

**NOMINATION OF DILAWAR SYED
TO BE DEPUTY ADMINISTRATOR OF
THE U.S. SMALL BUSINESS ADMINISTRATION**

HEARING
BEFORE THE
**COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP**
OF THE
UNITED STATES SENATE
ONE HUNDRED SEVENTEENTH CONGRESS
FIRST SESSION

APRIL 21, 2021

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ONE HUNDRED SEVENTEENTH CONGRESS

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**NOMINATION OF DILAWAR SYED
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THE U.S. SMALL BUSINESS ADMINISTRATION**

WEDNESDAY, APRIL 21, 2021

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The Committee met, pursuant to notice, at 2:40 p.m. via Webex and in Room 301, Russell Senate Office Building, Hon. Ben Cardin, Chairman of the Committee, presiding.

Present: Senators Cardin, Cantwell, Shaheen, Booker, Hirono, Rosen, Paul, Scott, Ernst, Inhofe, Young, Hawley, and Marshall.

**OPENING STATEMENT OF HON. BENJAMIN L. CARDIN,
CHAIRMAN, A U.S. SENATOR FROM MARYLAND**

Chairman CARDIN. The Small Business Committee will come to order.

Let me acknowledge that Senator Paul and I saw Senator Kaine on the way in. He is here to introduce the nominee. He went over to cast his vote. As you know, the vote just started on the floor of the Senate. Senator Paul and I voted and came here. So we will interrupt where we are when Senator Kaine returns, to allow him to make his introductory remarks to our nominee.

I want to recognize Dilawar Syed, our nominee for the Deputy SBA Administrator. Thank you very much for your willingness to serve our country during these extremely challenging times. It is not easy to serve in public life, just ask the members of the Senate right now. And it is not easy to take a position in the Executive Branch. So we appreciate your willingness.

We know you are a successful businessperson so we thank you for this sacrifice. And we know it is not just your sacrifice, but a sacrifice of your family.

Welcome to our committee.

The Deputy Administrator of SBA is responsible for the day-to-day management of the Agency, so this position is vital to SBA's success. And yet, this position has been vacant for the past three years due to the previous Administration's failure to put forward a nominee.

Filling the position with a qualified nominee is more important than ever because Congress has tasked the SBA with tremendous responsibilities as part of the Federal Government's COVID-19 relief effort.

In the past year, SBA's has delivered more than \$970 billion in aid to small businesses through the Paycheck Protection Program, EIDL, the EIDL Advance grants program, and the Small Business Debt Relief program. In the coming days and weeks, SBA will begin accepting applications for the \$16 billion Shuttered Venue Operators Grant program, as well as \$28 billion for the Restaurant Revitalization Fund. So we have a lot of activity that is taking place within the Small Business Administration.

In total, Congress has charged SBA with distributing more than \$1 trillion in COVID-19 small business aid, more than 10 times the SBA's annual budget during the fiscal year before the pandemic.

SBA must continue to be a lifeline to small businesses for the remainder of the pandemic and the Agency will be key to ensuring an equitable economic recovery.

I am confident that Mr. Syed's experience as a business and civic leader has prepared him to lead SBA at this pivotal moment. Mr. Syed's decades of building and scaling companies will help SBA as it continues to implement new small business relief programs.

SBA will also benefit from Mr. Syed's many years as an advocate for underserved entrepreneurs, including his service as Chair of the White House Initiative on the AAPI's Economic Growth Committee during the Obama administration; founder of the California Entrepreneurship Task Force; and leader of California's Rapid Response engagement with underserved small businesses during the pandemic.

Because of Mr. Syed's broad experience and commitment to uplifting underserved entrepreneurs he has been endorsed by more than a dozen business organizations, including the National Association of Pacific Islanders, American Chamber of Commerce, Small Business Majority and the U.S. Black Chambers.

Without objection, I will put the full list of the endorsements to the nominee into the record.

[The information referred to follows:]

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

NEIL L. BRADLEY
EXECUTIVE VICE PRESIDENT &
CHIEF POLICY OFFICER

1615 H STREET, NW
WASHINGTON, DC 20062
(202) 463-5310

April 20, 2021

TO THE MEMBERS OF THE COMMITTEE ON SMALL BUSINESS &
ENTREPRENEURSHIP:

The U.S. Chamber of Commerce supports the nomination of Dilawar Syed to be Deputy Administrator of the U.S. Small Business Administration (SBA). We believe that it is essential for SBA's senior leadership team to be in place to deliver on the agency's COVID-19 small business emergency relief responsibilities and we believe Mr. Syed is well qualified for this position.

Dilawar Syed has an impressive background as an entrepreneur and understands the operational challenges of scaling a start-up to meet increased market demand. Those skills and management acumen are needed at a time when the SBA is pursuing its mission of running its core programs, executing on the forgiveness of Paycheck Protection Program (PPP) loans, meeting high demand for Economic Injury Disaster Loans (EIDLs), and providing operational consistency, transparency, and certainty for two new grant programs (Shuttered Venue Operator Grants (SVOGs) and Restaurant Revitalization Fund (RRF) grants).

We are hopeful that you will advance Mr. Syed's nomination expeditiously, and we hope that the President and this Committee will move forward shortly with a nomination to head SBA's Office of Advocacy, a critically important department serving America's small business community that has been without a Senate-confirmed Chief Council for five years.

The Chamber looks forward to working with Dilawar Syed as SBA Deputy Administrator. We support his nomination and appreciate the Committee scheduling the April 21 hearing.

Sincerely,



Neil L. Bradley

Chairman CARDIN. The disproportionate impact of the COVID-19 pandemic on minority-owned businesses has only highlighted the pervasive historic disparities in access to capital, technical training, and mentorship. That is why the Committee's top priority is improving SBA's program to better meet the needs of small businesses in Black, Latino, Asian, Native, rural, and other underserved communities to ensure an equitable recovery and prepare for future crises.

Mr. Syed, if confirmed, we will need your insight into how to improve these programs. So I am asking for your commitment to operating SBA in a transparent manner and to maintain open lines of communication.

I want to again thank you for stepping forward to serve our Nation during these very difficult, unprecedented times and I look forward to hearing your testimony.

With that, let me turn it over to the ranking member, Senator Paul.

**OPENING STATEMENT OF HON. RAND PAUL,
A U.S. SENATOR FROM KENTUCKY**

Senator PAUL. Thank you, Mr. Chairman.

I began my tenure as ranking member of this Committee by supporting Administrator Guzman's nomination in a good faith effort to establish an honest and transparent working relationship with the Biden administration and my colleagues across the aisle.

It seems that this goodwill, though, is not being reciprocated. As we proceed with this hearing of the nomination of the Deputy Administrator of the SBA, as we began the process of vetting the nominee as required by the Committee rules, we became aware that Mr. Syed had applied for SBA's PPP and EIDL COVID relief programs on behalf of his company. He did not disclose this taxpayer assistance voluntarily. We found this information on our own, as part of our internal vetting process.

Given that the position to which Mr. Syed has been nominated is responsible for overseeing all SBA programs, including the trillion dollars of taxpayer money Congress appropriate for small businesses, it is imperative that this Committee have complete information regarding any SBA programs Mr. Syed participated in.

The Committee has a Constitutional obligation to evaluate nominees for Senate confirmed positions such as the one to which Mr. Syed has been nominated. Some would say that the failure of an SBA nominee to be transparent about taxpayer funded programs under this Committee's jurisdiction would be disqualifying in and of itself.

I have made repeated requests for this information from both Mr. Syed and SBA. As of today, the Committee still does not have his complete information related to the SBA COVID-19 loan applications that Mr. Syed signed on behalf of his company.

Despite my request that the Committee not proceed with this hearing until it has received all of the requested information, here we are.

I look forward to hearing from Mr. Syed. I still have an open mind on the nomination, but I hope that he will today provide some clarity and transparency on the information that has been re-

peatedly denied to the Committee. This is the only way we can allow the Committee to make a full and informed determination of his eligibility for the position so I hope we will get to some transparency today.

Chairman CARDIN. Thank you, Senator Paul.

If I could ask Mr. Syed, if you would please rise and raise your right hand. We have a tradition in our Committee to swear in our witnesses that we have Senate confirmation with.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SYED. I do.

Chairman CARDIN. You can have a seat.

Should you be confirmed as administrator, are you willing to appear and testify before any duly constituted committee of Congress when requested to do so?

Mr. SYED. I do.

Chairman CARDIN. Are you willing to provide such information as is requested by any such committee?

Mr. SYED. I do.

Chairman CARDIN. Thank you.

We will go to your opening statement right now but when Senator Kaine arrives, we might interrupt it to allow him an opportunity to properly introduce you to the Committee.

So please excuse the informality here, but I think it is a better use of our time.

**STATEMENT OF DILAWAR SYED, OF CALIFORNIA, NOMINATED
TO BE DEPUTY ADMINISTRATOR, U.S. SMALL BUSINESS AD-
MINISTRATION**

Mr. SYED. Thank you, Chairman Cardin, Ranking Member Paul, and members of the Committee for the opportunity to appear here today.

I am deeply honored to be nominated by President Biden to serve as Deputy Administrator of the Small Business Administration.

America's 30 million small businesses are the lifeblood of our economy. SBA's mission of supporting these entrepreneurs is more critical today than at any point in its history.

The economic challenge created by the COVID-19 pandemic has claimed millions of American livelihoods, and so many of its small businesses. In the wake of this crisis, we have a once-in-a-lifetime opportunity to build a more supportive, equitable, and resilient environment for small business owners in every community across our great country.

I am an entrepreneur who has navigated a company through these difficult times. During the past year, like many other small businesses, we have had to make critical decisions to save jobs and preserve livelihoods.

I also know full well that there are many small businesses that have been impacted to a far greater degree. Entrepreneurs in Black and Brown communities, rural and underserved regions need our commitment and support more than ever.

For over two decades, I have built early stage businesses and run companies in software, consumer, health care, and artificial intelligence. I am proud to have led teams that have built digital tools

used by thousands of Main Street businesses across America. Today, I guide a team of scientists and engineers to help improve health outcomes. I have learned how to build passionate teams that tackle intractable challenges; how to foster an empowering culture; and how to create products that serve millions.

While my business career has been gratifying, it is my work as a civic entrepreneur that I value most, and what has driven me to serve.

My civic journey spans a decade of serving communities that have too often been left behind. I have spent time in Central Valley of California, Detroit, Philadelphia, and Atlanta advising entrepreneurs in regions that many people would fly over or drive through, but they are brimming with talent, promise, and aspiration.

After the Great Recession, as a White House AAPI Commissioner I led engagement with Asian American entrepreneurs across the country, hosting listening sessions with small businesses, regional SBA teams, and resource partners.

In my home State, which has over 4 million small businesses, I co-founded the California Entrepreneurship Task Force to bridge regions like the San Joaquin Valley with networks in Silicon Valley. I partnered with chambers of commerce, incubators, and universities to drive inclusive entrepreneurship and innovation in the rural heartland of our State.

During the pandemic, I led a campaign to raise awareness of resources, including the Paycheck Protection Program, reaching more than 20,000 businesses. Our startup, like millions of small businesses, received critical help through the PPP and the EIDL programs. I am grateful for the assistance which allowed the company to keep all its employees, stabilize, and then repay the PPP and EIDL loans.

During these challenging times, I saw firsthand the heart, skill, and resilience of our amazing team. Through it all, they persevered.

I believe that my experience as a business leader and civic entrepreneur can help serve the SBA and all those who rely on it.

If confirmed, I commit to leading the SBA—in partnership with Administrator Guzman and its committed public servants—with urgency and purpose.

I will provide hands-on leadership to continue implementation of COVID relief for small businesses and help rebuild those most affected by the pandemic.

And I absolutely share Administrator Guzman's commitment to be transparent, accessible, and responsive to this Committee.

I want to thank my family for their support in this endeavor. I am a proud dad and I know my wife and kids are watching. And I am really sorry that they could not be here today.

In closing, I am an immigrant. I came to America 30 years ago as a young student in pursuit of education and opportunity. At that time, I never could have imagined that I would sit in this chamber with this committee having been called to serve by the President of the United States at this critical juncture. I am deeply humbled and honored.

This moment calls me like it should call all of us, including those in the business world, to roll up our sleeves to build a better future.

What we do next will matter for generations of Americans. I welcome this challenge and the opportunity to work alongside all of you.

Thank you and I look forward to your questions.

[The prepared statement of Mr. Syed follows:]

Testimony of

Dilawar Syed

Nominee for Deputy Administrator

U.S. Small Business Administration

Thank you, Chairman Cardin, Ranking Member Paul, and members of the committee for the opportunity to appear here today. Thank you also to Senator Kaine for the kind introduction. I am deeply honored to be nominated by President Biden to serve as Deputy Administrator of the Small Business Administration.

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This moment calls me like it should call all of us, including those in business, to roll up our sleeves to build a better future.

What we do next will matter for generations of Americans. I welcome this challenge and the opportunity to work alongside all of you. Thank you and I look forward to your questions.

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Chairman CARDIN. Mr. Syed, thank you very much for your comments.

We are now honored to be joined by our colleague from Virginia, Senator Kaine. Senator Kaine, welcome and we look forward to hearing from you.

**STATEMENT OF HON. TIM KAINE, A U.S. SENATOR
FROM VIRGINIA**

Senator KAINE. To Chairman Cardin and Ranking Member Paul, thank you for the opportunity to speak a little bit out of order to this committee today.

I am so honored to be here to introduce, you have already heard from him, but really to vouch for my friend, Dilawar Syed, who is an ethical and innovative businessperson but also has the heart of a public servant.

Before I say a word about him, I do want to just congratulate the Committee and the members of the Committee. Like many of you, during the Easter recess, I spent time traveling around my State and spent a lot of time meeting with small businesses. And just a report from the road, here is what I heard again, and again, and again: it has been the toughest year of our entire business existence. To get through it, we have had to be incredibly creative and resilient and think of new ways of doing virtually everything. We could not have done it without loyal employees and our customer base rallying around us. And thank Congress, thank you to Congress for prioritizing the needs of small businesses, not only in programs like the Paycheck Protection Program and the EIDL loan program, but what I found that surprised me a little is virtually every local government that received CARES Act funding used a portion of that funding to help small businesses in their jurisdictions, maybe businesses that did not qualify for CARES or that had opened during the pandemic and could not demonstrate lost revenue from the years before.

So that is the first thing I just want to say to the Committee is that the work that you have done in CARES and now the American Recovery Plan is making a difference and I wanted to report that.

The Small Business Administration plays a very important role in advocating for the backbone of the American economy. And in choosing administrators, choosing the leaders of the Small Business Administration, because of the critical nature of these businesses to the American economy, you want people with a particular skillset.

Dilawar Syed, to me, his resume is just almost the job description of what you would want in a leadership position of this kind. He is an innovative, as he pointed out, American immigrant entrepreneur who has started not just one but multiple businesses in California.

Interestingly enough, he has had the experience of a small business owner and the strains and stresses and anxieties of starting something and growing it. But his particular business is serving other businesses. That is what he does.

And so it is a business that puts him in touch with other small businesses. That has given him significant insight into their challenges, as well.

He has also had the advantage of working as a commissioner in the Obama administration and then in governmental and public service efforts in California to help small businesses.

So to conclude, small business owner and innovator, serving other small businesses, and doing so in tandem with governmental agencies and philanthropies.

He also mentioned in his opening statement that he, himself, had the experience of benefiting from actions of Congress, his own businesses, through the CARES Act and knows how those programs work and how they did not, and how future programs could work even better.

He has much to offer the United States and I was so happy when I heard that President Biden had nominated him for the position and very happy to be here today to vouch for him.

Chairman CARDIN. Senator Kaine, thank you very much for that introduction. We always appreciate having you with us in this Committee, so thank you for your being here and we recognize that you have other obligations so thank you very much.

Mr. Syed, I want to start the questioning. We are going to have 5 minute rounds based upon arrival from the members.

I want to go into the point that you raised during your opening statement that Senator Paul has acknowledged during his opening statement. And that is that you, as the CEO of an early stage health care startup company in April 2020 applied for a PPP loan, an EIDL loan, and an EIDL Advance.

My understanding is that your company received a loan, a PPP loan, in May of \$563,513 and an EIDL loan of \$67,500, and an EIDL Advance of \$10,000.

You have indicated in your testimony that that was essential in order to maintain your payroll. I believe your payroll was 24 employees at the time. Let me just ask you a couple of direct questions.

When you applied for the PPP loan and the EIDL loan were you eligible to receive funding from those two programs?

Mr. SYED. Thank you, Senator Cardin, for the question. The answer is yes.

Chairman CARDIN. Was that funding necessary for you in order to be able to maintain your payroll during that period of time?

Mr. SYED. Yes.

Chairman CARDIN. Were the funds under the PPP program used principally for payroll?

Mr. SYED. Exclusively.

Chairman CARDIN. Exclusively for payroll.

And then, you were then able, as I understand it, to get outside financing in order to deal with your financial needs. I take it, if you were eligible, your revenues were less during COVID-19 than they were prior to COVID-19?

Mr. SYED. Correct.

Chairman CARDIN. Then you made a decision to get outside financing and you made a decision to repay the PPP loan and the EIDL loan, if I understand correctly, in January 2021?

Mr. SYED. That is correct.

Chairman CARDIN. Were you eligible for the loan forgiveness under the PPP program, considering that you used the money for payroll?

Mr. SYED. Senator Cardin, I believe we obviously did not apply, we made a business decision to clear all our debt including the PPP and EIDL after raising a new round of funding. But based on where the money was spent, my understanding is we would have been eligible.

Chairman CARDIN. So why did you decide to repay the loan? After all, you have responsibilities to your company. You are entitled to have it forgiven, the PPP loan. Why did you decide to repay the PPP loan?

Mr. SYED. Senator, we did not have the need. We believed that, having raised outside financing, at that point we made a business decision to clear all of our debt. And we considered the PPP and EIDL loan to be a debt. And we believed that that should be paid back and we made a business decision to pay back the loans.

Chairman CARDIN. I just want to compliment you on that. Obviously, you could have sought forgiveness and have been eligible for forgiveness under the terms that we set up. But you made a decision that, from the point of view of the appropriate judgment on the appropriateness of keeping the money that you felt better returning the money.

I thank you. I am sure there are other businesses that are in your category but you are in the minority of the businesses in regards to the forgivable PPP loans.

As the Deputy Administrator, you are going to be responsible for a lot of the administrative issues dealing with the implementation of these programs. I am going to just mention one as an example. In the most recent statute, the American Rescue Plan, we extended eligibility to PPP for local media companies. Part of that was to waive the affiliation rules and to use a size standard based upon per location. We have been informed that there has been a challenge in getting eligibility for the media companies because they have the same EIN numbers, which bounces it out from the application process even though they are eligible.

My point to you in raising that example is that from day one we are going to need your attention to working in a very transparent way with us and the stakeholders to deal with the administrative challenges of implementing the PPP law. As you know, the administration changed the eligibility on the self-employed. We have the larger non-profits that are now eligible. We are starting into the shuttered venue, certainly we will be in the restaurant program.

All of that is going to require total transparency and working with us in a very close, open manner as you try to carry out congressional intent. We need to make sure that you will keep us totally informed and work with our offices.

Do we have that commitment?

Mr. SYED. Absolutely, Senator Cardin. And let me say that I think obviously the scale at which the SBA is operating and just the diverse set of programs it has to stand up, there is a lot going on. So if confirmed, I will partner with the Administrator to make sure that I am doing my best and also providing information as requested by this Committee.

Chairman CARDIN. And we have another bill passed. Senator Lankford has worked with several of us to clarify some of the provisions in the PPP. There is comparable legislation in the House that is now moving through the hotline. So there might be some additional challenges that we are going to throw on you and we would appreciate a very open process with you.

The last one I am just going to raise, that you and I had a chance to talk about. Our highest priority is to make sure that our programs are targeted to the small businesses of greatest need, that we deal with the underserved community in the PPP program, the underbanked community, minority community, low-income communities.

Do we have your commitment to work with this Committee and members of this Committee as we look at the existing tools of the SBA to better target them to need as well as additional recommendations that have been made by members of this Committee, including myself, that deal with partnerships with the HBCUs, that deals with dealing with emerging markets, for minority small businesses getting access to venture capital, those types of programs. Will you work with us so that we can, in fact, live up to our commitment to serve all businesses in this country?

Mr. SYED. Senator, absolutely I do, and a lot of my work that I have done in the underserved communities in rural parts of California, with communities of color, demonstrates my personal passion to focus on those communities. And so I absolutely will commit to doing this if I am confirmed.

Chairman CARDIN. Thank you very much.

Senator PAUL.

Senator PAUL. Mr. Syed, when you submitted your nominating materials to the Committee, you chose not to disclose that you had had PPP loans. That was found through our vetting of your candidacy but it was not voluntarily given to us. Since then, we have asked for more information and there has been some response but there has been an incomplete response.

One of the specific questions we have asked and not yet got an answer for us the amount, in U.S. dollars, of the estimated loss that was required for one of the forms for the COVID-19 Economic Injury Disaster Loan. What was the amount, in U.S. dollars, of estimated loss?

Mr. SYED. Senator Paul, thank you for your question and let me first say, at the outset, I appreciate the importance of sharing of information that is necessary to confirm me and it is important, especially with this role of this agency at this time.

With all due respect, I would like to clarify that I filled the questionnaire, the Senate questionnaire. When asked about whether the company had received COVID relief, this was supplemental information I provided, yes. So I have been transparent, forthcoming in sharing as various requests were made of me via the supplemental information that came in. And I think on multiple occasions I did that.

The questions that we received yesterday, many of them pertain to information that is proprietary for the company. It is a private company. We are in a competitive environment, an AI company. It is a globally competitive environment. And we have to protect the

company, even as I commit to you that when it comes to myself I will continue to work with this Committee to be transparent and forthcoming.

Senator PAUL. So let the record show that you will not answer the question and you will not tell us the amount that you put on the application that you signed your name to for your company on how much U.S. dollars were estimated you were going to lose.

The problem with that is you just say oh, believe me. Oh yes, we were eligible. But that is self-policing. Give us the information so we can trust you. I am willing to vote for you but not if you stonewall us and say we are not going to give you the information.

I mean, we deserve to know that because you are going to be in charge of these. You got \$14 million in the midst of this.

The other question that really still boggles my mind is it is forbidden to be involved with expansion when you get these loans. And yet, within three weeks of you getting your loan, we have your tweeting out about new hiring in Guadalajara and welcoming the expansion of your tech team in Guadalajara. So it sounds like you are in the midst of an expansion when you are getting the money.

Mr. SYED. Senator Paul, these are contractors. We are not expanding the company elsewhere in a full-time manner. All the assistance we received for PPP and EIDL was used exclusively in the United States. It preserved jobs, 24 jobs. The company would not exist today, would not be in a place where it was able to raise financing and be able to innovate as we speak. So—

Senator PAUL. Eleven days after you got the money you tweeted out, your words, “We welcome the newest member of our tech team in Guadalajara.” Most people would read that and it sounds to them like you are expanding into Guadalajara, that you have new enterprises and new partners—or actually not even partners, newest member in Guadalajara.

So the thing is you are not going to tell us what you put down, as far as your economic loss. You were in the middle of an expansion but you are saying it was a contractor and not an expansion.

What was your generating revenue, how much revenue did you generate, did Lumiata generate in 2020?

Mr. SYED. Senator, as I mentioned earlier, this is proprietary information. This is a public hearing. I am not going to be able to share company—

Senator PAUL. So let the record show that we have these questions in writing. It is not as if you were not prepared. You have made the decision not to divulge the information.

And so you know, you have made it hard on me. I mean, the thing is I supported the Democrat pick to be the administrator. I would support your pick but I am not going to support it if you are stonewalling us on the information. You applied for a large amount of money from a Government entity. You did not tell us about it. We found out about it by searching through the data, and then we asked you. Then you admitted that you had the loan.

But you did not volunteer that. We had to drag that out of you when we had evidence that you had the loan. Now you will not tell us about how you got the loan. And then all of a sudden you pop up with \$14 million. For struggling restaurants around the country that might have gotten a PPP loan, they will scratch their head

and say some guy with \$14 million in angel investors got a PPP loan. He could not have survived and yet he got \$14 million in loans. It does not pass the smell test.

And if you are not going to give us the information, how do you expect me to support your nomination?

Mr. SYED. Senator Paul, let me just reiterate this. I have been forthcoming with this information. I shared these loans at the very start of my vetting process with the SBA, with the Office of Government Ethics, as part of the agreement to determine whether there was any conflict or not.

So I have shared this information voluntarily——

Senator PAUL. The staff informs me that you were asked for it and that it was not shared.

Mr. SYED. I am sorry, could you repeat the question?

Senator PAUL. The staff informs me that you were asked for the information and then you revealed it but you did not share it voluntarily. You gave it when you were asked for it.

So the thing is—and that is beside the point. We now know you had the PPP loan, you paid it back. This hearing could be easy and we could be saying exactly what Senator Cardin says, that you should be congratulated for paying it back and for being an upstanding citizen. But not if you say well, we are not going to put down how much our estimated loss. There is nothing proprietary about what your estimated loss was to the government, unless maybe there is something fishy about the number that you do not want to divulge.

Nothing in that estimate, because your company is completely transformed now. You got \$14 million. So people have already believed and bought into you. They are not going to change their decision based on your application for PPP. You paid it back. You have got good things you can say about yourself. But you are hiding some number. And when you hide it, that is not transparency. That is the opposite of transparency and it makes us doubt you.

Mr. SYED. Senator, with all due respect, my understanding is that the EIDL application for COVID relief did not include, at the time, your projected loss. We had financially a more challenging year than the year 2019. Again, this is proprietary information that——

Senator PAUL. So you are saying the application you filled out, you did not put down an estimated loss?

Mr. SYED. To my best knowledge, I do not believe that that information was required as part of those applications at the time. We have shared with you information that is part of the applications that were submitted for both PPP and EIDL.

Senator PAUL. We would like to provide, for the record, the rules for the application at the time when his application was made to show that the estimated loss was a requirement at the time, and we will be submitting that for the record.

[The information referred to follows:]

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U.S. SMALL BUSINESS ADMINISTRATION

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

SBA is collecting the requested information in order to make a loan under SBA's Economic Injury Disaster Loan Program to the qualified entities listed in Question 3-Organization Type below that are impacted by the Coronavirus (COVID-19). The information will be used in determining whether the applicant is eligible for an economic injury loan. If you do not submit all the information requested, your loan cannot be fully processed.

If you have questions about this application or problems providing the required information, please contact our Customer Service Center at 1-800-659-2955 or (TTY: 1-800-877-8339) or DisasterCustomerService@sba.gov.

If more space is needed for any section of this application, please attach additional sheets. SBA will contact you by phone or e-mail to discuss your loan request.

FILING REQUIREMENTS

You must complete and submit the following:

- ☐ This application (SBA Form 3501), completed and signed
- ☐ Economic Injury Disaster Loan Supporting Information (SBA Form 3502)
- ☐ Self-Certification for Verification of Eligible Entity for Emergency Economic Injury Disaster Loan Advance (SBA Form 3503)

FOR INTERNAL SBA USE ONLY

Economic Injury Declaration Number:

SBA Application Number:

Date Received:

By:

Filing Deadline Date:

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Expiration Date: 9/30/2020



U.S. SMALL BUSINESS ADMINISTRATION

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

PLEASE NOTE: The estimated time for completing this portion of the application is 30 minutes. You are not required to respond to this or any collection of information unless it displays a currently valid OMB approval number. If you have any questions or comments concerning any aspects of this information collection, please contact the U.S. Small Business Administration Information Branch, 409 3rd St., SW, Washington, DC 20416 and Desk Officer for SBA, Office of Management and Budget, Office of Information and Regulatory Affairs, New Executive Office Building, Washington, DC 20503.

BUSINESS INFORMATION

1. Legal Name of Business:
2. Trade Name: (Insert DBA name if different than legal name)
3. Organization Type:
 - ☐ Cooperative
 - ☐ Employee Stock Ownership Plan(ESOP)
 - ☐ Sole Proprietor
 - ☐ Independent Contractor
 - ☐ Tribal Business
 - ☐ Partnership

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- ☐ Corporation
- ☐ Limited Partnership
- ☐ Nonprofit Organization
- ☐ Limited Liability Entity (LLC, LLP)
- ☐ Trust
- ☐ Other:

4. Federal Employer Identification Number (EIN), if applicable, or Social Security Number:

5. Business Phone Number:

6. Mailing Address:

Street:

City:

State:

ZIP code:

7. Business Property Address(es):

Address 1

Street:

City:

State:

ZIP code:

Address 2

Street:

City:

State:

Zip code:

Address 3

Street:

City:

State:

ZipCode:

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8. Provide name of individual to contact for information necessary to process the application:

Phone Number:

Alternative contact information:

- ☐ Phone
- ☐ Email
- ☐ Fax Number
- ☐ Other contact information

9. Business Activity (e.g., restaurant, retail):

10. Number of Employees Pre-disaster:

11. Date Business Established (MM/DD/YYYY):

12. Current Management Since:

13. Amount in U.S. Dollars of Estimated Loss:

14. Owner Information. Complete for Each:

- a. Proprietor, or
- b. Limited partner who owns 20% or more interest and each general partner, or
- c. Stockholder or entity owning 20% or more voting stock.
If you need more space, include documentation on additional information pages.

Owner #1:

Legal Name:

Title/Office:

Percentage Owned:

Email Address:

Social Security Number*:

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Date of Birth:

Place of Birth:

City*:

State*:

Telephone Number:

US Citizen? ☐ Yes ☐ No

Mailing Address

Street:

City:

State:

ZIP code:

Owner #2:

Legal Name:

Title/Office:

Percentage Owned:

Email Address:

Social Security Number*:

Date of Birth:

Place of Birth*:

City:

State:

Telephone Number:

US Citizen? ☐ Yes ☐ No

Mailing Address

Street:

City:

State:

ZIP code:

Business Entity Owner:

EIN:

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Type of Business:

% Ownership:

Mailing Address

Street:

City:

State:

ZIP code:

Email Address:

Phone:

15. Applicant business and each owner listed on this application, please respond to the following questions, providing dates and details on any question answered YES (Attach additional sheets as needed).

- a. In the past year, has the business or a listed owner been convicted of a felony committed during and in connection with a riot or civil disorder or other declared disaster, or ever been engaged in the production or distribution of any product or service that has been determined to be obscene by a court of competent jurisdiction?

☐ Yes

☐ No

- b. Is the applicant or any listed owner currently suspended or debarred from contracting with the Federal government or receiving Federal grants or loans?

☐ Yes

☐ No

16. Regarding you or any owner listed on this application:

- a. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction?

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b. Within the last 5 years, for any felony, have you:

- Been convicted; or
- Plead guilty; or
- Plead nolo contendere; or
- Been placed on pretrial diversion; or
- Been placed on any form of parole or probation (including probation before judgment)?

☐ Yes☐ No

If yes, enter name of individual:

17. If anyone assisted you in completing this application, whether you pay a fee for this service or not, please provide the following information:

Individual Name:

Address of Representative

Street:

City:

State:

ZIP code:

Name of Company:

Phone Number:

Address of Company

Street:

City:

State:

ZIP code:

Fee in U.S. Dollars Charged or Agreed Upon:

☐ I give SBA permission to discuss any portion of this application with the representative listed above.☐ **I DO NOT** give SBA permission to discuss any portion of this application with the representative listed above.

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18. ACH Information

Bank Name:

Routing Number:

Account Number:

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U.S. SMALL BUSINESS ADMINISTRATION
ECONOMIC INJURY DISASTER LOAN

AGREEMENTS AND CERTIFICATIONS

On behalf of the undersigned individually and for the applicant business:

I/We authorize my/our insurance company, bank, financial institution, or other creditors to release to SBA all records and information necessary to process this application and for the SBA to obtain credit information about the individuals completing this application.

If my/our loan is approved, additional information may be required prior to loan closing. I/We will be advised in writing what information will be required to obtain my/our loan funds. I/We hereby authorize the SBA to verify my/our past and present employment information and salary history as needed to process and service a disaster loan.

I/We authorize SBA, as required by the Privacy Act, to release any information collected in connection with this application to Federal, state, local, tribal or nonprofit organizations (e.g. Red Cross Salvation Army, Mennonite Disaster Services, SBA Resource Partners) for the purpose of assisting me with my/our SBA application, evaluating eligibility for additional assistance, or notifying me of the availability of such assistance.

I/We will not exclude from participating in or deny the benefits of, or otherwise subject to discrimination under any program or activity for which I/we receive Federal financial assistance from SBA, any person on grounds of age, color, handicap, marital status, national origin, race, religion, or sex.

I/We will report to the SBA Office of the Inspector General, Washington, DC 20416, any Federal employee who offers, in return for compensation of any kind, to help get this loan approved. I/We have not paid anyone connected with the Federal government for help in getting this loan.

CERTIFICATION AS TO TRUTHFUL INFORMATION: By signing this application, you certify that all information in your application and submitted with your application is true and correct to the best of your knowledge, and that you will submit truthful information in the future.

WARNING: Whoever wrongfully misapplies the proceeds of an SBA disaster loan shall be civilly liable to the Administrator in an amount equal to one-and-one half times the original principal amount of the loan under 15 U.S.C. 636(b). In addition, any false statement

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or misrepresentation to SBA may result in criminal, civil or administrative sanctions including, but not limited to: 1) fines and imprisonment, or both, under 15 U.S.C. 645, 18 U.S.C. 1001, 18 U.S.C. 1014, 18 U.S.C. 1040, 18 U.S.C. 3571, and any other applicable laws; 2) treble damages and civil penalties under the False Claims Act, 31 U.S.C. 3729; 3) double damages and civil penalties under the Program Fraud Civil Remedies Act, 31 U.S.C. 3802; and 4) suspension and/or debarment from all Federal procurement and non-procurement transactions. Statutory fines may increase if amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

Signature:

Date:

Signatory Name:

Title:

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U.S. SMALL BUSINESS ADMINISTRATION
COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION
Enter additional information here. Please refer to section and title.



U.S. SMALL BUSINESS ADMINISTRATION

STATEMENTS REQUIRED BY LAWS AND EXECUTIVE ORDERS

NOTE: PLEASE READ AND KEEP FOR YOUR RECORDS

To comply with legislation passed by the Congress and Executive Orders issued by the President, Federal executive agencies, including the Small Business Administration (SBA), must notify you of certain information. You can find the regulations and policies implementing these laws and Executive Orders in Title 13, Code of Federal Regulations (CFR), Chapter 1, or our Standard Operating Procedures (SOPs). In order to provide the required notices, the following is a brief summary of the various laws and Executive Orders that affect SBA's Disaster Loan Programs. A glossary of terms can be found at Disasterloan.sba.gov.

FREEDOM OF INFORMATION ACT (5 U.S.C. § 552)

This law provides, with some exceptions, that we must make records or portions of records contained in our files available to persons requesting them. This generally includes aggregate statistical information on our disaster loan programs and other information such as names of borrowers (and their officers, directors, stockholders or partners), loan amounts at maturity, the collateral pledged, and the general purpose of loans. We do not routinely make available to third parties your proprietary data without first notifying you, required by Executive Order 12600, or information that would cause competitive harm or constitute a clearly unwarranted invasion of personal privacy.

Freedom of Information Act (FOIA) requests must describe the specific records you want. For information about the FOIA, contact the Chief, FOI/PA Office, 409 3rd Street, SW, Suite 5900, Washington, DC 20416, or by e-mail at foia@sba.gov.

PRIVACY ACT (5 U.S.C. § 552a)

Anyone can request to see or get copies of any personal information that we have in your file. Any personal information in your file that is retrieved by individual identifiers, such as name or social security number is protected by the Privacy Act, which means requests for information about you may be denied unless we have your written permission to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act. The Agreements and Certifications section of this form contains written permission for us to disclose the information resulting from this

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collection to state, local or private disaster relief services.

The Privacy Act authorizes SBA to make certain "routine uses" of information protected by that Act. One such routine use for SBA's loan system of records is that when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature, SBA may refer it to the appropriate agency, whether Federal, State, local or foreign, charged with responsibility for or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. Another routine use of personal information is to assist in obtaining credit bureau reports, on the Disaster Loan Applicants and guarantors for purposes of originating, servicing, and liquidating Disaster loans. See, 69 F.R. 58598, 58617 (and as amended from time to time) for additional background and other routine uses.

Under the provisions of the Privacy Act, you are not required to provide social security numbers. (But see the information under Debt Collection Act below) We use social security numbers to distinguish between people with a similar or the same name for credit decisions and for debt collection purposes. Failure to provide this number may not affect any right, benefit or privilege to which you are entitled by law, but having the number makes it easier for us to more accurately identify to whom adverse credit information applies and to keep accurate loan records.

Note: Any person concerned with the collection, use and disclosure of information, under the Privacy Act may contact the Chief, FOI/ PA Office, 409 3rd Street, SW, Suite 5900, Washington, DC 20416 or by e-mail at foia@sba.gov for information about the Agency's procedures relating to the Privacy Act and the Freedom of Information Act.

DEBT COLLECTION ACT OF 1982; DEFICIT REDUCTION ACT OF 1984; DEBT COLLECTION IMPROVEMENT ACT OF 1996 & OTHER TITLES (31 U.S.C. 3701 ET SEQ.)

These laws require us to aggressively collect any delinquent loan payments and to require you to give your taxpayer identification number to us when you apply for a loan. If you receive a loan and do not make payments when they become due, we may take one or more of the following actions (this list may not be exhaustive):

- Report the delinquency to credit reporting bureaus.
- Offset your income tax refunds or other amounts due to you from the Federal Government.
- Refer the account to a private collection agency or other agency operating a debt collection center.
- Suspend or debar you from doing business with the Federal Government.

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- Refer your loan to the Department of Justice.
- Foreclose on collateral or take other actions permitted in the loan instruments.
- Garnish wages.
- Sell the debt.
- Litigate or foreclose.

RIGHT TO FINANCIAL PRIVACY ACT OF 1978 (12 U.S.C. § 3401 ET SEQ.)

This notifies you, as required by the Right to Financial Privacy Act of 1978 (Act), of our right to access financial records held by financial institutions that were or are doing business with you or your business. This includes financial institutions participating in loans or loan guarantees.

The law provides that we may access your financial records when considering or administering Government loan or loan guaranty assistance to you. We must give a financial institution a certificate of our compliance with the Act when we first request access to your financial records. No other certification is required for later access. Our access rights continue for the term of any approved loan or loan guaranty. We do not have to give you any additional notice of our access rights during the term of the loan or loan guaranty.

We may transfer to another Government authority any financial records included in a loan application or about an approved loan or loan guaranty as necessary to process, service, liquidate, or foreclose a loan or loan guaranty. We will not permit any transfer of your financial records to another Government authority except as required or permitted by law.

POLICY CONCERNING REPRESENTATIVES AND THEIR FEES

When you apply for an SBA loan, you may use an attorney, accountant, engineer, appraiser or other representative to help prepare and present the application to us. You are not required to have representation. If an application is approved, you may need an attorney to help prepare closing documents.

There are no "authorized representatives" of SBA, other than our regular salaried employees. Payment of a fee or gratuity to our employees is illegal and will subject those involved to prosecution.

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SBA Regulations prohibit representatives from proposing or charging any fee for services performed in connection with your loan unless we consider the services necessary and the amount reasonable. The Regulations also prohibit charging you any commitment, bonus, broker, commission, referral or similar fee. We will not approve the payment of any bonus, brokerage fee or commission. Also, we will not approve placement or finder's fees for using or trying to use influence in the SBA loan application process.

Fees to representatives must be reasonable for services provided in connection with the application or the closing and based upon the time and effort required, the qualifications of the representative, and the nature and extent of work performed.

Representatives must execute a compensation agreement.

In the appropriate section of the application, you must state the names of everyone employed by you or on your behalf. You must also notify the SBA disaster office in writing of the names and fees of any representative you employ after you file your application.

If you have any questions concerning payment of fees or reasonableness of fees, contact the Field Office where you filed or will file your application.

OCCUPATIONAL SAFETY AND HEALTH ACT (29 U.S.C. 3651 ET SEQ.)

This legislation authorizes the Occupational Safety and Health Administration (OSHA) in the Department of Labor to require businesses to modify facilities and procedures to protect employees when appropriate. If your business does not do so, you may be penalized, forced to close or prevented from starting operations in a new facility. Because of this, we may require information from you to determine whether your business complies with OSHA regulations and may continue operating after the loan is approved or disbursed. You must certify to us that OSHA requirements applying to your business have been determined and that you are, to the best of your knowledge, in compliance

Senator PAUL. So this is a point of fact and we should figure this out. If you are right and I am wrong, that is fine and you did not have to provide it.

But there still is the question of why you are unwilling to sort of divulge anything about this. And I do not think any of it is proprietary. I think it appears to us as if you are hiding something about the loan. So the more transparent you are, the more we believe in the things you are saying. But when you tell us you are not going to divulge things because of proprietary reasons it, frankly, makes us suspicious.

But we will look into the facts and I will retract the question on the estimated loss or I will retract the accusation if we find out you were not required to do it.

But this is something we can check by facts. And this will have to be pursued. If we find the facts of the matter are that that was a line and it was required, show us your application, you know. We are happy to show you the application in private, where it does not have to be read out in front of the public.

I said to Senator Cardin on the way over here, I would prefer not to say the company's name, Lumiata. I would prefer not to say that we have doubts about your application. But that is why you need to give us information and not try to hide things from us.

Mr. SYED. Thank you, Senator and I have shared information about the application through multiple requests. I absolutely appreciate the fact that we have to be transparent, forthcoming, and I have been through multiple requests.

Again, both of these COVID loans, I declared them with the SBA team when the vetting process started. This was——

Senator PAUL. But your first response to me was you were not going to give me the estimated loss. And then your backup response, two minutes later, is oh, we do not think we were required to. You could have said that from the beginning. You could have said oh, we were not required to put estimated loss. That almost sounds like that is an evolving answer because you first told me I cannot give you the estimated loss. And then you tell me it is not on the form and was not required.

So we are left with a lot of questions and we are going to have to research this further. And I am not saying absolutely I will not vote for you but, the thing is that our side will be very concerned with a trillion dollar program with someone who used it to a significant degree and is unwilling to give us the information on how you got the loan.

Mr. SYED. Senator, thank you for the question.

This, in a sense, saved the company's job. I appreciate your questions and will continue to work with the Committee. Thank you.

Chairman CARDIN. And I am sure Senator Paul will work together on this and I think there has been certain information that has been made available.

I agree with you that much of this should be done in a closed setting when we are dealing with sensitive information.

Senator PAUL. And if he is willing to do that, I am happy to look at it in private. I think there are things that should be private. But I think there is some burden to prove——

Chairman CARDIN. We will work together to try to resolve this issue.

I do want to make one observation on this. It is my understanding that the PPP loan was more of a self-certification and not specific information. The EIDL loan is different, I grant you that.

Senator PAUL. I think that is what we think. The requirement for the estimated loss, we think, comes from the EIDL loan application.

Chairman CARDIN. So we will work on those two issues and, I must tell you, I stand by the statement I made during my questioning and that is I applaud Mr. Syed's voluntarily repaying the PPP loan when he was eligible for forgiveness because of his view that it was not the purpose of the PPP loan to be forgiven if you had the capital to pay off those loans.

I think that was an exemplary conduct and I just really want to acknowledge that. But I understand Senator Paul's point and I assure you we will work together to try to get you the information.

Senator PAUL. And we are happy to keep an open mind.

Chairman CARDIN. I appreciate that very much.

Senator Hirono, by video.

Senator HIRONO. Thank you, Mr. Chairman.

And thank you for enlightening us on the fact that Mr. Syed paid back the loan. Yes, I agree with you that that is exemplary behavior.

Mr. Syed, based on your experience as a business owner and entrepreneur and your time working with businesses and entrepreneurs in the Obama administration and more recently in California and elsewhere, it is clear that you have a lot of relevant experience to bring as the Deputy Administrator of SBA. So can you talk a little bit about how your experiences as a business owner and entrepreneur will enable you to help other businesses and entrepreneurs as a Deputy Administrator? And particularly minority businesses.

Mr. SYED. Senator Hirono, thank you for the question.

First of all, I think, as we discussed in previous questions, these recent months and year or so has been one of the most challenging times for small businesses and entrepreneurs all over the country. Both in my own running the company, going through some really, really difficult times. A year ago we were just starting to see the horrible effects of the pandemic, both on lives and livelihoods and businesses.

And so it has given me, frankly, a deeper reservoir of empathy. What someone who has to sometime go through sleepless nights to think about payroll goes through. And if confirmed, I will bring that perspective, Senator, to my job.

Secondly, I think to your point about communities of color and underserved regions, it is absolutely true that we have a disparity there and we need to make an intentional effort, intentional effort to reach out to those communities. I have done that in my own civic advocacy, as I have mentioned earlier. And I would bring that lens, as well.

And third, I just want to add to the point that my operating background also prepares me to be a value-add to the SBA team

as it stands up programs that are an unprecedented scale and breadth.

Senator HIRONO. One of the minority-owned businesses in Hawaii are the Native Hawaiian-owned businesses. And as with a lot of minority businesses, they have suffered disproportionately because of this pandemic. And so I would like to have a commitment from you that you will work to understand the needs of the Native Hawaiian businesses, the 8(a) businesses, and to work with me to address their concerns going forward because they certainly could use the kind of empathetic leadership that you talked about.

Senator SYED. Absolutely, Senator. And I will do so. After the Great Recession, as part of my role at the White House AAPI Commission, I spent significant time engaging with communities. So I will do so.

Senator HIRONO. Have you ever been to Hawaii, Mr. Syed?

Mr. SYED. I have not. My kids and wife have been telling me so I will certainly do so if I am confirmed, and help these businesses there.

Senator HIRONO. I am not just saying that because I would like you to come and visit with us but Hawaii is—we have some very unique challenges. We are definitely not connected to the rest of the country, as with Alaska. And so there are some very unique challenges to small businesses in Hawaii. Things cost more to bring in. There are various issues that are unique to Hawaii small businesses.

I certainly want to ask for your support in understanding the unique challenges that particularly Hawaii small businesses, and I would say the same for Alaska small businesses, that they face. So I would certainly like your commitment to do that.

Mr. SYED. I commit to do so if I am confirmed, Senator.

Senator HIRONO. If you are confirmed, what is the first thing that you would want to do as the Deputy Administrator?

Mr. SYED. That is a good question, Senator.

You know, this will be my first job in government if I am confirmed. The first thing you go into any place that has complexity and scale, especially at this time, I want to listen and learn but very quickly understand where I can be a value add. We have an incredible team of public servants who have been at this agency for decades and, especially in the last year, put their heart and soul into standing up programs.

I would like to understand what is working? Where is an area where we can do things better, whether it is the systems or processes or to quality infrastructure. But I would go in, and this is just my management style, with an open mind and try to learn and understand and see where we can help, where we can build capacity, where we can move the needle forward.

Senator HIRONO. Thank you very much, Mr. Chairman. Thank you, Mr. Syed.

Chairman CARDIN. Thank you, Senator Hirono.

Senator HAWLEY.

Senator HAWLEY. Thank you, Mr. Chairman.

Nice to see you in person, Mr. Syed. I enjoyed our conversation yesterday. Thank you for your time. I look forward to getting into a little bit of what we discussed.

Let me start though by asking you this: on April 15th, not even quite a week ago, the Republican members of the Committee, including me, sent a letter to the SBA Administrator, to Ms. Guzman, requesting that the Agency initiate an investigation into whether Planned Parenthood affiliates made knowingly false certifications on applications for PPP assistance last year during the height of the pandemic.

The letter also requested that the SBA provide the Committee with the following information: a detailed explanation regarding how three separate Planned Parenthood affiliates were approved for a second draw PPP loans, despite SBA's determination they were ineligible; all forgiveness information associated with loans to PPPFA entities; and thirdly, a description of any and all actions SBA has taken to recover those PPP funds unlawfully provided to the Planned Parenthood affiliates.

Here is my question to you: will you commit to us that if you are confirmed, you will work with us to make sure that we get the information that we requested in our letter of April 15th?

Mr. SYED. Senator, first of all, thank you for your questions. It is good to see you in person, as well.

If confirmed—well, first of all, I think we will apply rules as we should for all businesses, all non-profits. I have read about this. I do not know, I am not aware of the intricacies of what is involved here. But to the extent that the information that you need to do your oversight, I commit to doing that, obviously, in partnership with the Administrator and our staff at the SBA.

Senator HAWLEY. Good. I will hold you to that.

And will you also commit to ensuring that the non-profit affiliation rule is followed as it applies to Planned Parenthood, and as it applies to all non-profits?

Mr. SYED. Senator Hawley, I am not obviously up to speed on the non-affiliate rule. The affiliate rule is for non-profits. If confirmed, I will understand this and will make sure that the rules are applied consistently.

One of the things that you learn in business is process is sanctimonious. That should be your guiding light. And I will do my part to make sure that, as leadership, we do that.

Senator HAWLEY. Let me ask you about one of the topics we discussed yesterday. We talked a little bit about the Economic Injury Disaster Loan Program. I shared with you some of the struggles that businesses, small business folks, in my State had accessing that program. This is something I have raised in this forum with other folks up before us.

And at the same time, we also discussed the fact that the Inspector General's report recently came back and found quite a lot of waste, fraud, and abuse in that program which, of course, is deeply frustrating because you have got people who are qualified who cannot access the funds. You have got people who should not be getting the funds and did.

We also talked about the Shuttered Venue Operators Grant Program which Congress established in December but still is not really operable.

Here is my point on this: SBA's track record in standing up these programs and administering them is not the best, to be frank. It

needs to be better going forward. We have asked the SBA to do a lot during the midst of this pandemic.

Share with us your view and your own experience from the private sector in how SBA can get better at implementing these vital programs, in making sure that there is appropriate oversight and controls for these programs and just, in general, doing its job more efficiently.

Mr. SYED. Senator Hawley, that is a very important question and thank you. I appreciate the question.

I think we all can agree that the scope of responsibility that SBA has, it is unprecedented. And that is one of the things that I am really excited about, if I am confirmed, to go in and be a value-add to the team.

I think you have to look at overall what is the capacity, whether it is human, whether it is technology, or whether they are processes or people? And where do we need to make sure that we are—if you are upgrading, to be able to meet the moment, if you will.

Obviously, I am not in the job. It would be presumptuous for me to opine on what we can do there. Once I am confirmed, if I am confirmed, I absolutely commit to you that I will work with the Administrator and also would like to work with you, as well. You are passionate about this and this is important. I mean, these are all of our businesses, that we do everything possible to make sure that we are responding in this moment with all our might and resources.

Senator HAWLEY. If you are confirmed, when you come to look and review programs, like let us just say the EIDL program, the Economic Injury Disaster Loan Program, what sort of—as you are thinking about its success, about its efficiency, what sort of principals will you take? What sort of benchmarks will you apply? What will you look for? In other words, to evaluate how well it is done and what can be improved going forward?

Mr. SYED. Right. It is a good question, you actually asked me as well yesterday. I think the first order of business would be, again not knowing exactly how we track things as data, how are these programs instrumented? What data can you look at? Where we are succeeding? Where we can do better? Where there is a gap?

There is a whole breadth of information that we should have at our fingertips and we should work to do that, given just the scale of what you are doing.

Obviously, I am not aware of what those things are. I am not in the job. Once I am there, if I am confirmed, I will make it a point to work with the Administrator and the staff to see how we can track things and make sure that we are doing better and, of course, sharing as appropriate with this committee.

Senator HAWLEY. Very good. Thank you. Congratulations on your nomination.

Mr. SYED. Thank you.

Senator HAWLEY. Thank you, Mr. Chairman.

Chairman CARDIN. Thank you, Senator Hawley.

Senator SHAHEEN.

Senator SHAHEEN. Thank you, Mr. Chairman.

Mr. Syed, congratulations on your nomination. I look forward to working with you if confirmed.

I just want to followup a little bit on the previous question because since the beginning of this pandemic, it has been the SBA programs that have really kept so many of our small businesses alive during the last year with COVID. I have heard from so many in New Hampshire who say that it is the PPP loan program that has really saved them.

I recognize, as you have said, that we are not there yet. But the SBA really does face two new challenges in looking at how to implement the new restaurant grant program, as well as the Shuttered Venue Grant Program.

We appropriated, in the last package, \$1.325 billion in new funding to help SBA administer these programs. So again, recognizing that you are not there yet, do you have thoughts about how the agency could best spend that money in a way that is efficient and that addresses some of the challenges that it has had with the previous PPP and EIDL programs?

Mr. SYED. Senator Shaheen, thank you for the question.

Again, unfortunately, I do not have a lot of the detail as to where the gaps are. The reality is this, when we have such an incredible resource that is being made available thanks to the work of this Committee and the staff, obviously I am sure everybody at the SBA as well would want this to be rolled out very soon because the sooner this gets into the small businesses—and having been part of the process myself, I know how critical that is.

A year ago, we were going through this ourselves and it was very, very challenging. And I was working with communities all across California in the rural heartland, as we talked about, Senator, and saw every day matters. If you can quickly get—so I get that. I am deeply empathetic to that.

Now, I also want to be careful to make any judgment to see what we can do since I do not have the context. What I can tell you is that I will bring that energy and passion and commitment to making sure that we do not even waste a second. And I am pretty sure Administrator Guzman, I worked with her in California, she shares that commitment, as well. That is the lens I will take.

But I do think this is an opportunity for us to take the moment and see what are some of the things that we can do better in terms of our internal ops and processes and technology and so forth. Again, I do not have the stock of that. Fortunately, I have been in business where I have stood up infrastructure and I have scaled companies, and often in the face of unprecedented growth. I will bring that lens if I am confirmed in this job.

Senator SHAHEEN. Well, I appreciate that and I look forward to revisiting this issue after you are confirmed.

One of the real frustrations that I have had, and I know it is shared by members of this Committee during the last year, has been trying to get accurate information about SBA programs and their performance, about how much money has been lent? Who it has gone to? On the EIDL, again, how much money has already been provided to people.

And so, recognizing that you are not there at SBA, but you have been a business owner. You have been a customer of SBA. Can you talk about how the Agency currently shares information with

stakeholders? And what steps you would like to see taken to improve sharing of that information with customers of the SBA?

Mr. SYED. Senator Shaheen, that is a good question and I am glad you asked that question.

Again, my perspective is what I have seen, what I have observed. The reality is the Agency is operating at a level—I think we mentioned earlier—which is multiples of where it was.

Frankly, any organization that has to go through that kind of a change, you have to get to the right point of understanding where you need to go in terms of sharing data, instrumenting metrics, and so forth.

I will commit to you that that is one of the priorities we will make, in partnership with the Administrator but as an operator, if you would, in the Agency to make sure that we are able to track and share things that are appropriate that you need as the oversight committee. And that will be something that I commit to you that I will do as a matter of priority.

Senator SHAHEEN. Thank you. We have a lot of small businesses in New Hampshire who are very frustrated because they could not get an answer from the SBA on their EIDL loans and what the status is. And so, I think that communication is critically important.

Thank you, Mr. Chairman.

Chairman CARDIN. Thank you, Senator Shaheen.

Let me just followup with one point on Senator Shaheen's point. Yes, it is important that the stakeholders know how the programs are working. And if we are going to evaluate a program, it is not only making information available to us that you have. It is having that information to make it available to us.

We found out the previous administration, they were not asking the questions that allowed us to be able to determine whether our intent of reaching all communities was, in fact, taking place. So I would just urge you to understand, you have got to also get granular information available so that we can evaluate it, and that requires an affirmative action on your part to make sure that information is accumulated.

Senator MARSHALL.

Senator MARSHALL. Thank you so much, Chairman.

Mr. Syed, again it is good to meet you in person. I enjoyed our phone call. So welcome.

You come from a technology, an AI background. How do you see, what are the opportunities in the SBA to use that background to improve the services, as well as to better measure what we do, leading to better management?

Mr. SYED. It is wonderful to see you in person, Senator Marshall. I enjoyed the conversation, as well.

You know, I think again, AI is early in its deployment, if you will, in various industries. But just from the outside and, again, I do not have—obviously, I am not privy to the internal operations.

I think when we are generating so much data at the scale at which we are doing right now, with the \$1 trillion that is working through the SBA, there are opportunities potentially in the area of fraud, waste, and abuse. You can look at patent recognition. You can see where we can actually catch things earlier, right? So again, I will have to dive in. I am sure there is some machine learning

the team may already be deploying and I will bring that, if you will, acumen in the job if I am confirmed.

So that is just probably one of the areas that one can look at, which I understand is a priority. It is a priority for the President. It is a priority for the Administrator, and also for this Committee.

Senator MARSHALL. Great. We are certainly very proud of our relationship with the SBA in Kansas, our office working with them, and we look forward to continuing to implement new technology.

Mr. Syed, are you familiar with the Hyde Amendment?

Mr. SYED. I am at a higher level.

Senator MARSHALL. So it is a law that says you cannot use Federal funds for abortion. Planned Parenthood is the largest abortion provider in America. So just using some common sense, does it not seem like giving money through the PPP program to Planned Parenthood is a violation of American law?

Mr. SYED. Sir, I understand this is an important question, it is important to you. And I hear you.

I am not in a position to comment on violation of any amendment because one, as I shared with you right now that I am not entirely familiar with the amendment. And secondly, again the rules pertaining to this particular entity.

As I mentioned earlier in the question and response to Senator Hawley's question, if confirmed I will work with the Administrator to make sure that we are applying the rules consistently for all position, for-profit, non-profit. And that is what I can commit to you.

Senator MARSHALL. We talked briefly about CDFI, Community Development Financial Institutions, and this is just something that I learned about at the last meeting. I think that there is a great opportunity for them to be more visible and better implemented, as well. And one piece of the puzzle that I discovered, as I sat down with people that could not get a PPP loan, and even went to different banks trying to say what can you do to help these people? And there are certainly reasons why banks were shying away from them, probably had something to do with their credit score.

But it was even just their knowledge, business knowledge, the inability to fill out a financial statement even, just some real simple basic facts. I just would ask you, as you look into what the role of CDFIs are, if there is not an opportunity to help educate people so that we can bring them into the fold and help these—they may be great entrepreneurs but just not financial wizards, so to speak.

Do you see any role for that education from the SBA?

Mr. SYED. Absolutely. Actually, that is very close to my heart, Senator Marshall. Actually, pretty much a year ago, when the pandemic's effects were coming out, I was with a community in California, walking folks through various things, how to access PPP and so forth. And we noticed that the communities of color, underserved regions, rural communities, they were clamoring for information. They did not even know where to go, to your point, and especially if you are underbanked and unbanked.

So I actually commit to you, this is an area that I will personally be very energized to help with.

Senator MARSHALL. I would love that, after you are there three or four months, to kind of have a conversation about the CDFIs and how you feel they are doing and where they can improve.

Thank you so much and I appreciate you coming.
I yield back.

Mr. SYED. Thank you.

Senator SHAHEEN. Mr. Chairman.

Chairman CARDIN. Senator Shaheen?

Senator SHAHEEN. Can I just make a clarification for the record?

The questions that Senator Hawley and Senator Marshall are raising about support for Planned Parenthood under the PPP program. That was done under the Trump administration, under SBA Administrator Carranza. So I would suggest that those are questions that maybe should have been put to them, as opposed to the current Administration.

Thank you.

Chairman CARDIN. Senator Cantwell.

Senator MARSHALL. If I could just make a point, as well.

Chairman CARDIN. Senator Marshall.

Senator MARSHALL. Certainly, there is a new tranche of money that was just recently given out by the current Administration, as well, just for the record.

Chairman CARDIN. Senator Cantwell.

Senator CANTWELL. Thank you, Mr. Chairman.

Mr. Syed, thank you so much for your willingness to serve and thank you for the conversation we had yesterday to talk about many things related to the SBA administration.

You have already heard from many of my colleagues about the operations of the programs that are underway or not as successfully underway, so just to add my comments to the Shuttered Venue Operations Grant, we need to make that successful. Obviously, we do not want the Restaurant Revitalization Grant to be kludgy like that. We want it to be successful.

I had to step out for a minute but I think that is what the Chairman was asking you, to make sure that that—let us know anything that is necessary for us to make that restaurant program move successfully.

I wanted to bring up two issues. One, there was a program related to the newspapers, and part of the PPP application when newspapers were owned by a large entity apply separately with the same EIN of their parent company. So some of the applications are being held.

And so this is really, I think, a technical problem in the application form. So I hope that you would look at this and make sure that we are resolving these problems as it relates to newspapers and that the set-aside for local news networks, that they also fix any technical barriers.

Mr. SYED. Senator Cantwell, thank you for those questions and good to see you in person. I appreciate your time for the call yesterday.

So I totally agree with some of the things that you mentioned here. If confirmed, I will look into these things.

You know, having gone through the process myself and seeing sometimes just some of the fears that are there, there is the opportunity to probably do better. And especially when we expand the program for so many different types of entities, right? And this has not been done—

Senator CANTWELL. But I think these are more like technical issues in the way that somebody asked for information that does not quite fit with the specificity.

But here is another example that is very challenging. So the SBA lenders have denied Paycheck Protection Program loans to Native-owned small businesses because they do not meet the SBA's documentation requirement. So we have 20-plus recognized Tribes in the Pacific Northwest and more than 1,000 Native-owned businesses. So these are individuals that have fishing rights but they have not been able to get COVID relief because they do not file tax returns because they do not have that obligation under the treaty rights. So they do not have an employment identification number.

So we need to figure out how to fix this. So I hope that you will commit to fixing this. I mean, create a pilot program, figure out another way to do it. But you have 1,000 people—at least in my State, there would be more in Oregon and Alaska and California, and other places. You know, figuring out exactly how to make the program fit the mold for the uniqueness that tribal businesses represent in their tax status structure.

It is almost like okay, come up with some other identifier, if that is what you are looking for, so that you know and understand these businesses meet the standard. They just do not have an EIN number.

Mr. SYED. Thank you, Senator.

I think it is a great example of the kind of things we need to put an eye toward and I commit to you that I will have that operating view on things in partnership with the team at the SBA and will work with your office, as well, to make sure that those potential pilot programs are being explored, given that the need is there and somehow they are not being addressed properly.

Senator CANTWELL. It is not the need. It is that they are being treated inequitably under the law just because of a previous right that they already have. So it is just the program did not entail thinking about people who do not have an EIN. So we just need to fix it.

So thank you for your commitment to fixing it.

Thank you, Mr. Chairman.

Mr. SYED. Thank you, Senator.

Chairman CARDIN. Thank you, Senator Cantwell.

Senator Inhofe, are you ready?

Senator INHOFE. Yes.

Thank you, Mr. Chairman. My timing is perfect. I was delayed on the floor, but I definitely wanted to get in here.

I have a couple of things to talk to Mr. Syed, is that it? Does that sound good to you?

Mr. SYED. That is right.

Senator INHOFE. All right, Mr. Syed. The CARES Act included funding to allow the SBA to provide debt relief payments for regular SBA loans. Now this problem was extended through December 2021, the Omnibus allowing SBA to make up to eight additional monthly debt relief payments.

Now businesses in my State of Oklahoma have benefited greatly from this program, but there are concerns that once the program ends businesses will be unprepared to resume regular loan pay-

ments. Now the SBA should consider providing banks with increased flexibility with payments and loans to date.

So are you aware of these concerns? Is this something you have run into before?

Mr. SYED. Senator Inhofe, I am aware of the payment relief, just really from outside and some friends who were able to get payment relief for the 7(a), 8(a), and 504 programs.

Senator INHOFE. If you are confirmed, can you commit to proactively helping businesses to begin making regular loan payments? Because this has grown to be a problem in Oklahoma. Can you do that for me?

Mr. SYED. Senator, if confirmed, I will work with the Administrator to explore options to see what levers can be applied.

Senator INHOFE. Okay, that is good.

Now the other thing that I was interested in is information keeps coming to light, because it is a pretty toxic subject, that Planned Parenthood has illegally received the PPP loans despite SBA's affiliate rules. Now their affiliate rules provide that, first of all, it has to be under 500, and they count the affiliates in with this.

Now, with the affiliates, Planned Parenthood is some 16,000 people. So I cannot imagine that it would not be disqualified just on those lines.

What is your opinion about that?

Mr. SYED. I am sorry, Senator, could you repeat the question?

Senator INHOFE. Yes. What is your feeling about the fact that Planned Parenthood, we understand, has received some of the PPP loans, I contend are illegal because, first of all, just the size limit of 500. They are a group of some 16,000. So would you believe that they would not qualify for the PPP loans because of size and affiliate size alone?

Mr. SYED. So Senator, it is an important question and we had an earlier discussion as well.

I, obviously, am not familiar with the rules as applied to this particular entity. If confirmed, what I can commit to you is that I will work with the Administrator to make sure that we are applying rules consistently for all organizations as laid out in the law.

Senator INHOFE. Yes, I am not sure it would be necessary to do that because you do have a hard fast rule on the number 500 and this falls way outside of that. And so the only question I have is is there a loophole I do not know about, where this would be a legal and appropriate application of the PPP program?

Mr. SYED. Senator, with all respect, I am not obviously familiar with the application of this particular entity, what was applied. Again, what I am committing to you, with absolute certainty, is that we will work to apply the rules consistently across and make sure that there is a proper eligibility review.

Senator INHOFE. Well, do you know of any exceptions that are in the rules in this case that would provide to exceed the 500 limitation for appropriate programs?

Mr. SYED. Senator, I am obviously not privy to the rules. I am not in the job yet. So I am not able to comment on that. Again, I hear your concern, and it was brought up earlier as well. I commit to you that I will work with the Administrator and the staff to make sure that we are applying rules consistently for all entities.

Senator INHOFE. All right. Well, I will be checking back at the appropriate time then.

Thank you very much.

Mr. SYED. Thank you, Senator.

Senator INHOFE. Thank you, Mr. Chairman.

Chairman CARDIN. Thank you, Senator Inhofe.

Senator INHOFE. Did you have any comments to make about my inquiry here? Because I thought that the hard fast rule was it had to be under 500 to apply for and be granted the PPP program?

Chairman CARDIN. I know this issue has come up during the drafting of the PPP loans and I think there has been a consistent interpretation of the rules as to whether the affiliate rules apply or not. It may not be an exception to the affiliate rules, it is whether the affiliate rules apply.

This was done under the Trump administration, I would remind you of that. And I know that there was some displeasure on how the rules were adopted. There were some efforts made to change the legislation. Those efforts did not succeed.

Senator INHOFE. I see. Okay well, I will have to look into that.

Chairman CARDIN. And I appreciate, our Committee wants to make sure that the rules are being applied uniformly and is consistent with the legislative instructions and the practice of the SBA. And there is some historic practice on affiliation rules.

Senator INHOFE. Yes, I think there is. All right, thank you, Mr. Chairman.

Chairman CARDIN. Senator Rosen is with us vis-à-vis the web.

Senator ROSEN. Thank you, Chairman Cardin. I appreciate it. And thank you, Mr. Syed, for being here with us today, for your commitment to serving our Nation.

I look forward to learning more about your plans to support our Nation's small businesses. Of course, they are continuing to struggle to keep their doors open, and I want to hear about your vision and how the Agency can better serve them as they begin their path to recovery.

So I want to talk a little bit about lifting the caps on EIDL grants. Last month, I was pleased that Administrator Guzman announced that the Agency will lift the caps on EIDL loans from \$150,000 to \$500,000. And just last week, she wrote to me to let me know the caps would move to \$2 million. So all of them would be removed. That was what was originally mandated by Congress. This is a policy change I have been calling for since last year. It is going to provide much needed support to 99 percent of businesses in Nevada that are small businesses.

However, given the prior Administration's actions to cap the EIDL Advance Grants to \$1,000 per employee, our smallest businesses—including many minority-owned small businesses—did not receive the \$10,000 grants that Congress had promised and passed into law.

So in her letter last week to me, Administrator Guzman stated that SBA does not have the statutory authority or the funding to provide \$10,000 grants to all eligible small businesses, regardless of size or location. But she indicated that she would not have capped the original EIDL program, as the last Administration had.

That being the case, if confirmed, will you commit to working with my office to advance legislation that provides the Agency with the authority and the funding to provide all of our small businesses with the \$10,000 EIDL Advance Grants and not only those that happen to be in low-income areas?

Mr. SYED. Senator Rosen, thank you for the question and I totally appreciate the importance of this topic. If confirmed, I will work with the Administrator to work with your office and partner as appropriate to make sure that there is more resource available to small businesses.

Senator ROSEN. Thank you.

I want to move on quickly to technology, and I know that is something you know a lot about. Of course, I am a former computer programmer, systems analyst, and early on in my career I learned the importance of using updated software systems, the latest technologies, to improve processes and provide timely and accurate information.

During the COVID-19 pandemic the SBA was delegated the difficult task of managing a multi-billion dollar emergency loan and grant program, programs that have provided critical aid to our small business community. However, some of our constituents small business owners have complained they have waited a long time, sometimes even months. And the Agency seems to be requiring them to resubmit the same documents multiple times, delaying the process. Of course, you know, small businesses do not have the capital reserves to survive for many months.

So given your experience in the private sector, what can the Agency, in your opinion, incorporate from the private sector to improve its internal controls and technology, thus speeding up the process of these loans and grants so that people can get the timely help they need to stay in business?

Mr. SYED. Absolutely, Senator Rosen. This is a very important question and I appreciate that you understand these demands since your own background in technology earlier.

As I mentioned earlier, in previous comments, there is a significant scale at which SBA is operating with just the breadth of programs and how fast they have to be stood up. There is obviously infrastructure, based on my reading from the outside, that is decades old.

Once I go in, the first order of business for me would be to learn and understand what the infrastructure looks like before suggesting and making any changes. The reality is, we do have an opportunity, given the moment, to be able to see how we can improve capacity of this infrastructure. I, fortunately, bring that background. I have built and scaled infrastructure in technology companies at all levels.

And I commit to you that I will work with the team to make sure that we are meeting the moment, while at the same time making sure that we do not break things that are working, given just the importance of delivering services as we speak.

Senator ROSEN. I think this is another area for us, as Congress, to consider IT modernization, creating platforms that are easily accessible across all State front-ends that they can use, and modify

the back-ends in ways that they need to. And so we hope that we can work with you on upgrading all of your systems.

Thank you.

Thank you, Mr. Chairman.

Mr. SYED. Thank you, Senator.

Chairman CARDIN. Thank you, Senator Rosen, appreciate that very much.

I just want to followup one point with Senator Paul, and I know that we are going to followup in regards to the information that he is seeking.

I have been informed by my staff that estimated losses was not required on the application when the company applied for the loan, and that revenue loss is now on the application because of the EIDL Advance Program. The EIDL application does ask for total revenue during the 12-months prior to the disaster, in this case prior to January 2020. It is my understanding that information was made available by Mr. Syed.

Also, there is no question on the Committee questionnaire or the financial disclosure statement which would have required he disclose the PPP or EIDL loans. The funds were for the company, not for Mr. Syed personally.

I just really wanted that to be put on the record, just so we had that information. But we will followup with you, Mr. Syed, and with Senator Paul and staff to try to resolve any open issues so that we can try to move your nomination as smoothly as possible.

Mr. SYED. Thank you, Senator.

Chairman CARDIN. We will keep the Committee record open until Monday close of business for any additional questions that might be asked by any of the members. We would ask that you respond to those questions promptly that are asked.

And with that, I see no further member and no further business. The Committee will stand adjourned.

Thank you very much, Mr. Syed.

Mr. SYED. Thank you.

[Whereupon, at 3:56 p.m., the Committee was adjourned.]

APPENDIX MATERIAL SUBMITTED

**Senate Committee on Small Business and Entrepreneurship Hearing
April 21, 2021
Follow-Up Questions for the Record**

Questions for Mr. Dilawar Sved

Questions from:

Ranking Member Paul

Missing information on PPP and EIDL Applications

The Committee has made multiple requests for the EIDL application you signed on behalf of Lumiata or the information contained on such application. On April 16, 2021, you provided the Committee with supplemental information in response to the Committee's request. On April 27, the Committee was informed that the supplemental information provided did not reflect what was submitted to SBA on the EIDL application.

QUESTION 1:

When did you first learn that the supplemental EIDL information you provided the Committee was not reflective of what was submitted to SBA on the EIDL application.

QUESTION 2:

When you submitted supplemental information to the Committee on April 16, 2021, were you aware that the information was not reflective of the information contained in the EIDL application submitted to SBA? If so, why did you not disclose to the Committee that the information you were providing was different from what was submitted.

QUESTION 3:

Why did you submit supplemental information to the Committee that was not reflective of the information contained in the EIDL application submitted to SBA?

Answer to questions 1/2/3:

In April 2018, I became the CEO of, a small business and innovative startup founded in 2013 with a mission to make healthcare smarter using artificial intelligence. During the pandemic, the company had to take steps it never thought it would have to take, and SBA's COVID-19 relief programs provided a lifeline. By working with an SBA-approved lender the company was able to receive assistance in April and May of 2020. After the SBA-approved lender and SBA determined the eligibility criteria were met, the company received a Paycheck Protection Program (PPP) loan for \$563,513, an Economic Injury Disaster Loan (EIDL) for \$67,500, and \$10,000 in EIDL Advance funds.

Although the company would have been eligible for full PPP forgiveness because all the PPP funds were used for U.S. payroll and payroll costs, enough capital was later raised to clear all outstanding company debt including the PPP and EIDL loans. Both PPP and EIDL loans were paid off in January of 2021, a process the company started in December, and no additional money is owed to the SBA or the company's SBA-approved lender.

I have provided all of the answers from the company's EIDL and PPP applications to the Committee on several occasions. At the request of Ranking Member Paul, the company's information submitted on the EIDL and PPP applications was provided to the Committee on April 7, 12, 13, and 16th. I also met with the majority Committee staff on April 8, 2021, and with the minority Committee staff on April 12, 2021, to answer any questions.

The experience of running a small business during a pandemic, while harrowing, gave me insight into the critical role that SBA programs can and do play for small businesses across the country. If confirmed, I hope to bring this perspective of someone who has not only helped start and grow small businesses but also has seen the ups and downs of our economy and will work tirelessly on behalf of small businesses and the American people.

During my confirmation hearing on April 21, 2021, the Ranking Member asked for the rules for the application at the time when the company's application was made to be submitted for the record. The SBA EIDL application form that would have been used by an applicant applying through the web portal is being provided to the Committee under separate cover.

With respect to supplemental information provided to the Committee, the company did not receive a copy of the March 2020 version of the web-based EIDL application it submitted on April 2, 2020. To provide a response to the Committee, the company's outside accountant had to recreate the information submitted in the web-based application. The accountant made an unintentional error of providing the Costs of Goods Sold (COGS) for the year-to-date period instead of reporting COGS for the last 12 months (as of the application date) as requested in the application. To the extent any information provided has been inaccurate, those mistakes were unintentional, and I have provided the Committee with updated information. I will continue to make every effort to provide complete, accurate, and timely information to the Committee.

The EIDL loan application approved by the Office of Management and Budget (OMB) at the time you applied included multiple questions that were not contained in the information you provided the Committee. In order for us to make an informed determination on your eligibility for this position, the Committee needs to have access to the entirety of the application you submitted to the SBA.

QUESTION 4:

On the EIDL application that you signed and submitted on behalf of Lumiata, what did you indicate for the number of employees pre-disaster, that is, the number of employees as of January 31, 2020?

QUESTION 5:

On the EIDL application that you signed and submitted on behalf of Lumiata, what did you indicate for the amount of estimated loss in U.S. dollars?

QUESTION 6:

On the EIDL application that you signed and submitted on behalf of Lumiata, what did you indicate for each of the owners of Lumiata and the corresponding percent ownership?

QUESTION 7:

On the EIDL application that you signed and submitted on behalf of Lumiata, how did you calculate the amount requested for the EIDL loan?

Answer to questions 4/5/6/7:

Lumiata provided information in response to the March 2020 version of the web-based EIDL application. The application was prepared and submitted by an outside accountant. In response to questions on the application, my name was provided (under owner/agent) and 0% was provided for ownership. The number of employees provided was 24. This application information was provided to the Committee on April 12th and 16th 2021.

Lumiata's web-based EIDL application did not include a question regarding estimated loss. While I understand different paper-based forms approved by the Office of Management and Budget request this information, the company was not asked for this information as part of its application process. EIDL applicants also do not request their loan amounts. The loan amount is calculated by the SBA and provided to applicants.

I have provided my stock option ownership in the company (vested and unvested) to the Committee. I do not own any common or preferred shares in the company. The company also signed a Board Resolution as requested by the SBA authorizing the company to accept the EIDL loan.

QUESTION 8:

What is the exact date that Lumiata's EIDL application was submitted to SBA?

Answer to Question 8:

April 2, 2020

QUESTION 9:

Will you commit to providing the Committee with all documents submitted to SBA and/or its contractors/subcontractors regarding Lumiata's EIDL and PPP applications within three days?

QUESTION 10:

Will you consent to allowing SBA to share all information related to Lumiata's EIDL and PPP applications within three days?

QUESTION 11:

Will you consent to allowing any of SBA's contractors and/or subcontractors to disclose to any information and/or data related to Lumiata's EIDL and PPP applications within three days?

Answer to questions 9/10/11:

At the request of the Ranking Member, the company's information submitted on the EIDL and PPP applications was provided to the Committee on April 7, 12, 13, and 16th. I also met with the majority Committee staff on April 8, 2021, and with the minority Committee staff on April 12, 2021, to answer any questions. If there are additional questions, I commit to meeting with the Chair, Ranking Member, or any other member of the Committee to further discuss the company and how the company successfully used and fully repaid SBA funds during the pandemic.

QUESTION 12:

At what point during the nomination process did you disclose to SBA and OGE that you applied for PPP, EIDL, and EIDL Advance on behalf of Lumiata?

QUESTION 13:

What specifically did you disclose to SBA and OGE regarding the PPP, EIDL, and EIDL Advance applications you signed for on behalf of Lumiata?

QUESTION 14:

Will you commit to providing the Committee, within three days, any and all information/documentation that you provided to SBA and OGE during the nomination process regarding the PPP, EIDL, and EIDL Advance?

Answers to 12/13/14:

I was nominated by the President to this position on March 3rd. As part of the nomination process, I submitted a financial disclosure statement and disclosed the company's use of SBA's COVID-19 relief programs. In my ethics agreement with the SBA's Designated Agency Ethics Officer, I agreed if confirmed to resign my position at Lumiata. I also agreed that I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of the company. My financial disclosure statement and ethics agreement has been provided to the Committee.

QUESTION 15:

What supporting documentation/information did you or your agent submit to SBA or its contractors/subcontractors regarding Lumiata's EIDL application?

Answer to question 15:

No supporting documentation was required as part of the EIDL application process beyond what has already been provided to the Committee.

Oversight of SBA COVID-19 Programs

In your capacity as CEO of Lumiata, you signed and submitted applications for SBA's PPP, EIDL, and EIDL Advance programs.

QUESTION 16:

Given your participation in the PPP, EIDL, and EIDL Advance programs, do you plan to participate in agency decision-making related to oversight and audits of SBA's COVID-19 relief programs? Why or why not?

QUESTION 17:

Do you plan on recusing yourself from decisions that could have an impact on whether or not Lumiata's PPP, EIDL, or EIDL Advance is audited or investigated by the agency for waste, fraud, or misuse? Why or why not?

Answer to questions 16/17:

As submitted by the outside accountant, Lumiata provided information in response to a March 2020 version of the web-based EIDL application. The company signed a Board Resolution as requested by the SBA authorizing the company to accept the EIDL loan. Both PPP and EIDL loans were paid off in January of 2021, and no additional money is owed to the SBA or the company's SBA-approved lender.

In connection with the nomination process, I have consulted with the Office of the Government Ethics and the SBA's Designated Agency Ethics Official to identify potential conflicts of interest. I agreed if confirmed to resign my position at Lumiata. I also agreed I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of the company. If any questions arise, I will consult with the SBA's Designated Ethics Official to identify and address any potential conflicts of interest.

QUESTION 18:

Please provide a list of all owners of Lumiata, as required on the EIDL application at the time of submission, ensuring that at least 81 percent ownership is accounted for in the list you provide.

Answer to Question 18:

The EIDL Application as submitted by the outside accountant and accepted by the SBA provided my name and 0% for ownership. I have provided my stock option ownership in the company (vested and unvested) in the supplemental information. I do not own any common or preferred shares in the company. The company has signed a Board Resolution as requested by the SBA authorizing the company to accept the EIDL loan. The resolution was signed by the Board members of the company.

QUESTION 19:

Do you plan on recusing yourself from decisions that could have an impact on any of Lumiata's owners and/or investors? Why or why not?

QUESTION 20:

Do you plan on recusing yourself from decisions that could have an impact on any other firm's owners and/or investors with which you still have vested equity? Why or why not?

Answer to questions 19/20:

In connection with the nomination process, I have consulted with the Office of the Government Ethics and the Small Business Administration's Designated Agency Ethics Official to identify potential conflicts of interest. I agreed if confirmed to resign my position at Lumiata. I also agreed I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of the company. If any questions arise, I will consult with the SBA's Designated Ethics Official to identify and address any potential conflicts of interest.

QUESTION 21:

How did Lumiata use the PPP, EIDL, and EIDL Advance funding? Please provide specific details.

QUESTION 22:

Were any of the PPP, EIDL, and/or EIDL Advance proceeds used to pay your salary? If so, please provide details regarding these transactions.

Answer to questions 21/22:

As indicated during my confirmation hearing held on April 21, 2021, SBA-related funds were used in accordance with applicable rules to keep all 24 U.S. employees on payroll, preserving those American jobs and the health insurance of many families in the middle of a worsening pandemic. The PPP funds received by the company were used exclusively for payroll of all U.S. employees, including my salary. The EIDL was used to pay office rent and utilities. Both PPP and EIDL loans were paid off in January of 2021, a process the company started in December, and no additional money is owed to the SBA or the company's SBA-approved lender.

SBA COVID-19 Program Eligibility

Lumiata, the company under your direction, returned both the PPP and EIDL loans in its entirety of January 2021.

QUESTION 23:

What were the projections of Lumiata's economic losses at the time you applied for the PPP and EIDL loans?

QUESTION 24:

What were Lumiata's economic losses between January 31st, 2020, the date the disaster began, and the date you sent your application in for the PPP and EIDL loans?

Answer to questions 23/24:

At the request of the Ranking Member, the company's information submitted for the EIDL and PPP applications was provided to the Committee on April 7, 12, 13, and 16th. The March 2020 version of the web-based EIDL application Lumiata submitted did not include a question regarding estimated loss or economic losses between January 31, 2020 and the date the company applied for the EIDL loan. While I understand different paper-based forms approved by the Office of Management and Budget request this information, the company was not asked for this information as part of its application process.

QUESTION 25:

Did Lumiata receive any other form of compensation aside from SBA COVID-19 Programs between January 31, 2020 and November 30, 2020?

Answer to Question 25:

No

QUESTION 26:

What specific conditions allowed for Lumiata to return the PPP loan in its entirety instead of applying for forgiveness? Please describe the specific changes in economic conditions for Lumiata.

Answer to Question 26:

As indicated during my confirmation hearing, the company remained persistent with fundraising, pitching more than thirty prospective investors during the summer and fall of 2020. After much work, the company was extremely fortunate to be able to close a round of funding in December 2020. Although the company would have been eligible for full PPP forgiveness because all the PPP funds were used for payroll and payroll costs, enough capital was raised to clear all outstanding company debt including the PPP and EIDL loans. Both PPP and EIDL loans were paid off in January of 2021, a

process the company started in December, and no additional money is owed to the SBA or the company's SBA-approved lender.

QUESTION 27:

Can you explain why Lumiata's economic losses were large enough to justify government assistance when the healthcare technology industry as a whole experienced modest growth throughout the pandemic?

Answer to Question 27:

Starting in the spring of 2020, the company was severely impacted by the speed and economic ferocity of the pandemic and faced significant financial challenges. Small businesses like Lumiata are capital-intensive due to the high cost of engineers and data scientists. The company's early prospective customers were health systems which deferred or canceled plans to invest in new technologies as they scrambled to respond to rising COVID infections. Investors were retreating, and we were initially not able to raise funds required to keep the company going without significant layoffs.

During the pandemic, the company had to take steps it never thought it would have to take, and SBA's COVID-19 relief programs provided a lifeline. An SBA-approved lender and the SBA determined the company met the eligibility criteria to receive a Paycheck Protection Program (PPP) loan, an Economic Injury Disaster Loan (EIDL), and EIDL Advance funds.

QUESTION 28:

Do you believe Lumiata's need to be larger or more urgent than service-based or minority-owned businesses who may have been crowded-out at the time Lumiata applied?

Answer to Question 28:

Like so many companies, the uncertainty of the economic conditions at the time of application made the loan necessary to support the ongoing operations of the company and save jobs. The ability to preserve the livelihoods of the 24 employees of the company was incredibly important to the decision to access these funds. Thankfully, because of these programs, the company was able to survive the pandemic and maintain those jobs. After raising new funding in December 2020, the company elected to pay back the loans as its financial situation improved.

Last year, your company, Lumiata, expanded to Guadalajara, Mexico. After receiving both PPP and EIDL loans, your company hired US-and Mexico-based staff. Your press releases changed to indicate Lumiata had Silicon Valley and Guadalajara-based staff.

QUESTION 29:

What dates were you hiring Mexico-based Lumiata staff? Please provide the number of positions advertised and indicate the dates these positions were filled.

QUESTION 30:

How many current or former Mexico-based staff were/are employees? How many were/are contractors?

QUESTION 31:

In 2020, how many contractors did Lumiata employ based in the United States?

QUESTION 32:

In 2020, how many contractors did Lumiata employ based in Mexico?

Answer to questions 29/30/31/32:

No EIDL or PPP funds were used on expenses related to the contractors based outside the United States. As I testified to during my hearing, SBA-related funds were used in accordance with applicable rules to keep all 24 U.S. employees on payroll, preserving those American jobs and the health insurance of many families in the middle of a worsening pandemic.

The company did not expand internationally last year. Starting in 2019, the company began working with international contractors in Mexico. At the end of March 2020, the company was working with 12 international contractors and ended the year with the same number of international contractors. They are not and were not employees of the company at any point. These independent contractors are software developers, engineers, and part-time marketing resources. Additionally, the company employed 10 contractors in the United States.

Political Involvement

You listed your involvement in political campaigns, both financial and otherwise, throughout 2020. This was a time in which the firm under your direction, Lumiata, was participating in SBA COVID-19 Programs as a means of relief to the economic pressures caused by the pandemic.

QUESTION 33:

Was your political travel funded by your company?

QUESTION 34:

Did your political activities occur on personal or company time? Please provide a calendar indicating the dates of said political activities.

Answer to questions 33/34:

None of my political travel was funded by the company and all political activity occurred on personal time.

Twitter

On April 25, 2020, you tweeted that your Twitter account had been hacked and that the hacker deleted your tweets.

QUESTION 35:

Have you filed a complaint with any federal, state, or local law enforcement agency regarding the hack? Why or why not?

Answer to Question 35:

Upon Twitter notifying me of a suspicious log-in, I immediately logged a help request with Twitter to confirm that the account was hacked and that all my tweets had been deleted. I was able to regain access to the account and tweeted that my account had been hacked. I immediately notified the SBA. I worked with Twitter to restore my previous tweets. My tweets were restored by Twitter on May 2, 2021.

Planned Parenthood

There have been many accounts of fraudulent and unsettling behavior associated with the large sums of taxpayers' funds to support SBA COVID relief programs.

One especially egregious case is the approval of PPP funds to Planned Parenthood Affiliates, despite abundantly clear determinations by the SBA of their ineligibility. The Senate Small Business and Entrepreneurship Minority Staff has requested information regarding this issue from SBA officials numerous times, but has not received a sufficient response.

In the most recent SBA data, we found that even more Planned Parenthood Affiliates have wrongfully received PPP funds.

QUESTION 36:

If confirmed, will you commit to explicitly investigating the fraudulent acquisition of PPP funds by these Planned Parenthood Affiliates?

QUESTION 37:

If you find that Planned Parenthood Affiliates knowingly applied for funds that they were not eligible for, what specific steps will you take to recover these improper payments and hold these entities accountable?

Answer to questions 36/37:

If confirmed, I will work with the Administrator to review and ensure SBA's affiliation rules are applied in accordance with the law.

General SBA Strategy

QUESTION 38:

If confirmed, do you plan to focus any of SBA's efforts on development in Silicon Valley or other venture capital efforts?

Answer to Question 38:

If confirmed, I hope to bring my previous experience to offer new insights to the agency on the importance of technology innovation to the global competitiveness of U.S. small businesses. I would work to ensure that SBA's core programs are ready to take part in the post-pandemic recovery and available to diverse regions across the country.

QUESTION 39:

Do you believe the Office of Credit Risk Management has the tools to conduct effective and independent oversight?

Answer to Question 39:

If confirmed, I look forward to working with the office of Credit Risk Management to understand their needs and using my background to be a value add. I have not yet been fully briefed on their needs but, if confirmed, look forward to working to make sure that proper oversight is conducted.

QUESTION 40:

If confirmed, do you plan to be a member of the Lender Oversight Committee (LOC)?

QUESTION 41:

If confirmed, will you commit to providing the Committee with regular reports from the LOC's meetings?

Answer to Questions 40/41:

If confirmed, I look forward to working with the Administrator and the rest of the team at the agency to identify where I can be of most assistance, including the LOC. I have not yet been fully briefed on the current processes of the LOC's meeting reports but commit to you that I will work to understand and be responsive to any concerns Members of the Committee may have.

QUESTION 42:

How will you ensure that SBA is protecting against fraud, waste, and abuse in the 7(a), 504 and COVID-19 relief programs?

Answer to Question 42:

If confirmed, I look forward to working with the Office of Capital Access and Office of Disaster Assistance teams to protect against fraud, waste and abuse. I believe I can apply some of my previous experience to work with Administrator Guzman to protect the programs against fraud, waste, and abuse.

QUESTION 43:

Do you think it is the federal government's responsibility to provide guaranteed loans to private companies?

Answer to Question 43:

The SBA has played an important role in assisting millions of small businesses access the capital they need to grow and survive. Working with entrepreneurs around the country, I have seen the impact these loans have made, including at companies at which I have worked. I believe the guarantees have greatly expanded access to affordable, long-term capital for small businesses in the country.

Previously, the SBA's government contracting programs included third-party certification in order to be a women-owned contracting business. There were significant reports of fraud and abuse in the program. The SBA has recently brought the certification process in-house as charged by the 2015 National Defense Authorization Act (NDAA).

QUESTION 44:

If confirmed, will you commit to reviewing the oversight controls in place to ensure contracts funded by taxpayer dollars will not go to bad actors taking advantage of this program?

Answer to Question 44:

Yes, if confirmed, I commit to you that I will work with the agency to ensure that the proper oversight controls are in place.

QUESTION 45:

If confirmed, will you commit to ensuring new policies, rulemakings, and reports are communicated to Congress and stakeholders in a timely manner?

Answer to Question 45:

Yes, if confirmed, I commit to you that I will with work the agency to ensure that new policies, rulemakings, and reports are communicated in a timely manner.

QUESTION 46:

Will you commit to fulfilling requests of this Committee for data and information in a timely manner?

QUESTION 47:

Will you commit to providing this committee regularly updated information on staffing levels and how administrative funds are spent on oversight?

Answer to questions 46/47:

Yes, if confirmed, I commit to working to make sure that you receive information in a timely manner.

The Shuttered Venue Operators Grant (SVOG) and Restaurant Revitalization Fund (RRF) were established to provide grant funds to struggling venues and restaurants. The SVOG was forced to close on the same day of opening due to technology capacity.

QUESTION 48:

If confirmed, what steps will you take to ensure that SBA's technology is capable of handling the volume of the programs?

Answer to Question 48:

If confirmed, I will work with the Administrator, the public servants at the SBA, and its vendors to provide assistance based on my experience and skills as a business leader in technology. America's small businesses are counting on the SBA to deliver on these crucial programs and a robust and scalable technology infrastructure at the agency is key to success.

QUESTION 49:

Will you commit to informing the committee about the oversight mechanisms in place to stop fraud, waste, and abuse in these programs?

Answer to Question 49:

If confirmed, I will commit to you that I will work with both SBA and Congress to provide you the information you need about fraud, waste, and abuse in these programs.

QUESTION 50:

If confirmed, will you ensure application reviewers are following all internal controls and protocols for disbursing program funds?

Answer to Question 50:

If confirmed, I commit to help in anyway needed to ensure SBA has in place controls and protocols to prevent and detect fraud, waste, and abuse in these programs.

Regulatory Reform

The Biden Administration has alluded to vastly expanding regulations for small business owners – from environmental requirements to a \$15 minimum wage requirement – despite numerous studies showing the harmful effects that these initiatives will have on small business owners. This is not the time to create more obstacles for already struggling small business owners.

QUESTION 51:

If confirmed, will you advocate against new regulations proposed by the Administration that would have a negative impact on small businesses?

QUESTION 52:

If confirmed, what will you do to reduce unnecessary regulatory burdens on small businesses?

Answer to questions 51/52:

If confirmed, I intend to be an advocate for small businesses within the Administration, including on issues regarding regulatory reform. I will work with stakeholders, Congress, and directly with small business owners to hear their thoughts on a wide range of issues and will provide that feedback to the Administration.

QUESTION 53:

Do you have a plan for identifying red-tape and unnecessary regulation? How will you prioritize which regulations to remove and which ones to keep?

QUESTION 54:

What will you do to ensure SBA is conducting outreach to small businesses early in the regulatory development process?

Answer to questions 53/54:

I understand that the issue of regulations is of concern, and I am committed to working to understand the specific concerns from small businesses. Furthermore, I am committed to working with the SBA Office of the National Ombudsman on any regulatory concerns brought to my attention to better support the issues.

QUESTION 55:

Will you commit to maintaining the integrity and independence of the SBA Office of Advocacy?

Answer to Question 55:

Yes.

QUESTION 56:

Do you believe the COVID-19 regulations enacted by California were effective in reducing the spread of COVID-19?

Answer to Question 56:

Because I am not a public health official and I did not have any role in policy-making or implementation of the COVID-19 regulations in California, I cannot speak to their effectiveness.

QUESTION 57:

If confirmed, will you seek to have any national guidelines imposed on small businesses?

Answer to Question 57:

If confirmed, I will not seek to impose national guidance on small businesses regarding COVID-19 health and safety regulations.

SBA Data

To date, the Committee has made repeated requests for loan-level data on SBA COVID-19 programs. While the SBA has replied to parts of our requests, the majority of our requests and follow-ups have remained unanswered. This data is critical to fulfilling the Committee's oversight responsibilities.

QUESTION 58:

If confirmed, will you commit to working with Congress to provide timely responses to each of our inquiries?

QUESTION 59:

More specifically, will you commit to providing the Committee with the full and most recent underlying dataset for the EIDL loan and advance programs within 10 days of your confirmation?

QUESTION 60:

Will you commit to providing the Committee with weekly updates to the underlying PPP and PPP forgiveness datasets that have been provided to the Committee?

QUESTION 61:

Will you commit to providing the Committee with weekly underlying datasets for the Shuttered Venue Operator Grant (SVOG) program and the Restaurant Revitalization Fund?

Answer to questions 58/59/60/61:

If confirmed, I commit to working with the Committee to ensure it receives the information it needs to properly do its work in a timely manner.

Questions from:

Senator Cantwell

Native Owned Business Problems with the Paycheck Protection Program (PPP)

SBA authorized lenders have denied Paycheck Protection Program loans to some Native-owned Small Businesses because they cannot meet SBA lenders' documentation requirements. These tribal businesses do not file tax returns because they do not have to under their treaty rights and do not have Employment Identification Numbers (EINs).

There are 20 federally recognized tribes located in Washington state that participate in treaty right fisheries. More than 1,000 native owned businesses in my state – fishers, artisans, and others - may not have been able to get COVID relief that they should have been eligible for. My staff was told by the National Center for American Indian Enterprise Development that these problems have occurred for native owned businesses and native entrepreneurs throughout our country.

QUESTION 1:

Will SBA commit to finding a solution to help Native American businesses and entrepreneurs who have not been able to access the Paycheck Protection Program? Will you make sure that underserved tribal communities are not left out?

QUESTION 2:

Could SBA create a pilot program to get direct payments to Native American businesses and entrepreneurs who were not helped because of these barriers to PPP? It would be an opportunity for SBA to identify needed changes to documentation requirements for all SBA lending programs, so native owned businesses will not be left behind. SBA mentioned to my staff a pilot program might be an option.

QUESTION 3:

Could SBA explore elevating and dedicating additional resources to its Office of Native American Affairs (ONAA), including appointing an Associate Administrator that reports to you?

Answer to questions 1/2/3:

If confirmed, I can commit to working on finding a solution to work with Native American businesses and entrepreneurs to ensure they have access to SBA's programs, including documentation requirements. I also understand the importance of the Office of Native American Affairs and look forward to discussing with you and your staff ways to elevate that office.

Questions from:

Senator Duckworth

SVOG Funding

It is critical that all eligible venues receive the Federal relief they desperately need now - more than one year after closing their doors.

As the Shuttered Venues program is set to re-open to the public, we must make sure that the program fully meets the needs of all eligible applicants, including non-profits and other groups in the third priority window.

QUESTION 1:

Mr. Syed, should funding for the Shuttered Venue Operators Grant program risk falling short of helping all eligible applicants, will YOU work with this Committee to identify how much additional funding will be necessary to empower SBA to provide help to all qualified applicants – as Congress intended?

Answer to Question 1:

If confirmed, I commit to working with Congress to identify and address needs for the Shuttered Venue Operators Grant program.

Restaurants Fund and Priority Window

Just like the Shuttered Venue Operators Grant program, I think it is safe to presume initial demand for Restaurant Revitalization Fund relief will be off-the-charts.

QUESTION 2:

Accordingly, do I have your commitment that if confirmed, you will spare no effort to make sure the technology is tested and ready to go – including seeking assistance from the U.S. Digital Service, GSA's 18F consultants and any other Federal experts that can make sure SBA and its contractors will achieve a smooth rollout of this desperately-needed relief program?

Answer to Question 2:

I commit that I will use my previous experience to be a value add to our team and work with the rest of the Administration and stakeholders to ensure success of these desperately needed programs and any new programs we roll out in the future.

RRF

QUESTION 3:

Mr. Syed, as a successful small business owner who served as a White House AAPI Commissioner to help the Obama administration engage with Asian American small business owners, how will your public and private sector experiences inform your efforts to make sure the Restaurant Revitalization Fund maximizes the 21-day priority window to deliver support to those business owners left out of prior programs?

Answer to Question 3:

If confirmed, I look forward to using my experience as a small business owner and former White House AAPI Commissioner to increase awareness of the programs available to eligible small business owners who did not previously take advantage of them.

Questions from:

Senator Rosen

As I mentioned during your confirmation hearing last week, I am pleased that Administrator Guzman has committed to lifting the caps on EIDL loans to \$2 million, as originally mandated by Congress. However, given the prior Administration's action to cap the original EIDL Advance grants to \$1,000 per employee, many of our smallest businesses did not receive the \$10,000 grants that Congress authorized. Administrator Guzman stated in her letter to me earlier this month that the SBA does not have the statutory authority or funding to provide \$10,000 grants to all eligible small businesses, regardless of size or location. However, the Administrator indicated that she would not have capped the original EIDL program, as the last Administration had. When I asked you if you would commit to working with me to advance legislation that provides SBA with the authorization and the funding to provide every eligible small business the full \$10,000 EIDL grant, regardless of size or location, you stated that you "appreciate the importance" of this issue and pledged that you would work with the Administrator and my office to make sure "there is more resource available to small businesses".

QUESTION 1:

To clarify, if confirmed, will you commit to working with my office to provide technical assistance and support to help advance legislation that provides the agency with the full authority and funding needed to offer all eligible small businesses with \$10,000 EIDL Advance grants, and not only those that are located in low-income areas or have ten or more employees?

Answer to Question 1:

Thank you for the clarification. If confirmed, I commit to working with Congress on addressing the need to assist more small businesses in receiving EIDL Advance grants.

Questions from:

Senator Rubio

One of the challenges we faced in the first round of PPP was verifying the eligibility of applicants, especially applicants which claimed to be small but were actually considered a part of larger businesses and organizations by the SBA's affiliation rules. One such situation in the first round was for affiliates of the organization Planned Parenthood, which has more than 10,000 employees nationwide. Planned Parenthood admitted it was not eligible for PPP, and yet it sought to receive PPP loans anyway. The previous Administration took enforcement actions against this wrongful application and receipt of PPP loans.

QUESTION 1:

Will you advise the Administrator to enforce federal statute against unlawful receipt of PPP loans by affiliates of all ineligible businesses and organizations, including Planned Parenthood and its affiliates?

Answer to Question 1:

If confirmed, I will work with the Administrator to review and ensure SBA's affiliation rules are applied in accordance with the law.

Since 2017, you have been on the Board of Directors for Emgage Action, which has publicly supported the Boycott, Divest, and Sanction (BDS) movement against Israel, which is a hateful effort to delegitimize the Jewish state. The SBA provides meaningful export financing assistance to small businesses throughout the United States through Export Express Loans, Export Working Capital Loans, and International Trade Loans, which includes support for many minority-owned small businesses. Included in these programs are recipients that export products and services to Israel.

QUESTION 2:

Do you support the BDS movement?

QUESTION 3:

President Biden has made his opposition to the BDS movement clear. Leader Schumer has condemned the hateful BDS movement for singling out Israel, saying in a 2018 speech that we should call it what it is: anti-Semitism.

QUESTION 4:

Do you agree with President Biden and Senator Schumer?

QUESTION 5:

Will you condemn the BDS movement as hateful and anti-Semitic?

Answer to questions 2/3/4/5:

First, let me unequivocally state that I do not support BDS. Throughout my career, I have supported engagement with Israeli business. I have personally conducted business with Israeli companies and have mentored entrepreneurs based in Israel. I have travelled to Israel as part of Jewish Community Relations Council (JCRC)'s Study Tour. Working with the San Francisco JCRC, I have sought to increase the dialogue and engagement between Muslim and Jewish communities. This work with the JCRC has allowed me to build strong relationships with those who care about Israel, and I am grateful for that.

As laid out in my ethics agreement with the Office of Government Ethics, if I am confirmed I will resign from the board of Emgage.

In December 2020, Congress enacted COVID-19 relief for shuttered venues by creating the Shuttered Venue Operators Grant program, which will provide \$17 billion in financial assistance to shuttered live venues that have experienced significant losses due to the pandemic. However, after briefly opening the program application portal earlier this month, the SBA closed the application process due to "technical difficulties." Shuttered venues in Florida have experienced disproportionate financial losses and are relying on this grant program to stay afloat, which they have already waited for four months.

QUESTION 6:

What steps can the SBA take to ensure that small business owners who applied during the brief period the application window was open will not be penalized due to unforeseen technical issues as a result of the delay?

Answer to Question 6:

As a nominee I have not worked directly on this program but have learned of its popularity and also the frustrations of some applicants. If confirmed, I will work with Congress to make sure that all applicants have an ability to properly apply.

Questions from:

Senator Risch

QUESTION 1:

Do you have plans to close this account? Why or why not?

QUESTION 2:

Has this account been used for any transactions following the sale of the property in 2019? If so, please list all transactions below.

QUESTION 3:

Do you have any other foreign accounts or holdings? If so, please list all holdings, the date of acquisition, and the value of these holdings.

QUESTION 4:

When was this property that was sold in 2019 inherited? How was the property used between the date of inheritance and the date of the sale?

QUESTION 5:

Does the purchaser of the property have any ties or association with the Pakistani government or any other foreign political authority?

Answer to questions 1/2/3/4/5:

Through information I supplied the Committee in my questionnaire and in a subsequent meeting with the minority staff on April 12, 2021, I shared the details about this property, the associated account, and confirmed I have no other foreign account or property/holding. It was inherited by my spouse in 2000 and was rented. As you note in the question, the property was sold in 2019 and the account exists following that sale. To my best knowledge, the purchaser does not have connections with the Pakistani government or any other foreign political authority.

Questions from:

Senator Young

With the recent delays regarding the Shutter Venue Operators Grant (SVOG), I have received many inquiries from numerous constituents wondering why the SBA was not ready on April 8. Like many Americans around the country, Hoosier venue owners are on the verge of closing their doors permanently unless they have access to the SVOG program.

QUESTION 1:

If confirmed, how will you work with Administrator Guzman to ensure the smooth processing of SVOG applications? Additionally, how will you ensure future rollouts of novel programs – if any are created – will not endure the same issues?

Answer to Question 1:

If confirmed, I intend to work closely with Administrator Guzman to use my skills from my previous experience to be a value add to agency. I look forward to working with the incredible staff at the agency and contractors to ensure that future program rollouts are successful.

Under the new Targeted EIDL Advance, eligible businesses that didn't receive the full \$10,000 as part of the Emergency Economic Injury Grant program can request the remaining amount. In order for borrowers to apply for the remaining funds, they must wait for an email invite from the SBA. However, many of my constituents have reported to me that they haven't received an invite or they haven't heard back from the agency several weeks after applying.

QUESTION 2:

If confirmed, how will you work with Administrator Guzman to ensure Targeted EIDL Advance applications are processed in a timely manner – as intended by Congress?

Answer to Question 2:

If confirmed I will work closely with Administrator Guzman and the Office of Disaster Assistance to assist in getting the funds to borrowers. I will also commit to working with you and your staff to understand the concerns raised by your constituents.

Mr. Syed, according to your disclosures, you're listed as a Member of the Board of Emgage Action – a vocal proponent for the Global Boycott, Divestment, and Sanctions (BDS) movement targeting Israel.

For years, the BDS movement has been overwhelmingly opposed by Congress. For instance, in 2019, roughly 87% of Congress voted to oppose the BDS movement in favor of continued peace negotiations in the Middle East.

You are nominated to be in a top leadership position within the SBA and your primary purpose is to be helping – not shaming – U.S. small businesses.

QUESTION 3:

Can you speak to your thoughts of the BDS movement and to your affiliation with Emgage Action?

Answer to Question 3:

First, let me unequivocally state that I do not support BDS. I have done business with Israeli companies and have mentored entrepreneurs based in Israel. I have travelled to Israel as part of Jewish Community Relations Council's Study Tour. Working with the San Francisco Jewish Community Relations Council (JCRC), I have sought to increase the dialogue and engagement between Muslim and Jewish communities. This work with the JCRC has allowed me to build strong relationships with those who care about Israel, and I am grateful for that.

As one of Emgage's board members, I focused my efforts on voter mobilization efforts and its engagement work. I am not involved with Emgage's policy advocacy work. As laid out in my ethics agreement with the Office of Government Ethics, if I am confirmed I will resign my position from the board of Emgage.

Last month, SBA announced it is deploying a machine learning scoring model in hopes of reducing the backlog by sorting through first draw loans with "hold codes" that are minimal risk of non-compliance, fraud, or abuse.

QUESTION 4:

Mr. Syed, given your experience and knowledge of artificial intelligence, can you speak to the importance of integrating AI and machine learning in SBA loan programs?

QUESTION 5:

How do you plan to bolster the use of AI within the agency?

Despite the benefits of AI, there are always challenges to consider – including the cost of tech infrastructure, cybersecurity, privacy, and consumer protections.

QUESTION 6:

What do you believe are the biggest challenges to implementing AI on a large scale – especially for a government agency?

It's no surprise that SBA's lending focus over the past year has been the Paycheck Protection Program.

Prior to the pandemic, the agency's main lending vehicles were its 7(a) and 504 programs that thousands of business owners turned to start or build their businesses.

To ensure SBA can be more accessible for recovering businesses, those traditional lending programs may need some reforms.

Answer to Questions 4/5/6:

AI presents a promising opportunity to streamline and optimize processes to accelerate decision-making, detect fraud and improve risk management. Like any other new technology, we want to be thoughtful in how the implementation impacts SBA's customers. As you rightfully pointed out, we also want to carefully consider costs given SBA's scale. If confirmed, I will work with the technology teams to assess whether AI and machine learning can help modernize SBA's infrastructure and improve decision-making speed, customer service, and delivery of SBA products.

QUESTION 7:

Can you speak to your priorities with respect towards reviewing and reforming SBA programs?

Answer to Question 7:

As a nominee, I have had a unique opportunity to hear from many of the SBA's stakeholders and have learned a lot about their individual concerns. If confirmed, I look forward to working with them in a more official capacity on updates to the SBA's programs. The last year has seen the agency grow exponentially with novel programs but in the near future there will be an even greater focus on the agency's core programs.

QUESTION 8:

What do you believe this committee should be aware of as far as improving traditional lending programs?

Answer to Question 8:

As I engage with small businesses across the country, too few business owners — especially in underserved regions — are aware of SBA's core programs. In my work with the California Entrepreneurship Task Force, I have discovered that many small businesses are unaware of SBA programs in the rural parts of the state. If confirmed, I look forward to working with Congress to raise awareness of the SBA resources in underserved regions.

Over the past year, Fintechs have been a major participant in the Paycheck Protection Program. As we continue to provide oversight over the SBA, it is possible that allowing Fintechs to participate in even more programs — such as the 7(a) or 504 programs — would give business the opportunity to benefit from a digital approach.

QUESTION 9:

Do you believe Fintechs could be used as a modern day tool to provide faster loan approvals and more inclusive access to capital?

Answer to Question 9:

As a nominee, I have not had the opportunity to work directly with lenders or the staff at the agency, but I have seen the success of fintech companies with PPP lending. I will commit to you that I would be available to you, your staff, and the Committee to discuss the potential of partnering with fintechs.