

Congress of the United States
Washington, DC 20515

October 8, 2020

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

Dear Inspector General Ware:

The Paycheck Protection Program (PPP) was designed to provide a direct incentive for small businesses to keep their workers on the payroll. Congress intended the program to provide relief to America’s small businesses quickly, and demand for the program was extraordinary: PPP lenders approved more than 1.6 million loans totaling more than \$342 billion in the program’s first two weeks, according to your office.¹ The Small Business Administration subsequently released data that shows a political organization may have taken advantage of the program’s expedited nature to obtain funds for which they were ineligible.

Specifically, the data show a Democrat-affiliated political organization in Florida applied for and received PPP funds, contrary to the intent of Congress that the program should support small businesses, non-profits, veterans’ organizations, and tribal concerns. The Small Business Administration issued regulations that specifically prohibit “businesses primarily engaged in political or lobbying activities” from receiving PPP loans.² Despite this restriction, the Florida Democratic Party (FDP) applied for and received a PPP loan worth \$780,000.³

The details of the FDP loan application raise serious questions as to whether the applicant intentionally misled the Small Business Administration in order to obtain PPP funds. FDP filed its application under the identity of a non-profit organization called the “Florida Democratic Party Building Fund, Inc.” The Florida Democratic Party Building Fund, Inc. is a separate legal entity from the Florida Democratic Party, but Florida state records show the party formed the not-for-profit corporation in April of 2019 to construct, own or operate “the headquarters of the state executive committee of the Florida Democratic Party and related political organizations.”⁴

Documents show the Florida Democratic Party Building Fund, Inc. has no employees, and that PPP money was subsequently funneled to Florida Democrat Party staff. Indeed, the Florida Democrat Party acknowledged in a public statement that it sought PPP funds because

¹ SBA OIG Flash Report, SBA’s Implementation of the Paycheck Protection Program Requirements, May 8, 2020.

² 13 C.F.R. §120.110(r).

³ <https://www.cnn.com/projects/ppp-business-loans/businesses/florida-democratic-party-building-fund-inc;>
[https://www.cnn.com/projects/ppp-business-loans/businesses/the-ohio-democratic-party.](https://www.cnn.com/projects/ppp-business-loans/businesses/the-ohio-democratic-party)

⁴ David Smiley and Alex Daugherty, ‘They made a mistake.’ *Florida Democratic Party will return PPP loan, blames SBA*, MIAMI HERALD, July 9, 2020, <https://www.miamiherald.com/news/politics-government/article244101042.html>.

“FDP was concerned about meeting payroll and keeping our staff employed.”⁵ The fact that FDP—which was ineligible for PPP funds—applied for the loan via the Florida Democratic Building Fund, Inc. and the money was subsequently transferred back to support FDP’s payroll raises questions as to whether someone at FDP knowingly made a false statement on the PPP application in question.

False statements in connection with a PPP loan application may be a felony. Applicants must certify the application, and the application itself advises that applicants may be penalized for “knowingly making a false statement to obtain a guaranteed loan from SBA” or for knowingly using the funds for unauthorized purposes.⁶ The application states that knowingly making a false statement is punishable by a maximum of five years’ imprisonment and/or a \$250,000 fine under 18 U.S.C. §1001 (making false statements) and 18 U.S.C. §3571 (sentence of fine); (2) two years’ imprisonment and/or a \$5,000 fine under 15 U.S.C. §645 (false statements to SBA); and (3) 30 years’ imprisonment and/or a \$1,000,000 fine, if submitted to a federally insured institution, i.e., virtually any bank, under 18 U.S.C. §1014 (false statements to banks with respect to loans). False statements in a PPP application may also subject violators to up to 20 years’ imprisonment and a \$250,000 fine for wire fraud (18 U.S.C. §1343) and mail fraud (18 U.S.C. §1341), and up to 30 years’ imprisonment and a \$250,000 fine for bank fraud (18 U.S.C. §1344), among other things.

In light of the possibility of criminal misconduct in this case, we request that your office takes the following actions:

1. Investigate the facts and circumstances of the PPP loan to FDP, to include whether the information on FDP’s loan application was false or misleading.
2. File a criminal referral to the Department of Justice for prosecution if appropriate.
3. Provide a briefing to detail any findings from your investigation, and provide all documents and communications reviewed during the course of the investigation, including but not limited to FDP’s loan application.

Please contact Walker Barrett (walker.barrett@mail.house.gov) on Rep. Michael Waltz’s staff with any questions about this request. Thank you for your attention to this matter.

Sincerely,



Michael Waltz
Member of Congress



Bill Posey
Member of Congress

⁵ Marc Caputo and Matt Dixon, *Florida Democrats return PPP money amid scandal*, POLITICO, July 8, 2020, <https://www.politico.com/states/florida/story/2020/07/08/florida-democrats-return-ppp-money-amid-scandal-1298825>.

⁶ PPP, Borrower Application Form at 2.



Neal P. Dunn, M.D.
Member of Congress



W. Gregory Steube
Member of Congress



Ross Spano
Member of Congress



Brian J. Mast
Member of Congress

CC:

The Honorable William P. Barr, Attorney General, U.S. Department of Justice
Ashley Moody, Attorney General, State of Florida