



Office of the Special Inspector General for Pandemic Recovery

March 2, 2023

By Email

Hon. Charles E. Grassley
135 Hart Senate Office Building
Washington, DC 20510

Re: Response to Letter dated February 22, 2023

Dear Ranking Member Grassley:

I write in response to your letter dated February 22, 2023, in which you posed several questions regarding the status of the efforts of my office to combat fraud, waste and abuse in the handling of certain CARES Act funds and programs within SIGPR's jurisdiction. As always, we are pleased to share with your office the information you require relating to our work.

- 1. As of March 27, 2020, to the date of this letter, how many cases relating to COVID-19 relief fraud has the SIGPR opened? Of those cases, how many are currently open? For those cases that have been closed, what were the results?**

SIGPR's Office of Investigations has opened 51 investigations, most of which involve multiple defendants. Three of those cases have resulted in criminal indictments, and in two cases, defendants have already entered guilty pleas. In one of those cases, the defendant was sentenced this past week to 87 months in prison, and restitution was ordered in the amount of \$2,617,447. In addition, SIGPR's investigations have resulted in the seizure of \$808,812. Following the opinion of the Department of Justice Office of Legal Counsel limiting SIGPR's jurisdiction, SIGPR transferred three cases and 10 other potential criminal matters outside of SIGPR's jurisdiction to the Treasury Office of Inspector General. SIGPR has closed an additional 14 cases that it determined did not have sufficient evidence at the time to pursue criminal charges.

In total, 37 investigations into fraud in the Main Street Lending Program, the direct loan program and other CARES Act programs remain open with SIGPR's Office of Investigations. These investigations entail over \$207 million in MSLP loans. SIGPR is also engaged in an inquiry into a direct loan borrower who received over \$700 million. It is also noteworthy that a large number of SIGPR's investigations involve MSLP borrowers who also received Paycheck Protection Program loans and COVID-19 Emergency Injury Disaster Loans; as a result, SIGPR's investigations involve a total of over \$334 million in CARES Act funds. SIGPR continues to work hard on these matters—in some cases, on its own and, in others, in partnership with United States Attorney's Offices—and SIGPR anticipates that a significant number will result in criminal indictments.

Unlike many law enforcement agencies that handle cases that are referred to them for investigation, SIGPR's efforts have largely been devoted to the actual discovery and

identification of potential instances of fraud within its jurisdiction that warrant investigation. To that end, SIGPR has undertaken a number of projects in which it engaged in extensive analyses relating to many of the 1830 borrowers under the Main Street Lending Program to identify those who may have committed fraud in the obtaining or use of those loans. For example, SIGPR has undertaken inquiries to identify Main Street Lending Program loans that are in default or otherwise in troubled status, and, following further assessment, those loans may lead to additional investigations if there is evidence of fraud.

To place into context the number of SIGPR's investigations requires an understanding of the unforeseen obstacles that SIGPR faced in establishing SIGPR's Office of Investigations following my confirmation on June 2, 2020. First, SIGPR faced initial questions at the Treasury Department regarding SIGPR's statutory authority to establish and fill law enforcement positions. The need to resolve those questions delayed the hiring of SIGPR's first criminal investigator until late December 2020. The management team for SIGPR's Office of Investigations was established promptly thereafter (by February 2021), and SIGPR was then able to onboard additional criminal investigators by the summer of 2021. SIGPR's work was also delayed by the dispute with the Treasury Office of Inspector General regarding the proper scope of SIGPR's authority under the CARES Act. As you know, that dispute was ultimately resolved in April 2021, when the Department of Justice's Office of Legal Counsel issued a written opinion that SIGPR did not have legal authority to conduct audits or investigations into the Coronavirus Relief Fund, the Payroll Support Program, or the Paycheck Protection Program, and that SIGPR's oversight was largely limited to the Main Street Lending Program and the direct loans that Treasury was authorized to make under the CARES Act.

2. As of March 27, 2020, to the date of this letter, how many cases relating to COVID-19 relief fraud has the SIGPR participated in via a supporting role? Of those cases, how many are currently open? For those cases that have been closed, what were the results? Please list each participating agency.

SIGPR is the lead agency in all of its investigations of MSLP and direct loan fraud and in investigations of Paycheck Protection Program fraud referred to SIGPR by the Pandemic Response Accountability Committee. As part of those investigations, SIGPR has active partnerships with numerous other law enforcement agencies, including the Federal Bureau of Investigation, the United States Secret Service, the Internal Revenue Service, the Defense Criminal Investigative Service, the United States Postal Service, and the Inspector General's offices of the Small Business Administration, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Social Security Administration, the Department of Labor, the Department of Transportation and the Department of the Treasury. SIGPR is also an active member of the Pandemic Response Accountability Committee Fraud Task Force, the Department of Justice COVID-19 Fraud Enforcement Task Force, and the Financial Crimes Enforcement Network.

3. As of March 27, 2020, to the date of this letter, how many cases has the SIGPR referred to the Justice Department for prosecution? How many cases has the SIGPR referred to another agency for investigation?

SIGPR has referred 19 of its investigations to United States Attorney's Offices for further investigation and prosecution. SIGPR has partnered on three additional cases after receiving referrals on those matters from United States Attorney's Offices. SIGPR anticipates additional referrals in the near future on several other matters.

As noted above, SIGPR referred several investigations to the Treasury Office of Inspector General following OLC's decision on the scope of SIGPR's jurisdiction. In addition, during its investigations, SIGPR has developed leads regarding possible fraud in other CARES Act assistance programs, and has referred such leads to other agencies, where appropriate.

4. For FY 2021 and FY 2022, how much COVID-19 relief fraud monies did SIGPR recover?

To date, SIGPR's investigations have resulted in seizure of approximately \$808,812, and court-ordered restitution of \$2,617,447.

5. Does SIGPR investigate all fraud in its jurisdiction regardless of the dollar amount?

Yes. SIGPR is firmly committed to root out all fraud in the CARES Act programs that fall within its jurisdiction, regardless of the dollar amount involved.

Sincerely,



Brian D. Miller
Special Inspector General for
Pandemic Recovery