

October 30, 2025

Mr. Sheldon Shoemaker
Acting Inspector General and Deputy Inspector General
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

Dear Mr. Shoemaker,

The U.S. Small Business Administration's (SBA) 8(a) Business Development Program is the largest set-aside program at the agency, in Fiscal Year 2024, the agency oversaw more than \$40 billion in 8(a) contract awards.¹ For nearly 20 years, the SBA Office of Inspector General (OIG) has identified shortcomings and opportunities for fraud in the 8(a) program.² Specifically, within the incentives created by the program's deliberate restriction of competition for certain contracts to only 8(a) participants ("set-asides"), and elimination of competition altogether via no-bid, sole-source awards.³ Unfortunately, over the years an egregious pattern has emerged where a special subset of 8(a) participants, the "Super 8(a)'s," may be taking undue advantage of their ability to obtain sole-source awards in unlimited amounts.⁴ These entities themselves generally do not participate in the 8(a) program; rather, businesses that are at least 51 percent owned and controlled by such entities participate in the program ("8(a) subsidiaries"). This combination of an expansive and permissive sole-source authority for 8(a) firms, with the ability to generate multiple 8(a) subsidiaries working under the umbrella of a single parent Super 8(a) entity, creates the ideal conditions for criminals to defraud the American taxpayers.

¹ SBA, *Scorecard Details*, (July 14, 2025), *available at* <https://www.sba.gov/federal-contracting/contracting-data/small-business-procurement-scorecard/scorecard-details>.

² OIG REPORT 13-08, THE SBA MISMANAGED CERTAIN 8(A) TECHNOLOGY CONTRACTS (Dec. 3, 2012), *available at* <https://www.sba.gov/document/report-13-08-audit-report-13-08-sba-mismanaged-certain-8a-information-technology-contracts>; *see also* OIG REPORT 9-15, PARTICIPATION IN THE 8(A) PROGRAM BY FIRMS OWNED BY ALASKA NATIVE CORPORATIONS (Jul. 10, 2009), *available at* <https://www.sba.gov/document/report-9-15-report-9-15-participation-8a-program-firms-owned-alaska-native-corporations-71009>.

³ 15 U.S.C. § 636(j)(10); *see also* 15 U.S.C § 637(a).

⁴ Super 8(a)'s include: Alaska Native Corporations (ANCs), Native Tribes, Native Hawaiian Organizations (NHOs), and Community Development Corporations (CDCs). Sole-source contracts are authorized for 8(a) individual participants for up to \$7M in construction and manufacturing, and \$4.5M for all other acquisitions. In contrast, there are no limits to a sole-source contract award for Super 8(a) participants, however a written justification must be made for a sole source award exceeding \$30 million for civilian agencies, and \$150 million for defense agencies. Federal Acquisition Regulation: Inflation Adjustment of Acquisition-Related Thresholds, 90 Fed. Reg. 41872, (Aug. 27, 2025), *available at* <https://www.federalregister.gov/documents/2025/08/27/2025-16412/federal-acquisition-regulation-inflation-adjustment-of-acquisition-related-thresholds>.

A new alleged fraud scheme involving ATI Government Solutions highlights these ongoing vulnerabilities in the 8(a) program. This year alone, SBA has already ordered a full-scale audit, issued formal guidance to contracting officers on 8(a) fraud, rescinded USAID's 8(a) contracting authority, and reinstated the "bona fide place of business" rule.⁵ Now, I request the SBA OIG immediately investigate ATI, its Super 8(a) parent entity Susanville Indian Rancheria, and its network of 8(a) subsidiaries, while conducting a thorough review of the program with priority on whistleblower tips and allegations of wrongdoing.

A recent citizen investigation undertaken by the Citizen Journalism Foundation (CJF), an organization affiliated with the O'Keefe Media Group, asserted that it uncovered a "\$100 billion federal contracting scam. 8(a) firm admits to violating federal law using minority-owned status as a front to obtain \$100M+ no-bid government contracts while outsourcing 80 percent of the work."⁶ The investigation focuses on 8(a) technology services contractor, ATI Government Solutions (ATI), and its Super 8(a) parent, the tribal entity Susanville Indian Rancheria (Susanville).⁷

These allegations cast doubt on compliance with the Limitations on Subcontracting rule, which requires 8(a) participants on services contracts to perform at least 50 percent of the work itself.⁸ While this requirement is designed to restrict small businesses from acting as pass-through companies for ineligible firms, in practice, weak enforcement of this rule leaves the door open for abuse.⁹

The continuing alleged exploitation of the 8(a) Program in this way, with such apparent ease, is the symptom of larger, cumulative failures over the years to adequately safeguard the program against systematic abuse. For years, the 8(a) Program has been riddled with challenges, and its many flaws have subjected the program to over a dozen investigations and audits by government watchdog

⁵ Press Release, SBA, *Administrator Loeffler Orders Full-Scale Audit of 8(a) Contracting Program*, (June 27, 2025), available at <https://www.sba.gov/article/2025/06/27/administrator-loeffler-orders-full-scale-audit-8a-contracting-program>; see also Press Release, SBA, *SBA Issues Letter of Warning to Federal Contracting Officers*, (July 29, 2025), available at <https://www.sba.gov/article/2025/07/29/sba-issues-letter-warning-federal-contracting-officers>; see also Press Release, SBA, *SBA Rescinds USAID Contracting Authority Following Massive Bribery Scandal*, (July 30, 2025), available at <https://www.sba.gov/article/2025/07/30/sba-rescinds-usaid-contracting-authority-following-massive-bribery-scandal>; see also Press Release, SBA, *SBA Reinstates Rule to Return Federal Contractors to Work*, (June 17, 2025), available at <https://www.sba.gov/article/2025/06/17/sba-reinstates-rule-return-federal-contractors-work>.

⁶ James O'Keefe (@JamesOKeefeIII), X (Oct. 20, 2025, at 2:44 PM ET), available at <https://x.com/JamesOKeefeIII/status/1980344367014429114>.

⁷ *Id.*

⁸ FAR 19.108-8(a)(1).

⁹ GAO, GAO-14-706, 8(A) SUBCONTRACTING LIMITATIONS: CONTINUED NONCOMPLIANCE WITH MONITORING REQUIREMENTS SIGNALS NEED FOR REGULATORY CHANGE (Sept. 16, 2014), available at <https://www.gao.gov/products/gao-14-706>.

agencies, including your own.¹⁰ Just recently this past June, the Department of Justice found that the 8(a) Program was the primary vehicle used to facilitate a decades-long bribery scheme involving over \$550 million in contracts; four men, including a government contracting officer at the United States Agency for International Development, pled guilty to the charges.¹¹

I am encouraged by the quick work of the Trump Administration to take corrective action, in response to this ATI scheme. Within a day of the breaking CJF investigation, Administrator Loeffler announced an investigation into ATI and Susanville Indian Rancheria; two days later, the Administrator suspended ATI and three of its executives from any new contracting with the federal government.¹² Days later, the Department of the Treasury and the General Services Administration

¹⁰ 11 reports from the GAO and 4 reports from the SBA OIG. GAO, GAO-22-105567, DoD SMALL BUSINESS CONTRACTING: USE OF SOLE-SOURCE 8(A) CONTRACTS OVER \$22 MILLION HAS INCREASED (Mar. 28, 2022), *available at* <https://www.gao.gov/products/gao-22-105567> *see also* GAO, GAO-22-104146, DoD SMALL BUSINESS ADMINISTRATION: STEPS TAKEN TO VERIFY TRIBAL RECOGNITION FOR 8(A) PROGRAM (Dec. 02, 2022), *available at* <https://www.gao.gov/products/gao-22-104146> *see also* GAO, GAO-20-184T, DoD SMALL BUSINESS ADMINISTRATION: STEPS TAKEN ON LONG-STANDING WEAKNESSES IN SBA'S OVERSIGHT OF TRIBAL 8(A) FIRMS, BUT ADDITIONAL ACTIONS NEEDED (Oct. 22, 2019), *available at* <https://www.gao.gov/products/gao-20-184t> *see also* GAO, GAO-16-113, ALASKA NATIVE CORPORATIONS: OVERSIGHT WEAKNESSES CONTINUE TO LIMIT SBA'S ABILITY TO MONITOR COMPLIANCE WITH 8(A) PROGRAM REQUIREMENTS (Mar. 21, 2016), *available at* <https://www.gao.gov/products/gao-16-113> *see also* GAO, GAO-14-706, SUBCONTRACTING LIMITATIONS: CONTINUED NONCOMPLIANCE WITH MONITORING REQUIREMENTS SIGNALS NEED FOR REGULATORY CHANGE (Sep. 16, 2014), *available at* <https://www.gao.gov/products/gao-14-706> *see also* GAO-13-118, FEDERAL CONTRACTING: SLOW START TO IMPLEMENTATION OF JUSTIFICATIONS FOR 8(A) SOLE-SOURCE CONTRACTS (Dec. 12, 2012), *available at* <https://www.gao.gov/products/gao-13-118> *see also* GAO, GAO-12-84, FEDERAL CONTRACTING: MONITORING AND OVERSIGHT OF TRIBAL 8(A) FIRMS NEED ATTENTION (Jan. 31, 2012), *available at* <https://www.gao.gov/products/gao-12-84> *see also* GAO, GAO-11-440T, 8(A) PROGRAM: THE IMPORTANCE OF EFFECTIVE FRAUD PREVENTION CONTROLS (Mar. 03, 2011), *available at* <https://www.gao.gov/products/gao-11-440t> *see also* GAO, GAO-10-353, SMALL BUSINESS ADMINISTRATION: STEPS HAVE BEEN TAKEN TO IMPROVE ADMINISTRATION OF THE 8(A) PROGRAM, BUT KEY CONTROLS FOR CONTINUED ELIGIBILITY NEED STRENGTHENING (Mar. 30, 2010), *available at* <https://www.gao.gov/products/gao-10-353> *see also* GAO, GAO-10-425, 8(A) PROGRAM: FOURTEEN INELIGIBLE FIRMS RECEIVED \$325 MILLION IN SOLE-SOURCE AND SET-ASIDE CONTRACTS (Mar. 30, 2010), *available at* <https://www.gao.gov/products/gao-10-425> *see also* OIG REPORT 21-12, EVALUATION OF SBA'S ELIGIBILITY VERIFICATION OF 8(A) FIRMS OWNED BY MEMBERS OF FEDERALLY OR STATE-RECOGNIZED INDIAN TRIBES (March 31, 2021), *available at* <https://www.sba.gov/document/report-21-12-evaluation-sbas-eligibility-verification-8a-firms-owned-members-federally-or-state-recognized-indian> *see also* OIG REPORT 18-22, IMPROVEMENTS NEEDED IN SBA'S OVERSIGHT OF 8(A) CONTINUING ELIGIBILITY PROCESSES (Sept. 7, 2018), *available at* <https://www.sba.gov/document/report-18-22-improvements-needed-sbas-oversight-8a-continuing-eligibility-processes> *see also* OIG REPORT 13-06-I, ADVISORY MEMORANDUM 13-06-I REGARDING SECTION 8(A) ANNUAL REVIEW (Nov. 13, 2012), *available at* <https://www.sba.gov/document/report-13-06-i-advisory-memorandum-13-06-i-regarding-section-8a-annual-review> *see also* OIG REPORT 13-01-I, ADVISORY MEMORANDUM 13-01-I REGARDING THE SECTION 8(A) PROGRAMS' USE OF INTERNAL REVENUE SERVICE TAX VERIFICATION FORM 4506T (Oct. 4, 2012), *available at* <https://www.sba.gov/document/report-13-01-i-advisory-memorandum-13-01-i-regarding-section-8a-programss-use-internal-revenue-service-tax>.

¹¹ Press Release, Dep't of Justice, *USAID Official and Three Corporate Executives Plead Guilty to Decade-Long Bribery Scheme Involving Over \$550 Million in Contracts; Two Companies Admit Criminal Liability for Bribery Scheme and Securities Fraud*, (June 12, 2025), *available at* <https://www.justice.gov/opa/pr/usaaid-official-and-three-corporate-executives-plead-guilty-decade-long-bribery-scheme>.

¹² Kelly Loeffler (@SBA_Kelly), X (Oct. 20, 2025, at 6:18 PM ET), *available at* https://x.com/SBA_Kelly/status/1980398153980342614.

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followed Administrator Loeffler's lead, suspending ATI from participating in government contracts.¹³

In this fight against fraudsters, crooks, and swindlers, the American taxpayers are losing. Your office is uniquely positioned to track down, investigate, and recommend prosecution of bad actors. In the coming days and months, I expect to see significant 8(a)-related accountability actions and investigations initiated. To this end, I request that you immediately take the following actions and provide a staff-level briefing by November 13, 2025:

1. Assess the credibility of all allegations made by CJF concerning ATI and Susanville.
 - a. Focus specifically on the alleged violation of the limitations on subcontracting by ATI.
 - b. If credible evidence of wrongdoing is found, initiate a thorough investigation into the offending parties.
 - c. Inform the Committee of the IG's decision to launch its own investigation into ATI and/or Susanville or not.
 - d. If not, please provide a written explanation.
2. An examination into Susanville's network of 8(a) subsidiaries and whether there is credible evidence of wrongdoing amongst those entities.
3. Examine the IG Hotline for actionable, plausible tips and evidence implicating current or former government contractors and the 8(a) program, Super 8(a)'s, or 8(a) subsidiaries.

Thank you for your prompt attention to this important matter. If you have any questions, please do not hesitate to contact Meredith West at Meredith_West@sbc.senate.gov or (202) 224-5175.

Sincerely,



Joni K. Ernst
Chair

¹³ Kelly Loeffler (@SBA_Kelly), X (Oct. 22, 2025, at 11:47 AM ET), *available at* https://x.com/SBA_Kelly/status/1981024674885566517; *see also* Treasury Secretary Scott Bessent (@SecScottBessent), X (Oct. 22, 2025, at 9:13 PM ET), *available at* <https://x.com/SecScottBessent/status/1981167068692025455>; *see also* Office of the FAS Commissioner (@FASCommissioner), X (Oct. 23, 2023, at 2:23 PM ET), *available at* <https://x.com/FASCommissioner/status/1981426148950040988>.