

22-07	SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal	1/18/2022	2	—
22-08	SBA's Business Development Assistance to 8(a) Program Participants	2/14/2022	4	\$24,317,629
22-11	FY 2021 FISMA Review	4/28/2022	1	—
22-17	Evaluation of COVID-19 EIDL Applications Submitted from Foreign IP Addresses	9/12/2022	1	—
22-19	COVID-19 and Disaster Assistance Information Systems Security Controls	9/27/2022	6	—
22-21	Paycheck Protection Program Eligibility for Nonprofit Organizations	9/26/2022	1	\$684,000,000
22-25	SBA's Guaranty Purchases for PPP Loans	9/30/2022	2	—
23-03	FY 2022 FISMA Review	12/13/2022	3	—
23-10	SBA's Administrative Process to Address Potentially Fraudulent RRF Awards	7/5/2023	1	\$278,570,834
23-11	SBA's Awards for Staffing Support for COVID-19 Economic Relief Loan Programs	7/26/2023	1	—
23-12	SBA's Corrective Actions to Improve Oversight of the SCORE Association	9/21/2023	1	—
23-15	SBA's Oversight of Restaurant Revitalization Fund Recipients	9/29/2023	6	\$3,528,709,751
23-16	Ending Active Collections on Delinquent COVID-19 Economic Injury Disaster Loans	9/29/2023	2	—
24-02	SBA's Internal Controls to Prevent Shuttered Venue Operators Grants to Ineligible Applicants	10/25/2023	2	\$22,878,968
24-03	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	11/15/2023	1	—
24-06	SBA's Eligibility and Forgiveness Review of PPP Loans Made to Borrowers with Treasury's Do Not Pay Data Matches	2/22/2024	7	—
24-07	Fiscal Year 2023 Federal Information Security Modernization Act	3/7/2024	6	—
24-09	SBA's Restaurant Revitalization Fund Program Award Practices	3/26/2024	5	\$6,410,764,905
24-10	SBA's IT Investment Governance Framework	3/29/2024	3	—
—	Total	—	80	\$15,460,828,524

## Significant Recommendations From Prior Reporting Periods Without Final Action as of September 30, 2024

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
20-03	11/12/2019	1	Develop and implement policies and procedures to document OCRM's justification for 1) not conducting planned reviews and 2) identifying and prioritizing additional lenders for review.	11/15/2019	1/31/2025
20-03	11/12/2019	2	Develop and implement a comprehensive database to manage its oversight of high-risk lenders to ensure performance of all planned reviews, implementation of risk mitigation actions, and identification of noncompliant lender and systemic material loan deficiencies.	11/15/2019	8/30/2024
20-03	11/12/2019	5	Develop and implement policies and procedures that require OCRM to communicate systemic lender issues and material loan deficiencies to the appropriate SBA loan approval and purchase centers to facilitate proactive portfolio management and to mitigate the risk of improper guaranty purchases in the event of default.	11/15/2019	1/31/2025

20-20	9/30/2020	1	Review all loans assigned to the resolution center that are 180 days or more delinquent and classified with code 66 (Lien or Mortgage/Refer to Treasury Offset Program Only) and 00 (Clear Existing Status Code) and transfer the loans to Treasury Cross-Servicing, unless verified as exempt when the temporary suspension of debt collection activities because of the pandemic is lifted.	4/29/2022	12/27/2024
20-20	9/30/2020	10	Perform a cost benefit analysis to determine if SBA should begin assessing fees to offset the cost of processing and handling delinquent disaster loans.	4/29/2022	12/27/2024
20-20	9/30/2020	2	Revise SOP 50 52 to clearly communicate that all loans with collateral must be evaluated for foreclosure and placed in foreclosure status before they are 180 days delinquent.	4/29/2022	12/27/2024
20-20	9/30/2020	3	Revise SOP 50 52 2 to clearly communicate that all debts 180 days delinquent must be transferred to Treasury Cross-Servicing unless the debt meets a valid transfer exemption.	4/29/2022	12/27/2024
20-20	9/30/2020	5	Ensure that information used to monitor compliance with the Debt Collection Improvement Act includes all loans assigned to the Resolution Center as identified in the Capital Access Financial System.	9/16/2020	12/27/2024

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20-20	9/30/2020	6	Review all loans currently assigned to the Center and designated exempt from Treasury Offset Program and verify that each of the obligors is exempt from referral to Treasury Offset Program, and if not, refer the obligors to Treasury Offset Program, as required.	4/29/2022	12/27/2024
20-20	9/30/2020	7	Review all loans currently assigned to the Center and designated as exempt from Treasury Cross-Servicing that are 180 days or more delinquent and verify that each of the obligors is exempt from transfer to Treasury Cross-Servicing, and if not, transfer the debt to Treasury Cross-Servicing, as required when the temporary suspension of debt collection activities due to COVID-19 is lifted.	4/29/2022	12/27/2024
20-20	9/30/2020	8	Establish policies and procedures to require routine follow-up on delinquent loans to ensure full compliance with the Debt Collection Improvement Act.	9/16/2020	12/27/2024
21-02	10/28/2020	6	Strengthen data integrity to make it possible to determine if the inaccurate information allowed loans to be made to ineligible entities and to strengthen SBA's ability to service loans appropriately.	9/30/2021	5/31/2024
21-07	1/14/2021	1	Review the loans identified as potentially ineligible to determine if the businesses met eligibility requirements. If not, take appropriate action related to loan guaranty and forgiveness.	1/14/2021	11/1/2024

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21-08	2/3/2021	1	Require responsible personnel to execute a contract for foreclosure and real estate services to ensure the procurement of services are obtained and authorized in accordance with the Federal Acquisition Regulation requirements.	2/1/2021	9/6/2024
21-08	2/3/2021	3	Ratify the over \$10.8 million in payments in accordance with the FAR and 48C.F.R. § 1.602-3.	2/2/2023	9/6/2024
21-09	3/15/2021	1	Review the OIG identified potential duplicate disbursements for eligibility and take action to recover any improper payments as applicable.	3/31/2021	11/29/2024
21-14	5/4/2021	1	Implement financial oversight procedures for the WBC program that ensure the program office enforces WBC cooperative agreement requirements. Program officials should ensure WBCs use federal funds only for allowable, allocable, and reasonable expenses, adhere to contract award procedures, and separate project costs by funding source.	5/4/2021	12/2/2024
21-14	5/4/2021	2	Remedy \$523,790 in unsupported matching funds, unsupported program income, and the resulting portion of the federal funds reimbursed for the unmet match, and \$186,537 in unsupported expenses.	5/4/2021	9/29/2024
21-14	5/4/2021	3	Recover \$31,215 for improperly awarded contracts and \$31,424 in unallowable or unallocable expenses.	5/4/2021	9/29/2024

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21-14	5/4/2021	4	Implement policies and procedures for conducting thorough financial compliance reviews and coordinate with the Office of Field Operations to train field office personnel responsible for semiannual site visits.	5/4/2021	12/2/2024
21-14	5/4/2021	5	Establish policies holding program officials accountable for promptly following up on financial examination results and enforcing cooperative agreement requirements.	5/4/2021	12/2/2024
21-14	5/4/2021	6	Require higher-level reviewers to clearly justify and document approving or denying disbursement of funds if the decisions differ from the recommendations of lower-level reviewers; justification documentation should be kept in the official cooperative agreement file.	5/4/2021	12/2/2024
21-14	5/4/2021	7	Review expenses for the \$28,089 reallocation of budget expenses we detailed in this report to ensure these costs are allowable and document the rationale for the reallocation or recover costs that are unallowable.	5/4/2021	9/29/2024
21-14	5/4/2021	8	Require program officials to enforce the cooperative agreement terms and conditions and deobligate or withhold payments if WBCs do not submit accurate financial reports on time.	5/4/2021	12/2/2024

22-01	10/7/2021	1	Review the applications of sole proprietors and independent contractors that included numbers of employees but no Employer Identification Number; and remedy the \$3.5 billion disbursed to sole proprietors and \$1 billion disbursed to independent contractors that exceeded the amount allowed by SBA's policy.	8/22/2022	12/27/2024
22-08	2/14/2022	1	Implement a standard process to approve initial business plans and monitor to ensure that business plans are reviewed annually, to include appropriate updates for specific targets, objectives, and goals for the business development of program participants, in accordance with 13 CFR 124.403(a) and section 7(j)(10)(D) of the Small Business Act.	11/10/2022	9/6/2024
22-08	2/14/2022	5	Implement a process to ensure the systematic collection of accurate and complete data on program results and operations to make sure all program reporting requirements are met, in accordance with section 7(j)(16)(A) of the Small Business Act and Standards for Internal Control in the Federal Government Principles for Information and Communication.	11/10/2022	9/6/2024

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22-08	2/14/2022	6	Implement requirements for management to monitor that Business Opportunity Specialists consistently assess program participant's development needs, counsel participants, conduct annual field visits, and maintain required documentation, as required by standard operating procedures.	11/10/2022	9/6/2024
22-11	4/28/2022	2	Ensure the continuity of operations plan is tested annually, as required by Federal Continuity Directive 1.	4/29/2022	6/30/2025
22-17	9/12/2022	1	Thoroughly review each COVID-19 EIDL, grant, and advance application submitted from foreign IP addresses that were approved and funded and verify eligibility. If ineligibility or evidence of potential fraud is found, SBA should stop any further or future disbursements, recover any disbursed funds, and refer fraudulent loans to OIG for investigation.	10/6/2022	10/31/2024
22-21	9/26/2022	1	Review the 179 PPP loans, totaling approximately \$684 million, for compliance with affiliation and size standards to ensure eligibility requirements were met and seek remedy or repayment for all loans deemed ineligible.	6/3/2024	5/30/2025

22-19	9/27/2022	1	Ensure the existing SBA System Development Methodology is updated to include supply chain risk-management practices as required by OMB Circular A-130 and high-value asset system designation guidance. Also, ensure high-value asset system risks are incorporated into the enterprise risk management framework, as recommended by OMB M-19-03 and SBA SOP 90 47 6.	11/8/2022	12/31/2024
22-19	9/27/2022	10	Implement an automated process to document and monitor system changes as recommended by NIST SP 800-53 Rev. 5.	11/9/2022	2/14/2025
22-19	9/27/2022	2	Communicate and enforce the SBA System Development Methodology in which a traceability matrix is used to ensure that system requirements can be tested and demonstrated in the operational system. Ensure all requirements are aligned with the contractual acceptance criteria.	11/8/2022	12/30/2024
22-19	9/27/2022	5	In conjunction with the Enterprise Risk Management Board, implement enterprise-wide privacy risk mitigation practices that can be assimilated into new and existing system program designs.	11/8/2022	12/30/2024

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22-19	9/27/2022	7	Transition information systems and common controls to an ongoing authorization process (when eligible for such a process) with the formal approval of the respective authorizing officials or reauthorize information systems and common controls as needed, on a time or event-driven basis in accordance with agency risk tolerance, as required by OMB Circular No. A-130 and SOP 90 47 6.	11/10/2022	2/14/2025
22-19	9/27/2022	8	Review and update POA&Ms at least quarterly as required by SOP 90 47 6.	11/9/2022	9/10/2024
22-25	9/30/2022	2	Explore alternative means of collections for PPP loans with an outstanding balance of \$100,000 or less.	8/26/2024	12/27/2024
22-25	9/30/2022	3	Conduct an initial and periodic cost benefit analysis on PPP purchase guarantees with comprehensive estimates to sufficiently assess whether the cost of collecting loans of \$100,000 or less is more than the recovery amount and pursue collections based on results of the analysis.	12/7/2022	10/31/2024
23-03	12/13/2022	2	Implement a process to ensure SBA reviews its external service providers for supply chain risks and ensure all assessments of supply chain risks are documented as outlined in NIST 800-53.	12/16/2022	2/14/2025
23-03	12/13/2022	3	Communicate and reinforce to program offices the requirement to review and remove system and user accounts in accordance with SOP 90 47 6.	12/16/2022	2/14/2025

23-03	12/13/2022	5	Develop, document, and implement a process that requires management review of information security data and report information security threats.	12/16/2022	9/10/2024
23-10	7/5/2023	1	Prioritize and complete the review of the 2,172 awards that were flagged by the point-of-sale partner as having unsupported gross sales and take appropriate administrative actions to recover improper payments, which includes 110 awards that were suspected of fraud.	8/15/2023	12/27/2024
23-11	7/26/2023	1	Establish and implement policies and procedures on how to use appropriate analysis techniques when determining prices are fair and reasonable when GSA scheduled list prices and rates are adjusted, in accordance with FAR Part 8.	5/15/2024	12/30/2024
23-15	9/29/2023	1	Follow-up with recipients who did not submit their final annual report as required by April 30, 2023, and take action to recover funds.	10/5/2023	10/7/2024
23-15	9/29/2023	2	Review the 210 RRF award recipients currently marked in the PPP loan data as potentially fraudulent or ineligible that were not selected for post award review.	10/5/2023	4/30/2025
23-16	9/29/2023	3	Ensure SBA does not end active collections pursuant to the April 27, 2022 decision on any COVID-19 EIDL of \$100,000 or less made to borrowers who received multiple COVID-19 EIDLs that, when combined, exceed \$100,000.	2/20/2024	12/31/2024

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23-15	9/29/2023	3	Extend the record retention period and notify all RRF award recipients in writing in accordance with 2 CFR 200.334.	5/6/2024	4/30/2025
23-15	9/29/2023	4	Assess the post-award review process and manpower requirements to ensure post award reviews are conducted in a prompt manner. Use the results of the assessment to improve processing times to ensure reviews are completed before the statute of limitations expire.	10/5/2023	10/7/2024
23-15	9/29/2023	5	Take immediate administrative actions to recover improper payments from the 5 hotels and 18 recipients found to be ineligible, for a total of 23 ineligible award recipients identified totaling \$39 million.	10/5/2023	10/7/2024
23-16	9/29/2023	5	Evaluate the COVID-19 EIDL portfolio, in collaboration with Treasury, to determine if selling the portfolio, including delinquent loans of \$100,000 or less, is in the best interest of the government.	9/30/2024	12/31/2024
23-15	9/29/2023	6	Establish and implement procedures to recover unused funds or recover funds paid to ineligible recipients and prioritize this effort.	10/5/2023	10/7/2024
24-02	10/25/2023	1	Reevaluate eligibility for the 47 applicants we questioned and recover grant funds from the ineligible applicants.	01/31/2024	12/13/2024
24-02	10/25/2023	2	Implement additional controls to ensure that, during the monitoring, auditing, and compliance phases, awards are carefully screened to verify eligibility and to recover grant funds from ineligible entities.	7/16/2024	12/13/2024

24-03	11/15/2023	25	Design and implement adequate review and approval controls over the reestimate for the PPP and COVID-19 EIDLs portfolios by appropriate levels of management, and to coordinate with relevant program offices to assess the integrity of relevant data inputs used in the development of assumptions, and reasonableness for the selected assumptions used and the resulting estimates.	12/19/2023	10/15/2024
24-06	2/22/2024	1	Review the 1,799 PPP loans totaling over \$89 million, that matched a DNP data source, to ensure eligibility requirements were met and seek remedy or repayment of all loans deemed ineligible.	3/27/2024	1/31/2025
24-06	2/22/2024	2	Review the 49 PPP loans totaling approximately \$3.5 million and the 43 loans totaling approximately \$7.2 million to ensure borrowers met eligibility requirements and seek remedy or repayment of loans deemed ineligible.	9/30/2024	8/29/2025
24-06	2/22/2024	3	Conduct a review of PPP loans, in which the DNP hold codes were cleared to 1) identify those cleared using pre-decisional memos and 2) those cleared without sufficient evidence to support the reviewer's loan decision and seek remedy or repayment of loans deemed ineligible.	10/3/2024	9/30/2025

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24-06	2/22/2024	4	Develop and implement controls, such as supervisory reviews, to ensure PPP loans and loans for future stimulus programs with DNP matches receive manual reviews, as required. The reviews should ensure that pre-decisional memos are not used to clear DNP hold codes and that the loan files contain relevant and appropriate documentary evidence to support the loan review decisions.	10/3/2024	9/30/2025
24-06	2/22/2024	5	Develop and implement clear guidance requiring responsible officials to maintain documentary evidence used to support loan decisions in the loan files.	10/3/2024	9/30/2025
24-06	2/22/2024	6	Review the 59,893 PPP applications that matched a DNP data source to ensure borrowers met eligibility requirements and seek remedy or repayment of loans deemed ineligible.	3/27/2024	1/31/2025
24-06	2/22/2024	7	Review the additional 47,940 PPP loans totaling over \$1.7 billion, identified through the DNP data match, to ensure borrowers met the eligibility requirements and seek remedy or repayment of loans deemed ineligible.	3/8/2024	1/31/2025
24-07	3/7/2024	10	Update existing procedures that identify the roles of individuals with significant IT responsibilities who require role-based training and ensure such training is provided and tracked.	3/27/2024	2/15/2025
24-07	3/7/2024	11	Provide training to individuals with contingency planning roles and responsibilities.	3/27/2024	9/30/2024

24-07	3/7/2024	5	Develop a strategy to ensure that products, system components, systems, and services of external providers are consistent with the organization's cybersecurity and supply chain requirements.	3/27/2024	12/30/2024
24-07	3/7/2024	6	Define timeframe and remediation requirements for baseline and configuration weaknesses.	3/26/2024	12/31/2024
24-07	3/7/2024	7	Properly update and remediate vulnerabilities and configuration weaknesses throughout the SBA environment.	3/27/2024	9/30/2024
24-07	3/7/2024	9	Ensure implementation procedures for data loss prevention are updated at least on a biannual basis to reflect new processes and new requirements.	3/27/2024	12/31/2024
24-09	3/26/2024	1	Develop a plan for future similar programs to leverage applicable existing SBA data sources when determining eligibility and monitoring awards. The plan should include requirements to evaluate effectiveness of the use of the data as controls to reduce risk of improper payments.	4/30/2024	1/31/2025
24-09	3/26/2024	2	Validate historical sales for 47,565 awards designated or treated as Tier 2 that failed or did not receive IRS validation. Recover any excess funds paid that are attributable to unverified historical sales data.	—	—

24-09	3/26/2024	3	Review the 3,443 applicants awarded funds totaling \$376,583,100 that self-certified as a brewery or inn, to determine if they met the 33 percent onsite sales eligibility requirement and recover any funds from applicants that did not meet the requirement.	—	—
24-09	3/26/2024	4	In accordance with Public Law 117-2, § 5003(a)(4)(A)(i) take immediate action to review and recover improper payments from the 14 affiliated business groups disclosed by RRF applicants for a total of \$55,067,326 in excess funds paid, beyond the \$10 million limit per affiliated group.	4/30/2024	5/30/2025
24-09	3/26/2024	5	Review the 16,345 applicants that disclosed having an affiliated business to determine if the amounts collectively awarded to the applicant and affiliates exceeded the \$10 million maximum and recover any excess awards.	—	—
24-10	3/29/2024	2	Ensure the architecture review board reviews new investments to confirm compatibility with agency systems and ensure the Business Technology Investment Council approves new investments prior to purchase, as required by SOPs 90 52 1 and 90 44.	10/5/2023	12/31/2024

24-10	3/29/2024	4	Update procedures to provide specific guidance to agency investment managers on how to utilize earned value principles to measure investment progress against both the current approved baseline and the original baseline for all major investments as required by SOP 90 52 1 and OMB Circular A-130.	—	—
24-10	3/29/2024	6	Perform oversight procedures as required in OMB Circular A-11 and SOP 90 44. Specifically, ensure that post-implementation reviews, business case closeouts, TechStat sessions, operational analyses, and lessons learned are completed.	9/27/2024	8/30/2024

## Significant Recommendations From this Reporting Period

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-14	4/19/2024	SBA's Implementation of the SBIR and STTR Extension Act of 2022	1	Establish formal procedures for obtaining and reviewing appropriate supporting documentation to ensure sales and investments are accurately reported.
24-15	4/24/2024	SBA's Handling of Returned COVID-19 Economic Injury Disaster Loan Funds and De-obligations of Approved Loans	1	Create processing timeframes for returned funds for current and future disaster programs.
24-16	5/15/2024	SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act (PIIA) of 2019	1	Continue to provide training and collaborate with program office staff to ensure the timely and complete reconciliation of the population of transactions used for estimating improper payments to the general ledger is performed, as needed.
24-16	5/15/2024	SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act of 2019	2	Proactively seek and obtain guidance from OMB in the first year of a new program's implementation and develop a plan to ensure compliance with PIIA reporting requirements, as needed.
24-16	5/15/2024	SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act of 2019	3	Enhance existing procedures using the framework in the Government Accountability Office's Green Book to design and implement robust internal and quality control processes to ensure complete and accurate reporting of annual improper payment results and formalized risk assessment processes to ensure all programs and activities are considered sufficiently to meet PIIA reporting objectives.
24-16	5/15/2024	SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act of 2019	4	Design and implement enforceable actions and controls to hold lenders accountable for not providing all documentation requested for loan samples in a timely manner.

24-16	5/15/2024	SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act of 2019	5	Formally document and implement additional preventative and monitoring controls to determine the eligibility of loans prior to loan approval and payments and loan guaranty purchases.
24-16	5/15/2024	SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act of 2019	6	Collaborate with the responsible staff involved in the payment integrity reporting process to ensure timely and complete reconciliations are performed on the populations subject to sampling for improper payment reviews.
24-16	5/15/2024	SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act of 2019	7	Exercise effective management review controls over the statistician's work product by verifying that the documentation of the sampling and estimation methodology plans comprehensively outlines the details of the implemented sampling and extrapolation methodology, while maintaining statistical validity.
24-16	5/15/2024	SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act of 2019	8	Design and implement effective communication and review processes with responsible staff involved in the payment integrity reporting process to ensure compliance for the reporting of new programs and activities.
24-16	5/15/2024	SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act of 2019	10	Design and implement a formal review process to ensure corrective actions plans developed, implemented, and published are adequately addressing the true root causes of improper and unknown payments.
24-17	5/21/2024	7(a) Loan Approval for Borrowers with Unresolved COVID-19 Pandemic Loan Compliance Issues	1	Review and appropriately resolve hold codes related to the 5,044 7(a) loans to determine impact on 7(a) eligibility and seek remedy or repayment of all 7(a) loans deemed ineligible.

24-18	6/4/2024	Evaluation COVID-19 EIDL Applicants on the U.S. Department of the Treasury's Do Not Pay List	1	Review each of the 1,614 loan and 2,029 grant potential improper payments made to COVID-19 EIDL recipients we identified in the finding as also being on Treasury's Do Not Pay List and determine if the applicants can rectify the disqualifying information; if not, recover the funds.
24-19	6/11/2024	Verification Inspection of SBA's State Trade Expansion Program	1	Require State Trade Expansion Program applicants to include reimbursement and activity thresholds for participating eligible small business concerns in their proposals and review for reasonableness to ensure the program meets the objective of the Trade Facilitation and Trade Enforcement Act of 2015.
24-19	6/11/2024	Verification Inspection of SBA's State Trade Expansion Program	2	Enhance the quarterly review process to include strategic planning to emphasize recipients meeting performance goals.
24-19	6/11/2024	Verification Inspection of SBA's State Trade Expansion Program	3	Increase oversight of cooperative agreement recipients and establish and implement a risk-based approach to monitor recipients that are not meeting their quarterly milestone goals.
24-20	7/9/2024	SBA's Guaranty Purchases for Paycheck Protection Program Loans	1	Review charged-off PPP loans to ensure all eligible loans are reported to commercial credit reporting agencies, as required.
24-20	7/9/2024	SBA's Guaranty Purchases for Paycheck Protection Program Loans	2	Require personnel to conduct periodic monitoring and reviews of SBA's automated processes for PPP and future stimulus loan programs to ensure all eligible loans are reported to commercial credit reporting agencies, as required.
24-20	7/9/2024	SBA's Guaranty Purchases for Paycheck Protection Program Loans	3	Identify the credit reporting agencies to whom SBA must report current and delinquent loans for PPP and future stimulus loan programs.

24-20	7/9/2024	SBA's Guaranty Purchases for Paycheck Protection Program Loans	4	Review charged-off PPP loans to ensure that all eligible loans are referred to Treasury, as required.
24-20	7/9/2024	SBA's Guaranty Purchases for Paycheck Protection Program Loans	5	Require personnel to conduct periodic reviews of its automated Treasury referral process for PPP and future stimulus loan programs to ensure all eligible loans are referred to Treasury, as required.
24-20	7/9/2024	SBA's Guaranty Purchases for Paycheck Protection Program Loans	7	Require lenders to submit evidence of communication, servicing, and debt collection activities with the borrower prior to guaranty purchase for PPP and future similar programs to foster and maintain program integrity.
24-21	7/10/2024	Improvements Needed in SBA's Shuttered Venue Operators Grant Post-Award Review Process	2	Finalize and implement updated guidance dated April 18, 2024 to terminate the award for unresponsive recipients and initiate actions to recover funds within the stated timeline.
24-21	7/10/2024	Improvements Needed in SBA's Shuttered Venue Operators Grant Post-Award Review Process	3	Assess staffing and procedures to ensure post-award reviews are conducted in a prompt manner. Use the results of the assessment to improve processing times to ensure reviews are completed in time to accommodate relevant statute of limitations.
24-22	8/6/2024	SBA's Processing of COVID-19 Economic Injury Disaster Loan Reconsideration Requests	1	Recover COVID-19 EIDL funds provided to the two ineligible borrowers.
24-23	8/15/2024	SBA's Oversight of HUBZone Program Participants' Continuing Eligibility	1	Revise regulations to require documents that can be verified to ensure firms complied with 13 CFR § 126.200(d)(3), that a legacy employee resided in a HUBZone for at least 180 days following the most recent certification (or recertification).

24-23	8/15/2024	SBA's Oversight of HUBZone Program Participants' Continuing Eligibility	2	Update and implement standard operating procedures to request documents, as permitted under 13 CFR 126.304(b)(1), to verify during program examinations that firms meet size standards in the North American Industry Classification System code in which they perform on HUBZone contracts.
24-23	8/15/2024	SBA's Oversight of HUBZone Program Participants' Continuing Eligibility	4	In the interim, establish procedures to verify completion of annual recertifications by defining parameters, timing, and other requirements as needed, including expected OCIO response times when the HUBZone program office requires manual HCTS processing.
24-25	9/24/2024	SBA's Oversight of the Community Navigator Pilot Program Performance	1	Should the Navigator program continue, establish performance targets to assess recipient's progress towards assisting underserved small business owners and entrepreneurs.
24-25	9/24/2024	SBA's Oversight of the Community Navigator Pilot Program Performance	2	Should the Navigator program continue, enhance guidance for grant recipients to use acceptable methods to collect more complete client information reported to program officials.
24-25	9/24/2024	SBA's Oversight of the Community Navigator Pilot Program Performance	3	Enhance the data validation procedures to ensure program officials check for accuracy and completeness of the performance data grant recipients upload to the system.
24-25	9/24/2024	SBA's Oversight of the Community Navigator Pilot Program Performance	4	Establish and implement a risk-based process to compare performance results for Navigator program grant recipients and partner organizations that are also SBA resource partners to ensure performance is separate and discrete.

24-25	9/24/2024	SBA's Oversight of the Community Navigator Pilot Program Performance	5	Should the Navigator program continue, update the programmatic compliance checklist to include a separate step to identify changes in partner organizations and ensure the grant recipient received proper prior approval; and implement procedures to promptly update the public website for approved partner organization changes.
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## Significant Management Decisions With Which OIG Disagrees

There were no significant management decisions with which OIG disagreed with during this reporting period.

## Significant Revised Management Decisions

There were no significant revised management decisions during this reporting period.

## Federal Financial Management Improvement Act of 1996

Our independent auditor, KPMG, reported in the 2023 financial statement audit that management did not establish and maintain financial management systems that substantially comply with Federal Financial Management Improvement Act of 1996 requirements. These areas related to control deficiencies over transactions arising from the implementation of the CARES Act and related legislation. They found financial reporting controls do not ensure compliance objectives are met and do not ensure budgetary resources are safeguarded against waste, loss, and misuse.

Specifically, management was unable to provide evidence that the accounting treatment and financial reporting of the recovery of funds related to the RRF, SVOG, COVID-19 EIDLs, and PPP programs were in accordance with U.S. generally accepted accounting principles.

## Instances of Interference

There were no attempts by SBA officials to interfere with OIG independence during the reporting period.

## Appendix D: Investigations Reporting Statistics

### Investigative Reports Issued

Report Type	Number of Reports
Report of Investigation	84
Preliminary Case Closing Reports of Investigation	0
Total	84

### Persons Referred for Prosecution

Referred to	Number of Persons*
Department of Justice	56
State Attorney	3
Local Attorney	6
Total	65

\*Number includes persons and entities referred for prosecution.

### Pandemic-Related Investigative Statistics

SBA OIG	Investigations	Indict/Complaint	Arrests	Convictions
PPP/EIDL/SV/RFF*	108	136	101	154
Investment Fraud	2	1	1	0
Total	110	137	102	154

\*PPP is the Paycheck Protection Program. EIDL is the Economic Injury Disaster Loan. SV is Shuttered Venue Operators Grant. RFF is the Restaurant Revitalization Fund.

### Whistleblower Retaliation Cases

There were two OIG investigations involving whistleblower retaliation during the reporting period.

### Executive Order 14074 Section 10(c) No-Knock Entries

There were no OIG investigations involving no-knock entries that occurred pursuant to judicial authorization during this semiannual period.

### Investigations Involving a Senior Government Employee Where Misconduct Was Substantiated

There were no OIG investigations where misconduct was substantiated that involved a senior government employee during this reporting period.

## **Investigations Involving a Senior Government Employee that Are Closed and Not Disclosed to the Public**

There were no OIG investigations that are closed and not disclosed to the public involving a senior government employee during this reporting period.

## Appendix E: Legal Actions Summary

### April 1, 2024 – September 30, 2024

State	Program	Jointly With	Alleged Violation(s) Prosecuted	Legal Action
AL	DL	DHS OIG, DOJ OIG, DOL OIG	Individuals submitted multiple fraudulent EIDL loan applications, which were disbursed under stolen identifies which resulted totaling over \$550,000 and halted 22 EIDL applications totaling over \$3.3 million.	Individual 1 was sentenced to 11 months incarceration and 5 years of supervised release. Individual 2 was sentenced to 18 months incarceration and 3 years supervised release. They were ordered to pay \$550,000 in restitution.
CA	DL, BL	FBI, IRS CI	Individual defrauded the SBA and financial institutions for a total of over \$1.7 million in loans through the EIDL program. Individual misused proceeds for personal use such as gambling, vacations, and other personal expenses including the purchase of illegal narcotics.	Individual was sentenced to 48 months incarceration, 3 years of supervised release, and ordered to pay \$421,900 in restitution.
CO	BL	NCIS	Individual submitted false and fraudulent PPP applications and received over \$500,000	Individual was sentenced to 24 months incarceration, 3 years supervised release, and ordered to pay \$513,732 in restitution.
OR	BL	NCIS	Subject submitted false and fraudulent PPP applications and received over \$530,000.	Subject was sentenced to 8 months incarceration, 3 years of supervised release, and ordered to pay \$167,826 in restitution.
MD	BL, DL	FBI, BCPD	As part of the scheme, subject submitted 85 fraudulent PPP and 57 EIDL applications. Subject successfully obtained over \$17 million in fraudulent funds to travel, stay in luxury hotels, and purchase property.	Subject was sentenced to 84 months incarceration, 3 years of supervised release, and ordered to pay \$17.9 million in restitution.
VA	BL	VA OIG, FRB OIG	Individuals made material misrepresentations to a financial institution to gain approval for PPP loans and obtained over \$200,000 to purchase vehicle and personal expenses.	Individual 1 was sentenced to 1 month incarceration, 3 years of supervised release. Individual 2 was sentenced to 1 month incarceration and 3 years supervised release. Individuals were ordered to pay \$202,000 in restitution.

## U.S. Small Business Administration | Office of Inspector General

State	Program	Jointly With	Alleged Violation(s) Prosecuted	Legal Action
CA	GC	IRS CI, DCIS, NCIS, HHS OIG	Subject participated in a fraud scheme and conspired to perform illegal acts regarding contracting matters which affected over \$300 million in task orders.	Individual 1 was sentenced to 24 months of probation and was ordered to pay \$2.2 million in restitution.
ID	BL, DL	TIGTA	As part of the scheme, subject submitted multiple fraudulent PPP and EIDL loan applications. Subject successfully obtained over \$50,000 in fraudulent funds.	Subject was sentenced to time served, 5 years of supervised release, and ordered to pay \$53,000 in restitution.
TX	DL, BL	HUD OIG, FHFA OIG, USPIS	Individuals made false statements in the attempt to obtain over 40 PPP loans totaling over \$2.2 million and over 220 EIDL loans totaling over \$2.7 million. The intended loss totaled over \$19.7 million.	Individual 1 was sentenced to 84 months incarceration and 3 years supervised release. Individual 2 was sentenced to 48 months incarceration and 3 years supervised release. They were ordered to pay \$4 million in restitution.
IA	BL	FBI, IRS CI	Subject submitted multiple PPP applications seeking over \$650,000 in COVID-19 relief funds.	Subject was sentenced to 6 months incarceration and 3 years supervised release and ordered to pay \$651,582 in restitution.
WA	BL, SVOG	IRS CI	Individual devised a scheme and received over \$485,000 in PPP loans and applied to SVOG for \$6.3 million.	Individual was sentenced to 90 months incarceration and 3 years supervised release and was ordered to pay \$485,749 in restitution.
WA	BL, DL	NCIS	Subject executed a scheme to defraud various SBA programs totaling over \$136,000.	Subject was sentenced to reduction in grade and a bad conduct discharge.
CA	BL, DL	FBI, IRS CI	Individual submitted more than 40 fraudulent PPP loan applications and more than 20 EIDL loan applications totaling over \$1.2 million.	Individual was sentenced to 42 months incarceration, 3 years supervised release, and ordered to pay \$1.2 million in restitution.
FL	BL	FBI	Subject executed a scheme to defraud financial institutions by creating false companies totaling over \$20,000.	Subject was sentenced to 48 months of probation and was ordered to \$20,392 in restitution.
CO	DL, BL	TIGTA	As part of the scheme, subject submitted multiple fraudulent EIDL applications. Subject successfully obtained over \$3.7 million in fraudulent funds.	Subject was sentenced to 24 months of incarceration, 3 years of supervised release, and ordered to pay \$3.7 million in restitution.

State	Program	Jointly With	Alleged Violation(s) Prosecuted	Legal Action
WI	BL	FBI, IRS CI	Individual submitted false and fraudulent PPP applications and received over \$220,000.	Individual was sentenced to 9 months incarceration, 3 years supervised release, and ordered to pay \$220,000 in restitution.
TX	BL	IRS CI	Individual submitted false and fraudulent PPP applications and received over \$160,000.	Individual was sentenced to 6 months incarceration, 3 years supervised release, and ordered to pay \$164,250 in restitution.
IA	DL, BL	FBI, FDIC OIG, HSI	Individuals devised a scheme and applied for over \$7.6 million in PPP and EIDL loans. Subjects misrepresented the number of employees and payroll expenses.	Individual 1 was sentenced to 48 months of probation. Individual 2 was sentenced to 24 months of probation. Individual 3 was sentenced to 12 months of probation. Individual 4 was sentenced to 12 months of probation. They were ordered to pay \$7.6 million in restitution.
TX	BL	IRS CI	Subjects submitted multiple PPP applications seeking over \$3 million in COVID-19 relief funds.	Subject 1 was sentenced to 70 months incarceration and 3 years supervised release. Subject 2 was sentenced to 48 months incarceration and 3 years supervised release. They were ordered to pay \$2.5 million in restitution.
GA	BL	DOT OIG, USSS	Subject submitted false and fraudulent PPP applications and received over \$590,000.	Subject was sentenced to 30 months incarceration, 3 years of supervised release, and ordered to pay \$591,668 in restitution.
OR	BL DI	FBI	Subject made multiple false statements and attempted to obtain multiple PPP and EIDLs for over \$33,000.	Subject was sentenced to 6 months home confinement, 3 years of supervised release and ordered to pay \$33,414 in restitution.
CA	BL	USPIS, HSI	Subject submitted false and fraudulent PPP applications and received over \$3.1 million.	Subject was sentenced to 51 months incarceration, 3 years of supervised release, and ordered to pay \$3.1 million in restitution.

State	Program	Jointly With	Alleged Violation(s) Prosecuted	Legal Action
IL	DL	USAO	As part of the scheme, subject submitted multiple fraudulent EIDL applications.	Subject was sentenced to 24 months of probation and ordered to pay \$3,469 in restitution.
FL	DL	FBI, USSS	As part of the scheme, individual submitted fraudulent PPP applications and attempted to obtain over \$1.2 million.	Individual was sentenced to 21 months in incarceration, 3 months supervised release, and was ordered to pay \$1.2 million in restitution.
HI	BL	FDIC OIG, TIGTA, IRS CI	Subject submitted multiple PPP applications seeking over \$1.3 million in COVID-19 relief funds.	Subject 1 was sentenced to 36 months incarceration and 2 years supervised release. Subject 2 was sentenced to 36 months incarceration and 2 years supervised release. They were ordered to pay \$1.3 million in restitution.
OR	BL, DL	TIGTA, FBI	Subjects devised a scheme and applied for over \$600,000 in PPP and EIDLs. Subjects misrepresented the number of employees and payroll expenses.	Subject 1 was sentenced to 36 months incarceration and 3 years supervised release. Subject 2 was sentenced to 36 months incarceration and 3 years supervised release. They were ordered to pay \$628,443 in restitution.
WA	BL	NCIS	Subject executed a scheme to defraud various financial institutions by creating false companies totaling over \$20,000.	Subject was sentenced to reduction in grade and was ordered to \$23,426 in restitution.

State	Program	Jointly With	Alleged Violation(s) Prosecuted	Legal Action
MS	DL, IA	IRS CI, TIGTA	Individuals devised a scheme and accessed agency database to manipulate, fabricate and upload fraudulent IRS and SBA forms used to process fraudulent EIDL applications which resulted in over \$2.3 million.	Individual 1 was sentenced to 12 months incarceration, 5 years of supervised release. Individual 2 was sentenced to 36 months incarceration, 3 years of supervised release. Individual 3 was sentenced to 62 months incarceration, 5 years of supervised release. Individual 4 was sentenced to 24 months incarceration, 3 years of supervised release. Individual 5 was sentenced to 12 months incarceration, 3 years of supervised release. Individual 6 was sentenced to 1 month incarceration, 5 years of supervised release. Individuals were ordered to pay \$2.3 million in restitution.
OK	BL, DL	FBI	Individuals attempted to defraud the government of over \$2.6 million. They created fictitious documents and communicated with family, friends, and others unknown to the investigation via chat forums and email to further the PPP fraud scheme. With the proceeds, the individuals purchased vehicles, cryptocurrency, casino withdrawals, and payment for credit cards.	Individual 1 was sentenced to 36 months incarceration, 3 years of supervised release. Individual 2 was sentenced to 24 months incarceration, 3 years of supervised release. Individual 3 was sentenced to 48 months incarceration, 5 years of supervised release. Individual 4 was sentenced to 36 months incarceration, 3 years of supervised release. Individual 5 was sentenced to 1 month incarceration, 3 years of supervised release. Individual 6 was sentenced to 36 months incarceration, 5 years of supervised release. Individuals were ordered to pay \$2.6 million in restitution.
NJ	DL	FBI, IRS CI, SSA OIG	Individual was a bank employee who submitted multiple fraudulent EIDL loan applications, including falsified supporting documentation, for companies they owned or controlled.	Individual 1 was sentenced to 12 months incarceration and 3 years of supervised release and was ordered to \$74,000.

State	Program	Jointly With	Alleged Violation(s) Prosecuted	Legal Action
OR	BL	NCIS	Subject submitted false and fraudulent PPP applications and received over \$45,000.	Subject was sentenced to 6 months incarceration, 3 years of supervised release, and ordered to pay \$45,682 in restitution.
PR	BL, DL	USSS, IRS CI, TIGTA	An organized fraud ring that defrauded the PPP and EIDL programs. The suspected head of the organization recruited numerous individuals to apply for the EIDL and PPP programs using fabricated documents and collected kickbacks. In the last 6 months, 67 individuals have been sentenced.	67 individuals have been sentenced to probation ranging from 12 to 36 months and were ordered to pay \$2.3 million in restitution.
FL	BL	USPS OIG	As part of the scheme, individual submitted fraudulent PPP applications and attempted to obtain over \$600,000 in CARES Act funds.	Individual was sentenced to 48 months in incarceration, 3 months supervised release, and was ordered to pay \$634,982 in restitution.
GA	DL	FBI, FDIC OIG	Individual was a bank employee who submitted multiple fraudulent EIDL loan applications, including falsified supporting documentation, for companies they owned or controlled.	Individual was sentenced to 24 months incarceration and 3 years of supervised release and was ordered to pay \$247,000.
NY	BL	FBI, FDIC OIG, FRB OIG	Individual submitted false and fraudulent PPP applications and received over \$220,000.	Individual was sentenced to 75 months incarceration, 3 years of supervised release, and ordered to pay \$220,000 in restitution.
NE	DL	USSS	Individual made false assertions and certifications concerning EIDL loans benefits.	Individual was sentenced to 2 years supervised release and ordered to pay \$10,000 in restitution.
TN	DL	ATF	As part of the scheme, individual submitted fraudulent EIDL applications and attempted to obtain over \$300,000 in CARES Act funds.	Individual was sentenced to 15 months in incarceration, 3 months supervised release, and was ordered to pay \$10,000 in restitution.
MI	DL	FBI	Individual used a position within the SBA to access the SBA database to retrieve personally identifiable information to apply for an EIDL. Individual used the information to purchase lavish personal purchases such as a Land Rover.	Individual was sentenced to 4 years supervised release and ordered to pay \$34,786 in restitution.

State	Program	Jointly With	Alleged Violation(s) Prosecuted	Legal Action
DC	DL, BL	FBI	Subject made multiple false statements and attempted to obtain multiple PPP and EIDLs over \$80,000.	Subject was sentenced to 12 months incarceration, 5 years of supervised release and ordered to pay \$56,848 in restitution.
FL	BL	USSS	Individual made multiple false statements and obtained multiple PPP loans over \$500,000 and one RRF for over \$410,000.	Subject was sentenced to 15 months incarceration, 3 years of supervised release, and ordered to pay \$21,500 in restitution.
AL	BL, DL	DHS OIG, DOL OIG	Individuals made multiple false statements and obtained multiple PPP loans over \$450,000.	Individual 1 was sentenced to 48 months of probation. Individual 2 was sentenced to 12 months of probation. Individual 3 was sentenced to 12 months of probation. Individual 4 was sentenced to 12 months of probation. Individuals were ordered to pay \$758,833 in restitution.
FL	BL	USSS	Subject submitted false and fraudulent PPP applications and received over \$300,000 in loan proceeds.	Subject was sentenced to 42 months incarceration, 5 years of supervised release, and ordered to pay \$306,415 in restitution.
GA	DL	FBI	As part of the scheme, subject conspired to submit fraudulent loan applications and obtained over \$310,000 in CARES Act funds.	Subject was sentenced to 24 months incarceration, 1 year of supervised release, and ordered to pay \$310,400 in restitution.
CA	BL	FBI, FDIC OIG, TIGTA	Subject stole identity information, applied, received and received over 20 fraudulent PPP and EIDL disbursements over \$3.5 million. Subject used the funds to purchase lavish vehicles and homes.	Subject was sentenced to 41 months incarceration, 5 years of supervised release, and ordered to pay \$1.3 million in restitution.
WA	DL, BL	FBI	Individual submitted false and fraudulent PPP applications and received over \$120,000 in loan proceeds.	Individual was sentenced to 24 months incarceration, 3 years of supervised release, and ordered to pay \$122,300 in restitution.

State	Program	Jointly With	Alleged Violation(s) Prosecuted	Legal Action
OR	BL, DL, RRF, GC	FBI, TIGTA	Individual attempted to defraud the government of over \$7.6 million in attempted loss across SBA programs.	Individual was ordered to pay \$200,000 in restitution, a \$400 special assessment, as well as civil remedies via an executed False Claims Act Settlement Agreement totaling \$1.6 million with \$759,100 in restitution.
OR	DL	FBI	Individual created fraudulent documents, businesses and false identities and attempted to receive over \$170,000 in loan proceeds.	Individual was sentenced to 5 years of probation and ordered to pay \$31,302 in restitution.
FL	BL	FDIC OIG, FBI	Subject conspired with others and submitted false statement and fraudulently applied for 80 PPP loans resulting in over \$17 million in disbursements.	Subject was sentenced to 120 months incarceration, 3 years of supervised release, and ordered to pay \$2.5 million in restitution.
OR	BL, DL	FBI	Subject made multiple false statements and attempted to obtain multiple PPP and EIDLs over \$550,000.	Subject was sentenced to 60 months incarceration, 3 years of supervised release, and ordered to pay \$452,736 in restitution.
CA	DL	USPIS, ICE, DHS HSI	Subject made multiple false statements and attempted to obtain an EIDL over \$3 million. Subject used the proceeds to purchase jewelry, watches, precious metals, and precious stones.	Subject was sentenced to 36 months incarceration, 3 years of supervised release, and ordered to pay \$3.1 million in restitution.
GA	DL	FBI	As part of the scheme, subject submitted fraudulent EIDL applications and obtained over \$425,000 in CARES Act funds.	Subject was sentenced to 27 months incarceration, 2 years of supervised release, and ordered to pay \$429,200 in restitution.
NC	DL, BL	USSS	As part of the scheme, subject submitted fraudulent PPP applications and obtained over \$2 million in CARES Act funds.	Subject was sentenced to 41 months incarceration and 3 years of supervised release, and order to pay \$2 million in restitution.
FL	BL	FBI, DHS OIG, IRS CI	Individual created fraudulent documents and received over \$370,000 in EIDL proceeds.	Individual was sentenced to 12 months incarceration, 3 years of supervised release, and ordered to pay \$324,884 in restitution.

**Table Notes:**

Legal Actions Summary Program Codes

BL.....Business Loans

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DL.....Disaster Loans  
GC.....Government Contracting and Section 8(a) Business Development  
IA.....Internal Affairs  
OT.....Other

### Joint-investigation Agency Acronyms:

Defense Criminal Investigative Service (DCIS)  
Department of Commerce Office of Inspector General (DOC OIG)  
Department of Energy Office of Inspector General (DOE OIG)  
Department of Health and Human Services Office of Inspector General (HHS OIG)  
Department of Homeland Security Homeland Security Investigations (DHS HSI)  
Department of Homeland Security Immigration and Customs Enforcement (DHS ICE)  
Department of Homeland Security Office of Inspector General (DHS OIG)  
Department of Justice Office of Inspector General (DOJ OIG)  
Department of Justice Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)  
Department of State Office of Inspector General (DOS OIG)  
Department of Transportation Office of Inspector General (DOT OIG)  
Department of Treasury Inspector General for Tax Administration (TIGTA)  
Department of Treasury Special Inspector General for the Troubled Asset Relief Program (SIGTARP)  
Department of Veterans Affairs Office of Inspector General (VA OIG)  
Federal Bureau of Investigation (FBI)  
Federal Deposit Insurance Corporation Office of Inspector General (FDIC OIG)  
Federal Housing Finance Agency Office of Inspector General (FHFA OIG)  
Federal Reserve Board Office of Inspector General (FRB OIG)  
General Services Administration Office of Inspector General (GSA OIG)  
Internal Revenue Service – Criminal Investigation (IRS CI)  
National Aeronautics and Space Administration Office of Inspector General (NASA OIG)  
State of California Employment Development Department (State of CA EDD)  
United States Airforce Office of Special Investigations (AFOSI)  
United States Army/Criminal Investigation Division (Army CID)  
United States Department of Agriculture Office of Inspector General (USDA OIG)  
United States Naval Criminal Investigative Service (NCIS)  
United States Postal Inspection Service (USPIS)  
United States Secret Service (USSS)

## Appendix F: Cosponsored and Other Activities

SBA's authorization to cosponsor events requires OIG to report to Congress on the Administrator's use of that authority semiannually. The following list of activities was provided by the Office of Strategic Alliances.

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
St. Louis District Office - Small Business Week of Eastern Missouri Inc.	Small Business Week 2024	St. Louis, MO	4/5/2024
Connecticut District Office - Connecticut Business and Industry Association	SBA Connecticut Celebrates National Small Business Week	Cromwell, CT	4/10/2024
HQ/Office of Communications and Public Liaison - Box Inc.	National Small Business Week 2024	Virtual	4/1/2024
Georgia District Office - Microsoft Corp.	The Future of Entrepreneurship: Growing your Business with Technology	Savannah, GA; Macon GA; Albany GA; Brunswick GA; and virtual	4/4/2024
Baltimore District Office - Maryland Small Business Week Awards Program Inc.	40th Maryland Small Business Week Awards Luncheon	Woodlawn, MD	4/3/2024
Massachusetts District Office - Naismith Memorial Basketball Hall of Fame, Florence Bank, Springfield Latino Economic Development Corp., Liberty Bank, M&T Bank, Urban League of Springfield Inc., SCORE Western MA Chapter, Massachusetts SBDC Western Regional Office	Capital & Resource Matchmaker - Western Massachusetts	Springfield, MA	4/15/2024
HQ/Office of Communications and Public Liaison - Salesforce Inc.	National Small Business Week 2024	Virtual	4/11/2024
HQ/Office of Communications and Public Liaison - Meta Platforms Inc.	National Small Business Week 2024	Virtual	4/12/2024
HQ/Office of International Trade - NASBITE International	Export Promotion and Education Outreach Webinar Series	Virtual	5/7/2024

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Wichita District Office - Bank of America, Center for Industrial Research and Service – Iowa MEP Center, Kansas Manufacturing Solutions, Manufacturer’s Edge – Colorado Manufacturing Extension Partnership Center, Missouri Enterprise – Missouri MEP Center, Nebraska MEP	Midwest DoD Virtual Suppliers Conference	Virtual	6/26/2024
Vermont District Office - VermontBiz (Vermont Business Magazine)	2024 Vermont Small Business Awards Ceremony	Essex, VT	5/22/2024
Illinois District Office - Byline Bank; Wintrust Bank, N.A.; Chicagoland Chamber of Commerce Foundation; Illinois SBDC at the Department of Commerce and Economic Affairs; SCORE	SBA 71st Anniversary Small Business Awards Luncheon and Expo	Chicago, IL	5/30/2024
North Carolina District Office - City of Fayetteville	Town Hall with City of Fayetteville and SBA	Fayetteville, NC	7/17/2024
HQ/Office of International Trade - Secured Finance Network	WCP Pilot Outreach / Asset Based Lending Webinar Series	Virtual	7/7/2024
HQ/Office of International Trade - Global Entrepreneurship Network Inc.	Startup Nations Ministerial	San Juan, PR	6/5/2024
Wichita DO - Kansas Department of Commerce, International Division and U.S. Commercial Service, International Trade Administration, U.S. Department of Commerce	Kansas Export Road Show	Hutchinson, KS; Salina, KS; Hugoton, KS; McPherson, KS; Wichita, KS; Manhattan, KS; Seneca, KS; Lawrence, KS; Olathe, KS; and Leavenworth, KS	6/18/2024
Minnesota District Office - Office of the Comptroller of Currency, Federal Deposit Insurance Company, Federal Reserve Bank of Minnesota	Meeting Unexpected Expenses; Increasing Access to Affordable Small Dollar Lending	Minneapolis, MN	6/24/2024

Utah District Office - Utah Veteran Business Resource Center; Big Sky Veteran Business Outreach Center; Utah Department of Veteran and Military Affairs	Veteran Unite Conference, National Veteran Small Business Week 2024	St. George, UT	8/20/2024
Puerto Rico District Office - Puerto Rico Science, Technology and Research Trust	SBA Lenders Matchmaking @ BE Fest 2024	Ponce, PR	8/6/2024
Wyoming District Office - Wyoming APEX Accelerator	Doing Business with the Federal Government Training Series	Statewide in Wyoming and virtually	8/6/2024
Los Angeles District Office - Pacific Coast Business Times	Spirit of Small Business	Santa Barbara, CA	8/13/2024
Utah District Office - St. George Area Chamber of Commerce; SCORE	St. George Small Business Resource Roadshow	St. George, UT	8/6/2024
Georgia District Office - Georgia Hispanic Chamber of Commerce	Where's the Money: Financing Options for Hispanic Small Businesses	Virtual	8/12/2024
HQ/Office of Communications and Public Liaison - American Express and Women Impacting Public Policy	Small Business Saturday 2024	Nationwide	9/30/2024
HQ/Office of Field Operations - American Jewish Committee	Federal Government Resources for Jewish Small Business Owners	Nationwide virtual and in-person	9/27/2024
HQs/Office of International Trade - Bankers Association for Finance & Trade (BAFT)	Working Capital Pilot Program Outreach Collaboration	Virtual and in-person	9/26/2024
Georgia District Office - Summit Strategy LLC	The Winning Edge Workshop Series: Tactics to Outshine Your Competition and Win More Business	Virtual	9/25/2024

## Appendix G: External Peer Reviews

Section 5(a) of the IG Act requires OIGs to report peer review results in the *Semiannual Reports to Congress*. The following information is provided in accordance with these requirements.

### Audits Division

The *Government Auditing Standards*, or Yellow Book, issued by the Comptroller General of the United States requires that audit organizations performing audits and attestation engagements in accordance with the Yellow Book must have an external peer review performed by reviewers independent of the audit organization being reviewed at least once every 3 years. OIG's Audits Division was reviewed by the National Science Foundation OIG for the period ending March 31, 2021. SBA OIG received a peer review rating of pass.

Similarly, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) requires that organizations that conduct inspections and evaluations under the *Quality Standards for Inspection and Evaluation*, or Blue Book, must have an external peer review at least once every 3 years. During FY 2023, our Audits Division underwent a Blue Book peer review conducted by the Board of Governors of the Federal Reserve System OIG. SBA OIG generally met Blue Book standards.

### Investigations Division

Section 6(e)(7) of the IG Act, Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority, and the *CIGIE Quality Standards for Investigations* require external peer reviews of OIG investigative functions be conducted every 3 years.

In May 2023, Treasury OIG reviewed our Investigations Division and issued a final report on June 6, 2023. Treasury OIG found that the system of internal safeguards and management procedures for the investigative function of OIG complied with the quality standards established by CIGIE and the applicable Attorney General's guidelines. No recommendations were offered.

## Appendix H: Office of Inspector General Reporting Requirements

Under the Inspector General Act of 1978, as amended, OIG provides independent, objective oversight to improve the integrity, accountability, and performance of SBA and its programs for the benefit of the American people.

Although SBA's programs are essential to strengthening America's economy, the agency faces several challenges in carrying out its mission. Access our annual report of the agency's top management and performance challenges on our OIG Reports web page.

OIG plays a critical role in addressing these and other challenges by conducting audits to identify wasteful expenditures and program mismanagement; investigating fraud and other wrongdoing; and taking other actions to deter and detect waste, fraud, abuse, and inefficiencies in SBA programs and operations.

OIG's activities also help to ensure that SBA employees possess a high level of integrity. This is critical to the proper administration of SBA's programs because it helps ensure SBA resources are used by those who need them the most. Copies of OIG reports and other products are available at our OIG Reports web page.

### Reporting Requirements in the Inspector General Act of 1978, As Amended, Title Five U.S. Code

Section	Reporting Requirement	Location
404(a)(2)	Review of legislation and regulations	Other Significant OIG Activities
405(b)(1)	Significant problems, abuses, and deficiencies	Throughout
405(b)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	Significant Recommendations From this Reporting Period
405(b)(3)	Prior significant recommendations on which corrective action has not been completed	Significant Recommendations From Prior Reporting Periods Without Final Action as of September 30, 2019
405(b)(4)	Matters referred to prosecutive authorities	Legal Actions Summary
406(c)(2)	Instances in which requested information was refused	N/A
405(b)(6)	List of audit, inspection, and evaluation reports	Reports Issued; Reports With Questioned Costs
405(b)(7)	Significant reports	Throughout
405(b)(8),(9) & (17)	Audit, inspection, and evaluation statistical tables	Statistical Highlights

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405(b)(9)	Audit, inspection, and evaluation statistical tables with recommendations that funds be put to better use	Statistical Tables with Recommendations that Funds Be Put to Better Use
5 USC 405(b)(10)	Audit, inspection, and evaluation reports without management decision, without comment within 60 days, or with unimplemented recommendations	Reports from Prior Periods With Overdue Management Decisions; Reports From Prior Periods With Open Recommendations as of September 30, 2019
5 USC 405(b)(11)	Revised management decisions	Significant Revised Management Decisions
5 USC 405(b)(12)	Management decisions with which the Inspector General disagrees	Significant Management Decisions With Which OIG Disagrees
5 USC 405(b)(13)	Information described under section 05(b) of the Federal Financial Management Improvement Act of 1996	Federal Financial Management Improvement Act
5 USC 405(b)(14)- (16)	Peer review results	External Peer Reviews
5 USC 405(b)(17)- (18)	Investigative statistical tables and supporting metrics	Investigations Reporting Statistics
5 USC 405(b)(19)	Investigations involving a senior government employee where allegations of misconduct were substantiated	Investigations Involving a Senior Government Employee Where Misconduct Was Substantiated
5 USC 405(b)(20)	Whistleblower retaliation	Whistleblower Retaliation Cases
5 USC 405(b)(21)	Attempts to interfere with the independence of OIG	Instances of Interference
5 USC 405(b)(22)	Each closed inspection, evaluation, and audit not disclosed to the public; each closed investigation involving a senior government employee not disclosed to the public	Investigations Involving a Senior Government Employee that Is Closed and Not Disclosed to the Public

## Make a Difference

To promote integrity, economy, and efficiency, we encourage you to report instances of fraud, waste, or mismanagement to the OIG Hotline.\*

Visit our [OIG Hotline website](#).

Write or visit:

U.S. Small Business Administration  
Office of Inspector General  
Investigations Division  
409 Third Street, SW (5th Floor)  
Washington, DC 20416

\* In accordance with Sections 407(b) and 420 (b)(2)(B) of the Inspector General's Act, confidentiality of a complainant's personally identifying information is mandatory, absent express consent by the complainant authorizing the release of such information.