

Congress of the United States
Washington, DC 20515

July 30, 2020

The Honorable Jovita Carranza
Administrator
Small Business Administration
409 3rd Street, S.W.
Washington, D.C. 20416

Dear Administrator Carranza:

Our Committees are examining the \$500 million contract issued by the Small Business Administration (SBA) to process Emergency Injury Disaster Loan (EIDL) applications during the coronavirus crisis. We are concerned by reports that millions of small businesses seeking emergency loans have faced long delays, poor service, and processing errors. As the Committees of jurisdiction, it is our duty to ensure that taxpayer money is being spent efficiently, effectively, and equitably.

At the onset of the coronavirus crisis, SBA faced an unprecedented number of EIDL applications from small businesses impacted by the pandemic. SBA reportedly “attempted to solve the problem by outsourcing much of its loan evaluation work to Rocket Loans” through a pre-existing contract with another company, RER Solutions.¹ On March 29, 2020, SBA’s Office of Disaster Assistance issued an emergency \$50 million contract to RER Solutions for “data analysis and loan recommendation services for Covid-19.”² Since then, SBA has expanded the award amount to half a billion dollars.³

RER Solutions is a minority-owned and women-owned business that participates in SBA’s 8(a) program for businesses owned by economically and socially disadvantaged individuals. According to Dun & Bradstreet, RER Solutions has 40 employees.⁴ The \$500 million contract awarded by SBA is more than 10 times the value of all federal contracts the company was awarded in Fiscal Year 2019. RER Solutions appears to have engaged Rocket Loans as a subcontractor on the contract. Rocket Loans is a subsidiary of Rock Holdings Inc.,

¹ *Here’s Where the Small Business Administration’s Coronavirus Disaster Loans Are Going*, Washington Post (June 9, 2020) (online at www.washingtonpost.com/business/2020/06/09/sba-disaster-loans/).

² USA Spending, *Contract Summary* (online at www.usaspending.gov/#/award/CONT_AWD_73351020F0071_7300_73351019D0001_7300) (accessed July 9, 2020).

³ *Id.*

⁴ Dun & Bradstreet, *Company Profile: RER Solutions Inc.* (online at www.dnb.com/business-directory/company-profiles.rer_solutions_inc.c3794f63228e308a0255da27b92f865e.html) (accessed July 9, 2020).

the parent company for Quicken Loans, one of the nation's largest mortgage lenders with nearly \$900 million in income last year.⁵

Recent reports about the EIDL program raise questions about whether RER Solutions and Rocket Loans have provided adequate services to SBA and the millions of small businesses seeking EIDL funds. The EIDL program has reportedly been "hobbled by delays and confusion" that have left many applicants waiting for months for funds.⁶ SBA has reportedly "struggled to keep up with a flood of more than 9 million applications, nearly 100 times what it had received in previous years."⁷ The program has been plagued by average wait times of 41 days to process loans, technical glitches that delayed disbursements to many small businesses, a lack of communication with applicants, and widespread reports that businesses have not received funds SBA claimed were disbursed.⁸

We are seeking to ensure that taxpayer dollars are being spent in the best interest of the American people and not diverted to fraud, waste, or abuse. To assist with this investigation, please produce by August 13, 2020, the following documents and information from January 1, 2020, to the present:

1. All documents in SBA's possession relating to the solicitation, award, modification, or performance of the contract awarded to RER Solutions in March 2020 pertaining to EIDL loans, including but not limited to:
 - a. all solicitations;
 - b. all offer information, including proposals, quotes, unsolicited proposals, submitted by RER Solutions or Rocket Loans to SBA;
 - c. documents showing any other companies that submitted offers;
 - d. any responsibility determinations or other documents demonstrating SBA's determination as to RER Solutions being a responsible contractor;
 - e. any justifications and approvals for other than full and open competition;
 - f. any other documents regarding the acquisition strategy;
 - g. any memoranda or other documents regarding the decision to increase the size of the award or to modify the contract;
 - h. the contract, including the statement of work, and all modifications;

⁵ Securities and Exchange Commission, *Form S-1, Rocket Companies, Inc.* (July 7, 2020) (online at www.sec.gov/Archives/edgar/data/1805284/000104746920004008/a2241988zs-1.htm).

⁶ *Thousands of Small Business Owners Have Not Gotten Disaster Loans the Government Promised Them*, ProPublica (July 16, 2020) (online at www.propublica.org/article/thousands-of-small-business-owners-have-not-gotten-disaster-loans-the-government-promised-them); *Here's Where the Small Business Administration's Coronavirus Disaster Loans Are Going*, Washington Post (June 9, 2020) (online at www.washingtonpost.com/business/2020/06/09/sba-disaster-loans/).

⁷ *SBA Grant Program Attracting the Wrong Kind of Attention*, Washington Post (July 15, 2020) (online at www.washingtonpost.com/business/2020/07/15/sba-eidl-loan-program-coronavirus/).

⁸ *Thousands of Small Business Owners Have Not Gotten Disaster Loans the Government Promised Them*, ProPublica (July 16, 2020) (online at www.propublica.org/article/thousands-of-small-business-owners-have-not-gotten-disaster-loans-the-government-promised-them).

- i. any documents regarding the eligibility of RER Solutions for certification under SBA's 8(a) business development program;
 - j. any documents regarding Rocket Loans' participation in the contract; and
 - k. any documents regarding the ability of RER Solutions or Rocket Loans to perform the contract; and
2. All communications regarding the contract, its performance, or the decision to award or modify this contract, including internal SBA communications and communications with RER Solutions, Rocket Loans, Quicken Loans, Rock Holdings, Inc. or any affiliated company, the White House, other federal agencies, or third parties.

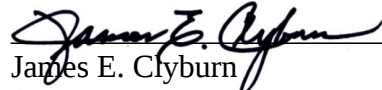
In addition, please provide written responses to the following questions by August 13, 2020:

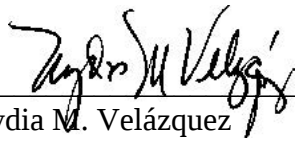
1. Describe any due diligence SBA conducted prior to the contract award to assess whether RER Solutions and Rocket Loans had the experience and the capacity to manage the volume of EIDL loans during the coronavirus crisis.
2. Describe the solicitation process and whether SBA sought offers from any contractors besides RER Solutions before the contract award.
3. Based on your understanding, describe the contractual relationship between RER Solutions and Rocket Loans and the amount of work Rocket Loans will perform for RER Solutions and the revenue and profit Rocket Loans will receive from the contract award.
4. Based on your understanding, has RER Solutions partnered with any other companies to perform on the EIDL loan processing contract? If so, which companies and in what capacity?

We also request a staff briefing from SBA on these issues by August 13, 2020.

An attachment to this letter provides additional instructions for responding to this request. If you have any questions regarding this request, please contact staff for the Select Subcommittee on the Coronavirus Crisis at (202) 225-4400.

Sincerely,


James E. Clyburn
Chairman
Select Subcommittee on the
Coronavirus Crisis


Nydia M. Velázquez
Chairwoman
Committee on Small Business

Enclosure

cc: The Honorable Steve Scalise, Ranking Member
Select Subcommittee on the Coronavirus Crisis

The Honorable Steve Chabot, Ranking Member
Committee on Small Business

Responding to Oversight Committee Document Requests

1. In complying with this request, produce all responsive documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, and representatives acting on your behalf. Produce all documents that you have a legal right to obtain, that you have a right to copy, or to which you have access, as well as documents that you have placed in the temporary possession, custody, or control of any third party.
2. Requested documents, and all documents reasonably related to the requested documents, should not be destroyed, altered, removed, transferred, or otherwise made inaccessible to the Committee.
3. In the event that any entity, organization, or individual denoted in this request is or has been known by any name other than that herein denoted, the request shall be read also to include that alternative identification.
4. The Committee's preference is to receive documents in electronic form (i.e., CD, memory stick, thumb drive, or secure file transfer) in lieu of paper productions.
5. Documents produced in electronic format should be organized, identified, and indexed electronically.
6. Electronic document productions should be prepared according to the following standards:
 - a. The production should consist of single page Tagged Image File ("TIF"), files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.
 - b. Document numbers in the load file should match document Bates numbers and TIF file names.
 - c. If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.
 - d. All electronic documents produced to the Committee should include the following fields of metadata specific to each document, and no modifications should be made to the original metadata:

BEGDOC, ENDDOC, TEXT, BEGATTACH, ENDATTACH, PAGECOUNT, CUSTODIAN, RECORDTYPE, DATE, TIME, SENTDATE, SENTTIME, BEGINDATE, BEGINTIME, ENDDATE, ENDTIME, AUTHOR, FROM, CC, TO, BCC, SUBJECT, TITLE, FILENAME, FILEEXT, FILESIZE, DATECREATED, TIMECREATED, DATELASTMOD, TIMELASTMOD,

INTMSGID, INTMSGHEADER, NATIVELINK, INTFILPATH, EXCEPTION,
BEGATTACH.

7. Documents produced to the Committee should include an index describing the contents of the production. To the extent more than one CD, hard drive, memory stick, thumb drive, zip file, box, or folder is produced, each should contain an index describing its contents.
8. Documents produced in response to this request shall be produced together with copies of file labels, dividers, or identifying markers with which they were associated when the request was served.
9. When you produce documents, you should identify the paragraph(s) or request(s) in the Committee's letter to which the documents respond.
10. The fact that any other person or entity also possesses non-identical or identical copies of the same documents shall not be a basis to withhold any information.
11. The pendency of or potential for litigation shall not be a basis to withhold any information.
12. In accordance with 5 U.S.C. § 552(d), the Freedom of Information Act (FOIA) and any statutory exemptions to FOIA shall not be a basis for withholding any information.
13. Pursuant to 5 U.S.C. § 552a(b)(9), the Privacy Act shall not be a basis for withholding information.
14. If compliance with the request cannot be made in full by the specified return date, compliance shall be made to the extent possible by that date. An explanation of why full compliance is not possible shall be provided along with any partial production.
15. In the event that a document is withheld on the basis of privilege, provide a privilege log containing the following information concerning any such document: (a) every privilege asserted; (b) the type of document; (c) the general subject matter; (d) the date, author, addressee, and any other recipient(s); (e) the relationship of the author and addressee to each other; and (f) the basis for the privilege(s) asserted.
16. If any document responsive to this request was, but no longer is, in your possession, custody, or control, identify the document (by date, author, subject, and recipients), and explain the circumstances under which the document ceased to be in your possession, custody, or control.
17. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, produce all documents that would be responsive as if the date or other descriptive detail were correct.

18. This request is continuing in nature and applies to any newly-discovered information. Any record, document, compilation of data, or information not produced because it has not been located or discovered by the return date shall be produced immediately upon subsequent location or discovery.
19. All documents shall be Bates-stamped sequentially and produced sequentially.
20. Two sets of each production shall be delivered, one set to the Majority Staff and one set to the Minority Staff. When documents are produced to the Committee, production sets shall be delivered to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2105 of the Rayburn House Office Building.
21. Upon completion of the production, submit a written certification, signed by you or your counsel, stating that: (1) a diligent search has been completed of all documents in your possession, custody, or control that reasonably could contain responsive documents; and (2) all documents located during the search that are responsive have been produced to the Committee.

Definitions

1. The term “document” means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, data, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, communications, electronic mail (email), contracts, cables, notations of any type of conversation, telephone call, meeting or other inter-office or intra-office communication, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings and motion pictures), and electronic, mechanical, and electric records or representations of any kind (including, without limitation, tapes, cassettes, disks, and recordings) and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk, videotape, or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.
2. The term “communication” means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether in a meeting, by telephone, facsimile, mail, releases, electronic

message including email (desktop or mobile device), text message, instant message, MMS or SMS message, message application, or otherwise.

3. The terms “and” and “or” shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information that might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neutral genders.
4. The term “including” shall be construed broadly to mean “including, but not limited to.”
5. The term “Company” means the named legal entity as well as any units, firms, partnerships, associations, corporations, limited liability companies, trusts, subsidiaries, affiliates, divisions, departments, branches, joint ventures, proprietorships, syndicates, or other legal, business or government entities over which the named legal entity exercises control or in which the named entity has any ownership whatsoever.
6. The term “identify,” when used in a question about individuals, means to provide the following information: (a) the individual’s complete name and title; (b) the individual’s business or personal address and phone number; and (c) any and all known aliases.
7. The term “related to” or “referring or relating to,” with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with, or is pertinent to that subject in any manner whatsoever.
8. The term “employee” means any past or present agent, borrowed employee, casual employee, consultant, contractor, de facto employee, detailee, fellow, independent contractor, intern, joint adventurer, loaned employee, officer, part-time employee, permanent employee, provisional employee, special government employee, subcontractor, or any other type of service provider.
9. The term “individual” means all natural persons and all persons or entities acting on their behalf.