

118TH CONGRESS
1ST SESSION

H. R. 5427

IN THE SENATE OF THE UNITED STATES

NOVEMBER 29, 2023

Received; read twice and referred to the Committee on Small Business and
Entrepreneurship

AN ACT

To prohibit individuals convicted of defrauding the Govern-
ment from receiving any assistance from the Small Busi-
ness Administration, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. ASSISTANCE PROHIBITED AFTER FRAUD CON-**
2 **VICTION.**

3 (a) IN GENERAL.—Section 16 of the Small Business
4 Act (15 U.S.C. 645) is amended by adding at the end the
5 following new subsection:

6 “(h) FINANCIAL ASSISTANCE PROHIBITION.—

7 “(1) IN GENERAL.—An associate of a small
8 business concern who is finally convicted of any
9 crime involving or relating to financial misconduct or
10 a false statement with respect to a covered loan or
11 grant shall be ineligible to receive any financial as-
12 sistance from the Administrator, other than financial
13 assistance under section 7(b).

14 “(2) BUSINESS CONCERNS.—A small business
15 concern that has as an associate an individual sub-
16 ject to paragraph (1) shall be ineligible to receive
17 any financial assistance from the Administrator,
18 other than financial assistance under section 7(b).

19 “(3) DEFINITIONS.—In this subsection:

20 “(A) ASSOCIATE.—The term ‘associate’
21 means, with respect to a small business con-
22 cern—

23 “(i) an officer, director, or owner of
24 more than 20 percent of the equity of, or
25 a key employee of, such small business
26 concern;

1 “(ii) any entity not less than 20 per-
2 cent owned or controlled by one or more
3 individuals referred to in clause (i); and

4 “(iii) any other individual or entity in
5 control of or controlled by such small busi-
6 ness concern, except for a licensed small
7 business investment company (as defined
8 in section 103(3) of the Small Business In-
9 vestment Act of 1958 (15 U.S.C. 662(3)).

10 “(B) COVERED LOAN OR GRANT.—The
11 term ‘covered loan or grant’ means—

12 “(i) a loan made under—

13 “(I) paragraph (36) or (37) of
14 subsection (a) of section 7 of the
15 Small Business Act (15 U.S.C. 636);

16 or

17 “(II) subsection (b) of such sec-
18 tion in response to the COVID–19
19 pandemic; or

20 “(ii) a grant made under—

21 “(I) section 5003 of the Amer-
22 ican Rescue Plan Act of 2021 (15
23 U.S.C. 9009c); or

24 “(II) section 324 of the Eco-
25 nomic Aid to Hard-Hit Small Busi-

