

The Post among five news organizations suing Small Business Administration for access to loan data

By Aaron Gregg

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The Washington Post and four other news organizations are suing the U.S. Small Business Administration for access to government records showing who received more than \$700 billion in taxpayer-backed small-business loans.

A spokeswoman for The Post said the lawsuit, filed Tuesday in federal court in Washington, is meant to ensure the public has access to information about how public funds are spent and to enforce federal freedom-of-information law. The Post is joined as a plaintiff in the lawsuit by the New York Times, Wall Street Journal parent company Dow Jones, Bloomberg LP and the investigative news organization ProPublica.

“The Small Business Administration has disbursed hundreds of billions of dollars through [the Paycheck Protection Program] and the Economic Injury Disaster Loan program during the COVID-19 crisis, but it has refused to disclose who is receiving the funds and in what amounts,” Post Vice President for Communications Kris Coratti Kelly said in a statement. “Our lawsuit seeks to enforce federal law and enable the public to see how their tax dollars are being spent on these massive loan programs.”

A spokesman for the Small Business Administration declined to comment.

The lawsuit comes as SBA and Treasury Department officials have been working to process millions of applications for low-interest, federally subsidized loans to help small businesses weather the economic devastation caused by the coronavirus.

The \$2 trillion Cares Act economic stimulus bill includes \$669 billion for the Paycheck Protection Program (PPP), which empowers banks to offer low-interest loans that are required to be spent mostly on payroll. Congress has also allocated more than \$60 billion for the government-run Economic Injury Disaster Loan program.

The news organizations are seeking access to records showing who received subsidized loans under both programs, the size of each loan and which bank processed the loan, as well as other loan-specific information. Separate requests submitted in April by all five media organizations under the Freedom of Information Act, known as FOIA, failed to produce a loan-

specific database, even though the SBA has published that information in the past as part of its loan program.

The SBA has released scant information showing the path of Cares Act funding to specific recipients. At times the agency has selectively released statistics and policy information about the loan program. While the SBA has provided daily updates to journalists showing how much money has been spent through the PPP, it has declined to answer questions about the severely backlogged disaster-loan program.

The SBA's lack of transparency on the matter has triggered scrutiny from Democrats in the House and Senate. And the agency's inspector general said in a recent report that the SBA had failed to collect demographic information from loan recipients, making it hard to determine whether the loans are reaching minorities and other underserved parts of the business community.

Although the SBA has released aggregate statistics showing how much funding has been spent through its various loan programs, it has not released the names of loan recipients or offered any information on when it will do so. The PPP application specifically warns business applicants that their information will be subject to FOIA requests.

In the lawsuit filed Tuesday, an attorney representing all five media organizations said the SBA's responses to FOIA requests were unsatisfactory.

"The SBA has either failed to respond to the requests or it has issued boilerplate responses stating that, at some indefinite point '[i]n the near future,' the SBA hopes 'to turn [its] efforts to providing loan specific data to the public'; the SBA's responses provide no concrete indication of what that data will include or when that data will actually be made available," the complaint reads.