

January 8, 2026

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

Dear Administrator Loeffler,

The recent reports of a \$9 billion fraud scheme in Minnesota involving multiple taxpayer-funded programs are jarring.¹ A top priority of the Senate Small Business Committee majority is shedding light on the most egregious examples of government fraud, waste, and abuse. We are appalled by the Biden Administration's indifference to meaningful oversight and guardrails in the Small Business Administration's (SBA) COVID relief programs. The result of this indifference has been a never-ending news cycle of program abuses and clear cases of fraud. Fortunately, the SBA has a vigilant leader at the helm, and we applaud your swift action in launching a full-scale investigation into this fraud and its overlap with SBA programs.²

The extent of the fraud scheme is still being uncovered. Recent reports indicate that in one such operation, fraudsters claimed to be feeding thousands of hungry Minnesota children per day, yet prosecutors say little or no meals were ever served.³ This scheme netted fraudsters over \$250 million in Federal Child Nutrition Program funds.⁴ A second fraud operation, with connections to the first, featured fraudsters recruiting Somali children to pose as autistic to steal money from Minnesota's autism program.⁵ At this time, prosecutors are still assessing how much money was stolen from the autism program, but they believe much of the explosion in claims from \$1 million in 2017 to \$220 million in 2024 is due to fraud.⁶ Most recently, an investigative journalist revealed that federally funded daycare centers across Minnesota sat empty while fraudsters collected checks.⁷ Related investigations are ongoing, and to date, it appears that approximately \$9 billion in taxpayer funds have been stolen.⁸

¹ Jonah Kaplan and Joe Walsh, *Everything we know about Minnesota's massive fraud schemes*, CBS, (Jan. 5, 2026), available at <https://www.cbsnews.com/news/minnesota-fraud-schemes-what-we-know/>.

² *Id.*

³ FOX 9 Staff, *Feeding Our Future fraud: Federal trial begins for organization's founder*, FOX 9 KMSP, (Feb. 3, 2025), available at <https://www.fox9.com/news/feeding-our-future-federal-fraud-trial-aimee-bock-day-1>.

⁴ Seth Kaplan, *Fraud in Minnesota: Detailing the nearly \$1 billion in schemes*, FOX 9 KMSP, (Dec. 8, 2025), available at <https://www.fox9.com/news/fraud-minnesota-detailing-nearly-1-billion-schemes>.

⁵ *Id.*

⁶ *Id.*

⁷ Nick Shirley, *I Investigated Minnesota's Billion Dollar Fraud Scandal*, YOUTUBE (Dec. 26, 2025), <https://www.youtube.com/watch?v=r8AulCA1aOQ>.

⁸ Jonah Kaplan and Joe Walsh, *Everything we know about Minnesota's massive fraud schemes*, CBS, (Jan. 5, 2026), available at <https://www.cbsnews.com/news/minnesota-fraud-schemes-what-we-know/>.

We appreciate your swift action on December 2, 2025, when you announced that “numerous nonprofits and individuals” who were complicit in these Minnesota fraud operations had also received SBA Paycheck Protection Program (PPP) loans and that an investigation had been launched.⁹ By January 1, 2026, you had suspended nearly 7,000 Minnesota borrowers, who received an estimated \$400 million in COVID relief loans.¹⁰ Your decisive action to ban these borrowers from all SBA loan programs and hold these criminals accountable by referring them to law enforcement is a critical first step toward ensuring taxpayer funds are returned.¹¹

This Somali scheme is just the latest example of fraud endemic in COVID relief programs, which prioritized shoveling money out the door rather than implementing functioning oversight mechanisms to protect taxpayers. These COVID relief programs were fecklessly mismanaged, and every jaw-dropping revelation about a new COVID relief scam serves to drive home that point. Recently, in Iowa, an illegal immigrant who served in the Cuban military was arrested for his part in a scheme to defraud the PPP of nearly \$2.4 million.¹²

Other examples of COVID relief programs allowing cheats and fraudsters to run wild include:

- Scammers using headshots of Barbie dolls and mannequins to defraud PPP.¹³
- Rappers receiving a windfall from the Shuttered Venue Operators Grant (SVOG) program, which they used on private jet flights, lavish birthday parties, and designer clothes.¹⁴
- Eight members of the “Insane Crip Gang,” a subset of the national “Crips” street gang, were using PPP loans to buy weapons, which were ultimately used in various robberies, kidnappings, and murders.¹⁵
- A fraud mill that helped crooks make fraudulent PPP applications to the government in exchange for kickbacks.¹⁶

⁹ Kelly Loeffler (@SBA_Kelly), X (Dec. 2, 2025, at 8:23 AM ET), https://x.com/SBA_Kelly/status/1995846331202457607?s=20.

¹⁰ Kelly Loeffler (@SBA_Kelly), X (Jan. 1, 2026, at 8:00 PM ET), https://x.com/SBA_Kelly/status/2006893291241980325?s=20.

¹¹ *Id.*

¹² Press Release, DOJ, *Former Cuban Military Sergeant Sentenced to Federal Prison in Pandemic Benefits Fraud Conspiracy*, (Dec. 5, 2025), available at <https://www.justice.gov/usao-ndia/pr/former-cuban-military-sergeant-sentenced-federal-prison-pandemic-benefits-fraud>.

¹³ Gustaf Kilander, *Scammers used doll faces to secure in Covid pandemic aid in PPP fraud*, THE INDEPENDENT, (June 29, 2023), available at <https://www.the-independent.com/news/world/americas/crime/covid-pandemic-fraud-scam-ppp-loan-b2366672.html>.

¹⁴ Jack Newsham and Katherine Long, *How rich musicians billed American taxpayers for luxury hotels, shopping sprees, and million-dollar bonuses*, BUSINESS INSIDER, (Dec. 18, 2024), available at <https://www.businessinsider.com/lil-wayne-chris-brown-covid-relief-funds-svog-grant-2024-12>.

¹⁵ Press Release, DOJ, *Eight Crips Gang Members and Associates Indicted for Racketeering and Numerous Violent Crimes on Long Island*, (Apr. 13, 2023), available at <https://www.justice.gov/usao-edny/pr/eight-crips-gang-members-and-associates-indicted-racketeering-and-numerous-violent>.

¹⁶ Press Release, DOJ, *Co-Founder of Paycheck Protection Program Lender Service Provider Sentenced for \$63M COVID-19 Relief Fraud Scheme*, (Nov. 21, 2025), available at <https://www.justice.gov/opa/pr/co-founder-paycheck-protection-program-lender-service-provider-sentenced-63m-covid-19-relief>.

Scammers and fraudsters will exploit any gaps in the system to enrich themselves at taxpayers' expense. This is unacceptable.

As the Trump Administration opens the books, many disturbing fraud schemes are being uncovered. We have heard from our investigative and law enforcement partners loud and clear that it takes years to investigate and audit these unprecedented COVID relief programs properly. That is why the U.S. Senate Committee on Small Business and Entrepreneurship passed S. 1199, the *SBA Fraud Enforcement Extension Act*, to give hardworking investigators more time to uncover crimes like this and hold fraudsters accountable.

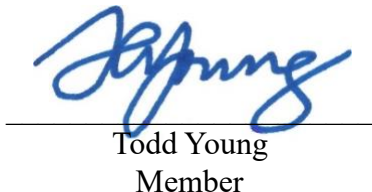
Accordingly, we respectfully request that your agency deliver to the Committee a preliminary briefing with the following information by January 22, 2026:

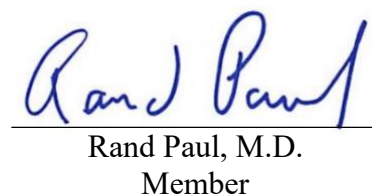
1. Inform the Committee of the broad parameters of your investigation, including which companies and individuals are being investigated, whether this investigation extends to review of other states where similar patterns of abuse are being alleged, and the financial breakdown of the crime ring's ill-gotten gains.¹⁷
2. Submit to the Committee any currently-in-operation SBA programs that were taken advantage of, and steps SBA is taking to mitigate fraud risks.
3. Inform the Committee of any authorities the SBA needs from Congress to accelerate the process of recovering stolen funds and stop fraud in future programs.
4. Provide the Committee with all documents requested by the House Committee on Small Business in their December 22, 2025, letter.

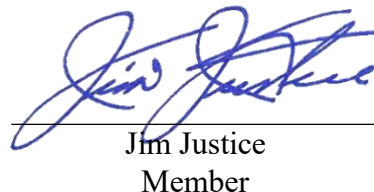
Thank you for your prompt attention to this critical matter. If you have any questions, please do not hesitate to contact Committee staff at (202) 224-5175.

Sincerely,


Joni K. Ernst
Chair


Todd Young
Member


Rand Paul, M.D.
Member


Jim Justice
Member

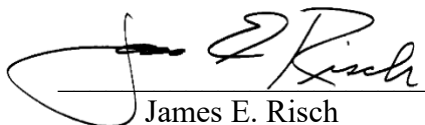
¹⁷ Ryan King, *Maine's Medicaid program bilked out of millions of dollars in Somali fraud, whistleblower claims*, NY POST, (Dec. 10, 2025), available at <https://nypost.com/2025/12/10/us-news/maines-medicaid-program-bilked-out-of-millions-of-dollars-in-somali-fraud-whistleblower-claims/>.



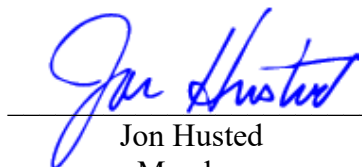
Ted Budd
Member



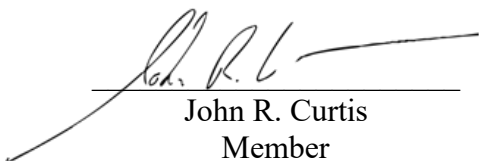
Tim Scott
Member



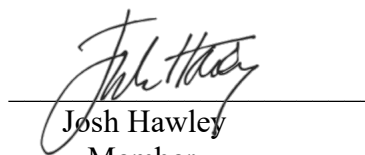
James E. Risch
Member



Jon Husted
Member



John R. Curtis
Member



Josh Hawley
Member