

October 30, 2025

The Honorable Kelly Loeffler
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

Dear Administrator Loeffler,

As Chair of the U.S. Senate Committee on Small Business and Entrepreneurship, I applaud your swift and decisive actions to investigate and suspend ATI Government Solutions and its three executives, following the Citizen Journalism Foundation's (CJF) exposé of ATI Government Solutions and Susanville Indian Rancheria.¹ It is obvious that the Biden Administration's indifference toward meaningful oversight in the 8(a) program allowed swindlers and fraudsters to treat federal contracting programs like personal piggy banks. After years of complaints about fraud in the 8(a) program, I am glad the veil has been lifted. Small business contracting programs were never intended to function as welfare systems for favored classes or give no-bid contracts to doing nothing companies. Daylight is the best disinfectant, and I fully support your comprehensive audit of the 8(a) program.

For decades, the Small Business Administration's (SBA) 8(a) Program proponents defended it as a meaningful tool for expanding federal contracting opportunities for socially and economically disadvantaged individuals. However, this ATI scheme is the smoking gun that unequivocally shows its execution has strayed far from that mission. Over the past 15 years, oversight bodies, including the Government Accountability Office (GAO), the SBA's Inspector General (SBA OIG), and the Department of Justice (DOJ) have documented the same troubling patterns: sloppy oversight and weak enforcement measures allow 8(a) participants to act as pass-through entities and obtain unlimited no-bid awards with little transparency.² Each loophole further erodes public trust and undermines businesses' ability to compete on the merits.

¹ Kelly Loeffler (@SBA_Kelly), X (Oct. 22, 2025, at 11:47 ET), *available at* https://x.com/SBA_Kelly/status/1981024674885566517.

² The GAO, OIG, and DOJ have undertaken various examinations of the 8(a) program since its inception. Some of these reports include: 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-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, 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

When the federal government shrugs off evidence of wrongdoing, it invites thieves to do the same: to disregard rules designed to prevent pass-through abuse and other schemes defrauding taxpayers. ATI representatives' seemingly cavalier and dismissive attitude towards these rules highlights the troubling inadequacy of existing oversight and enforcement actions being woefully inadequate.³ Penalties against rulebreakers have not been swiftly and resolutely imposed.⁴ Deterrence has completely failed. Decades of institutional preferential treatment, the expansion of anti-competitive procurement authorities, a porous and permissive regulatory framework, and lethargic oversight measures contributed to a procurement environment that blatantly favored certain businesses to the exclusion of bedrock principles of fairness, competition, and accountability. This stops now.

When the Biden Administration tripled the 8(a) contracting goals from 5 percent to 15 percent, I sounded the alarm on the obvious potential for fraud and abuse, ripe for exploitation by wrongdoers seeking to snatch a government-sanctioned windfall. That is why on February 8, 2024, I sent a letter to the Biden Administration requesting copies of annual 8(a) reports submitted by Alaskan Native Corporations and participating subsidiaries.⁵ On February 27, 2024, I sent a second letter expanding my request to include copies of these reports submitted by Native Tribes, Native Hawaiian Organizations, and Community Development Corporations and their participating subsidiaries.⁶ The requested reports were: 13 CFR 124.601 "Compensation for Assisting Parties", 13 CFR 124.602 "Financial Statement Reports", 13 CFR 124.603 "Reports for Former Participants", and 13 CFR 124.604 "Report of Benefits for Firms Owned by Tribes, ANCs, NHOs and CDCs".

This oversight revealed that even though SBA's own regulations mandated these reports, Biden's SBA failed to track and retain them.⁷ Four months later, the files my office ultimately received were incomplete and lacking any discernable standardization or consistency. The ability to easily audit the history of an 8(a) participant with high granularity is crucial to ensuring the program operates free of waste, fraud, and abuse.

EFFECTIVE FRAUD PREVENTION CONTROLS (Mar. 03, 2011), *available at* <https://www.gao.gov/products/gao-11-440t>; *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 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* Press Release, DOJ, *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>.

³ James O'Keefe (@JamesOKeefeIII), X (Oct. 20, 2025, at 2:44 PM ET), *available at* <https://x.com/JamesOKeefeIII/status/1980344367014429114>.

⁴ SBA OIG, OIG REPORT 19-18, AUDIT OF SBA'S SUSPENSION AND DEBARMENT PROCESS (Sept. 18, 2019), *available at* <https://www.sba.gov/sites/default/files/2019-09/SBA-OIG-Report-19-18.pdf>.

⁵ Letter from Joni K. Ernst, Ranking Member, S. Comm. on Small Business and Entrepreneurship, to Isabella Casillas Guzman, Adm'r, SBA, (Feb. 8, 2024) (on file with Comm.).

⁶ Letter from Joni K. Ernst, Ranking Member, S. Comm. on Small Business and Entrepreneurship, to Isabella Casillas Guzman, Adm'r, SBA, (Feb. 27, 2024) (on file with Comm.).

⁷ 13 CFR 124.601-4.

I'm grateful we agree that integrity in federal contracting is non-negotiable. Suspending ATI is just the beginning, and I look forward to working together to ensure that exploitation of the SBA's small business programs is no longer excused or overlooked.

To this end, and to ensure the Committee can continue its oversight efforts in this area, I request that you provide the following information to the Committee no later than November 13, 2025:

1. All copies of the .601-.604 reports received by the SBA since June 17, 2024, the date on which the SBA complied with my original document requests.⁸
2. All copies of annual reports required in 13 CFR 124.112(b) "Submissions supporting continued eligibility" received by each Indian Tribe, Alaskan Native Corporation, Native Hawaiian Organization, and Certified Development company over the past eight years.
3. All reports submitted to the SBA by the Susanville Indian Rancheria and its 8(a) subsidiaries, including but not limited to ATI Government Solutions.
4. All documents and communications related to any disciplinary or corrective actions SBA has taken on 8(a) firms over the last 5 years, including suspensions, disbarments, and removals from the 8(a) Program initiated by the SBA.
5. Any changes made to the SBA's SOP's on 8(a) compliance over the last 5 years.
6. All SBA SOP or guidance material relevant to verifying 8(a) entity-owned participant ownership and control. Specifically identify whether and how 8(a) participants must disclose to the SBA the distribution of funds that the 8(a) parent entity receives.
7. All SBA SOP or guidance material relevant to the limitations on subcontracting including but not limited to timelines, processes, and responsibilities of relevant entities.
8. Please also include a written response to the following:
 - a. When would a contractor be suspected of violating the limitations on subcontracting?
 - b. What is the specific process that occurs when a prime contractor is suspected to have violated the limitations on subcontracting, up to and including resolution.
 - c. Have any contractors been found to have violated the limitations on subcontracting over the last 5 years? If so, please provide a list of those entities and the disposition of these cases, including any enforcement action or penalty levied against them.
 - d. Any difficulties, challenges, or roadblocks to strong oversight and enforcement of the limitations on subcontracting.

Thank you for your prompt attention to this important matter. If you have any questions, please do not hesitate to contact Committee staff at (202) 224-5175.

Sincerely,



Joni K. Ernst
Chair

⁸ Letter from George Homan, Associate Administrator, SBA, to Joni K. Ernst, Ranking Member, S. Comm. on Small Business and Entrepreneurship, (June 17, 2024) (on file with Comm.).