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**United States Senate**  
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April 15, 2021

The Honorable Hannibal "Mike" Ware  
Inspector General  
U.S. Small Business Administration  
409 3rd St, SW  
Washington D.C. 20416

Dear Inspector General Ware:

Thank you for your recent testimony at the Senate Small Business Committee hearing titled, "*Oversight of SBA's COVID-19 Relief Programs.*" We write to follow up on our discussion and formally request that you audit the unlawful participation of Planned Parenthood Federation of America (PPFA) in the Paycheck Protection Program (PPP).

PPP eligibility is limited to entities with 500 or fewer employees. Rules enacted by the *Coronavirus Aid, Relief, and Economic Security ("CARES") Act* (P.L.116-36) and prior U. S. Small Business Administration (SBA) regulation establish that the size of an entity is considered with each of its affiliates in the determination of eligibility. SBA affiliation rules generally consider entities to be affiliated "when one controls or has the power to control the other, or a third party or parties controls or has the power to control both."<sup>1</sup> To obtain a PPP loan, an applicant must certify that they are eligible to receive a loan under the rules in effect at the time the application is submitted. In making such certification, an applicant is required to apply the affiliation rules applicable to the PPP and identify its affiliates.

On May 19, 2020, SBA notified a number of PPFA affiliates that they had wrongfully applied for 38 PPP loans totaling more than \$80 million dollars. SBA determined that these local affiliates of PPFA were ineligible for PPP loans under the applicable affiliation rules and size standards and that the loans they received should be returned. SBA cited the control PPFA exercised over its local affiliates in a number of different areas, such as medical standards, affiliate patient transfers, and an accreditation review process administered every three years as evidence of an affiliated organizational structure. Given that PPFA has nearly 16,000 employees nationwide, SBA determined that these PPFA affiliates were ineligible for PPP and requested that each of the 38 affiliates return the \$80 million in PPP funds they wrongfully received.

On March 23, 2021, SBA provided the Senate Small Business Committee with an updated dataset on all PPP loans as of March 14, 2021. This data revealed that, not only have most of the PPFA affiliates not returned their PPP funds, as requested by SBA, but two have applied for and

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<sup>1</sup> 13 C.F.R. 121.103(f)

been approved for a second draw loan, with full knowledge of their ineligibility. As you recall, during the March 24, 2021 Committee hearing, where you were a panelist, we questioned the Associate Administrator of SBA's Office of Capital Access, Patrick Kelley, about the new information suggesting Planned Parenthood affiliates had received second draw loans despite the agency's previous determination that these entities were ineligible. Mr. Kelley testified that the SBA had not reversed the longstanding application of affiliation rules or changed any rule related to affiliation.

However, earlier this week SBA released updated data indicating that even more PPFA affiliates have been approved for PPP loans in the last month. According to the most recent SBA data, at least one additional PPFA affiliate was approved for a second draw loan since March 15, 2021. Additionally, another PPFA affiliate recently applied for and was approved for a first draw loan, despite the fact that the entity had previously returned its loan after SBA determined it was ineligible for PPP.

Borrowers who make incorrect or false eligibility certifications on their PPP application are subject to severe penalties. For this reason, we respectfully request that you direct your office to audit the participation of PPFA affiliates in the PPP and determine whether any PPFA affiliates made a knowingly false certification on their applications for PPP loans.

Thank you for your prompt attention to this matter.

Sincerely,



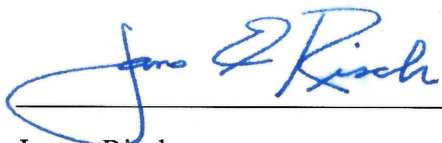
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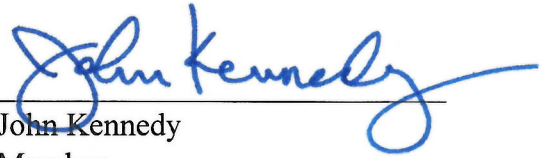
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