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October 13, 2021

The Honorable James E. Clyburn
Chairman
Select Subcommittee of the Coronavirus Crisis
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Clyburn:

Since the March 25, 2021, Select Subcommittee hearing on fraud occurring in COVID-19 pandemic relief programs, a staggering number of reports indicate that U.S individuals and international cybercriminal rings continue to take advantage of several of these programs.¹ House Democrats have been unwilling to thoroughly investigate this systemic fraud, which is both a criminal and national security threat. Instead, Democrats are focused on plowing forward with massive government spending and reckless expansions of the currently flawed programs. We urge you to join our effort to provide transparency to the American taxpayers by holding another hearing on the specific programs that have proven vulnerable to fraud and cybercrime. We also urge you to invite appropriate federal agency officials.

As of June 10, 2021, the Department of Labor Office of Inspector General (DOL OIG) estimated that \$87.3 billion of the estimated \$873 billion in federal unemployment program funds could have been improperly paid.² Even more alarming, media reports state that international fraudsters stole over \$400 billion U.S. taxpayer dollars—a figure that represents nearly half of the funds intended to benefit the unemployed.³ These international and domestic criminals are highly sophisticated and have perfected their methods.⁴ On October 1, 2021, twelve Republican House Members led by the Committee on Small Business Ranking Member Blaine Luetkemeyer raised a red flag about rampant fraud in the Small Business Administration's

¹ Kelly, Jack "The Most Brazen \$400 Billion Unemployment Funds Heist in History" FORBES (June 12, 2021) www.forbes.com/sites/jackkelly/2021/06/12/the-most-brazen-400-billion-unemployment-funds-heist-in-history/?sh=444c1e032020; Rouhandeh, Alex "U.S. Cracks Down on 'Unprecedented Levels of Fraud' with First COVID Scam Case Against Bank, Newsweek (Sept. 27, 2021) <https://www.newsweek.com/us-cracks-down-unprecedented-levels-fraud-first-covid-scam-case-against-bank-1633220>.

² U.S. Dep't of Labor Office of Inspector General, "DOL-OIG Oversight of the Unemployment Insurance Program" (June 10, 2021) available at <https://www.oig.dol.gov/doloiguioversightwork.htm>.

³ Salmon, Felix "Half of the pandemic's unemployment money may have been stolen" AXIOS (June 10, 2021).

⁴ *Id.*

Honorable James E. Clyburn

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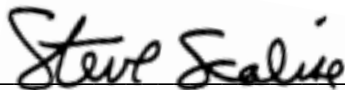
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(SBA) Economic Injury Disaster Loan (EIDL) program. The SBA Inspector General “found that nearly \$80 billion in EIDL dollars could be potentially fraudulent.”⁵ This equates to an approximately 30 percent fraud rate,⁶ which is unacceptable especially in light of Democrats’ push for “the biggest domestic spending bill ever.”⁷

Although Select Subcommittee staff has been briefed on EIDL fraud by both SBA and at least one bank that uncovered their own employees taking criminal advantage of the program, Members of the Subcommittee have not had the same opportunity. Likewise, Members have not had the opportunity to examine how international criminal syndicates absconded with nearly half of the unemployment benefits intended for Americans. Congress must hear from the appropriate federal agencies responsible for the implementation of emergency financial assistance. The September 22, 2021, hearing titled “Recognizing and Building on the Success of Pandemic Relief Programs” was deceiving to the public, not only because it failed to address fraud, but because those who testified before the Select Subcommittee were not United States Government personnel.

As members of the Select Subcommittee, we have an obligation to the hardworking American taxpayers to expose the accounts of wide-spread fraudulent benefit claims. In fact, the resolution establishing the Select Subcommittee states that we are “authorized and directed” to examine: “the efficiency, effectiveness, equity, and transparency of *the use of taxpayer funds and relief programs to address the coronavirus crisis*, including through Federal agencies, State and local government entities, financial institutions and other private businesses, contracts, grants, loans, loan guarantees, investments, cooperative agreements, or any other means.”⁸ We must ensure any wasted or ill-gotten gains are returned to the Treasury and require the Biden Administration to develop a plan to prevent such waste, fraud, and abuse from occurring in the future. We call on you, Mr. Chairman, to invite senior agency officials who implemented COVID-19 pandemic relief programs to testify before the Select Subcommittee on their efforts to target this misconduct and criminal behavior.

Sincerely,



Steve J. Scalise

Ranking Member

Select Subcommittee on the Coronavirus Crisis



Nicole R. Malliotakis

Member of Congress

⁵ Letter from Hon. Blaine Luetkemeyer, Ranking Member, U.S. House Comm. on Small Business and others to Hon. Nancy Pelosi, Speaker, U.S. House of Representatives & Hon. Kevin McCarthy, Republican Leader, U.S. House of Representatives (Oct. 1, 2021).

⁶ *Id.*

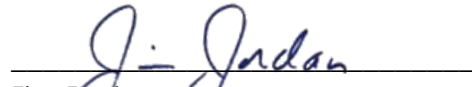
⁷ Editorial Board “*The Debt Ceiling Deception*” WALL ST. JOURNAL (Oct. 5, 2021).

⁸ House Resolution 935 (emphasis added).

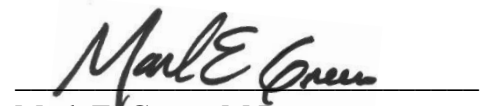
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Member of Congress



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