

## **SBA Disclosure of PPP, EIDL Loan Recipients**

### Background and Talking Points

Issued Dec. 1, 2020

Revised Dec. 2, 2020

- On November 5, a federal judge ordered the Small Business Administration (SBA) to release the names, addresses and precise loan amounts for all Paycheck Protection Program (PPP) loan recipients and all COVID-19-related Economic Injury Disaster Loan (EIDL) recipients. The judge found that SBA's claimed exemptions from the Freedom of Information Act do not cover the PPP data sought by major news organizations. The SBA didn't appeal the ruling and publicly released this information on Dec. 1.
- Banks that issued PPP loans played no role in the decision to release this information.
- Borrowers and lenders should be prepared to review the SBA loan disclosures to ensure accuracy. Contact SBA if the information they provided is inaccurate.
- Multiple news organizations have been waiting to review this data. Expect both national and local media outlets to report on any data that suggest fraud. Examples could include multiple loans linked to the same address, business, or individual. They will also be interested in any borrower that appears ineligible for a PPP loan based on total employment and other factors.
- Given the significant taxpayer funds utilized by these SBA programs, the federal government's disclosure of loan-by-loan details is not unexpected or unprecedented.
- A lot of PPP loan data has already been made public. Earlier this year, at the request of Congress, the media and the public, SBA released less specific information. For loans totaling \$150,000 and higher, SBA released the names and addresses of borrowers but provided a range for loan totals; for smaller loans, it released the exact amount and name of the lender but not the identity of the borrower.
- America's banks will continue to support their small business customers and do their part to help spur the economic recovery and limit the economic damage from this pandemic. More than 5,400 lenders participated in the Paycheck Protection Program, including more than 3,500 banks with less than \$1 billion in assets. Altogether, more than 5 million PPP loans have been made, totaling \$525 billion, supporting 51 million jobs according to the SBA and Treasury.
- We believe the Paycheck Protection Program, while far from perfect, allowed millions of struggling businesses in the country to weather the worst of the pandemic and saved millions of jobs. Members of Congress in both parties agree and have proposed reauthorizing the program so more small business can be helped, especially those that did not participate in PPP previously.
- Banks tried to help as many small businesses as possible through the PPP. Consistent with the guidance provided by the SBA and Treasury, banks relied on the attestation of borrowers in determining eligibility for the program. The banking industry fully supports investigating any alleged fraud and has been working alongside law enforcement to identify and report potential fraud in the PPP.
- We have heard that some third-party businesses are using the publicly released data to solicit business from PPP borrowers, specifically referencing the name of the lending institution. Some

of these businesses are not disclosing that they are unaffiliated with the PPP lender, and others are implying a business relationship where none exists. *(Added Dec. 2)*

- PPP borrowers are encouraged to consult with their financial advisers, attorneys or lenders about their PPP loan and the forgiveness process. Borrowers should be very wary of responding to unsolicited communications or sharing information about their PPP loan with businesses or individuals not affiliated with their bank. *(Added Dec. 2)*