



Written by [David Kelly](#) on January 31, 2023

Watchdog Group Finds Billions in Fraud With Covid Relief Programs

The Pandemic Response Accountability Committee (PRAC) released a [report](#) on Monday that identified \$5.4 billion in potential identity fraud associated with 69,323 questionable and unverified Social Security numbers (SSN) used in disbursing funds for Economic Injury Disaster Loans and Paycheck Protection Program (PPP) payments. These programs provided nearly \$1.2 trillion in assistance to small businesses and their employees affected by the government's response to the Covid-19 pandemic.



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The PRAC report also shared that, as of August 2020, they found that 57,473 Small Business Administration (SBA) backed PPP forgivable loans worth \$3.6 billion were paid to potentially ineligible recipients. In addition, the report did determine that 175,768 SSN's were used in applications that were attempted and undisbursed.

PRAC is a federal government [group](#) created by the [CARES Act](#) to support and coordinate independent oversight of the more than \$5 trillion in pandemic relief programs and spending. Their mission is to promote transparency and use data to detect fraud, waste, abuse, and mismanagement.

"The loans were disbursed between April 2020 and October 2022, the watchdog said in its report, which comes ahead of a scheduled [Wednesday hearing](#) by the Republican-led House of Representatives Oversight Committee on fraud in pandemic spending," [reported](#) Reuters.

Chairman of the House Committee on Oversight and Accountability James Comer (R-Ky.) will [reportedly](#) lead the first meeting of the new Congress on Wednesday, titled "*Federal Pandemic Spending: A Prescription for Waste, Fraud, and Abuse*, which will focus on investigating the rampant waste of taxpayer dollars in COVID relief programs."

"We owe it to Americans to identify how hundreds of billions of taxpayer dollars spent under the guise of pandemic relief were lost to waste, fraud, abuse, and mismanagement. For the past two years, Democrats in the Administration and Congress have spent far too much time pushing money out the door and far too little time conducting meaningful oversight of how that money is being spent. That changes with our House Republican majority. Under Republican leadership, the Oversight Committee is returning to its primary duty to root out waste, fraud, abuse, and mismanagement in the federal government and hold President Biden accountable," [said](#) Chairman Comer.

The CARES Act passed at the end of 2022 and was the federal government's attempt at salvaging the



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damage caused by the unintended consequences of their reaction to Covid-19 that led to the closure of the nation's economy. The advertised intent of the [legislation](#) was to provide "fast and direct economic assistance for American workers, families, small businesses, and industries." In reality, the programs provided under the act were nothing more than any other government welfare offerings that apparently were quite open to corruption, ultimately at taxpayers' expense.

Reuters [shared](#) that "the report demonstrates 'the significant fraud and identity theft that occurred under the prior administration due to the lack of basic anti-fraud controls, as well as how consequential were the Biden administration's quick actions to reinstate strong anti-abuse measures in these emergency small business programs,' Gene Sperling, a senior adviser to President Joe Biden said in an emailed statement."

In May 2021, Attorney General Merrick Garland [launched](#) a COVID-19 Fraud Enforcement Task Force to enhance efforts to combat and prevent pandemic-related fraud. The task force was set up to assist agencies that were administering the Covid relief programs by helping them increase their fraud prevention efforts.

The PRAC's report shared that the Fraud Task Force will work with "the SBA, our other law enforcement partners, and the Department of Justice's COVID-19 Fraud Enforcement Task Force to further investigate the \$5.4 billion we identified in potential fraud and identity theft."

In conclusion, the PRAC offered next steps to end potential negative impacts on individuals who may be victims of identity fraud. Those steps include assessing lessons learned with the recent Covid relief payments fraud, along with improving identity-theft protection of social-security numbers.

But a better way to protect taxpayers from the corruption of these government welfare programs would have been to not even offer the aide in the first place, or to end the government's ability to close down the economy when and if the next pandemic or national emergency arises.



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