

Business Fraud Alert

The U.S. Small Business Administration (SBA)

Business is down. Receivables are up. You've exhausted your reserves and implemented all the usual cost cutting measures. You've reduced salaries, headcount, and hours. You don't know how much longer you can rob Peter to pay Paul. What you need is an infusion of cash. Just when you think it's time to throw in the towel you get a call from a company promising to help you get one of those low interest SBA loans. It sounds like the answer to your prayers. And all you have to do to get the ball rolling is give them some financial information.

This is when alarms should be going off in your head. As if small businesses don't have enough to worry about, in a tough economy, they are being victimized by a new twist on fraud. The [U.S. Small Business Administration \(SBA\)](#) has received several complaints about firms making false claims, engaging in abusive marketing practices, scams, and charging exorbitant fees to small businesses to help them apply for funds available through SBA programs. They include:

- Firms that charge small businesses high fees to provide assistance applying to SBA funding programs. These firms allegedly guarantee that the small business will obtain SBA funding if they paid the fee. The truth is that the SBA does not endorse or give preference to specific private companies or their clients.
- Firms that offer assistance and then charge small businesses for services they never requested after the small business has given them bank account and routing information. The SBA cautions small businesses to never provide social security numbers, bank account information, or credit card numbers to anyone; and, never over the telephone.
- Firms that tell a small business they will be receive a "forfeiture letter" making the small business ineligible for any SBA funding for three years if the small business refuses to use the firm's services.

Don't fall for these schemes. If you need assistance in applying for SBA funding programs, here are your options:

- You can obtain free assistance in person or by calling one of SBA's 68 District Offices and from information on [SBA's Web site](#). They can also get assistance from Small Business Development Centers, Women's Business Centers, Veterans Business Outreach Centers and SCORE Chapters, either free or for a reasonable fee. Location and contact information for the centers can be found on SBA's Web site.
- You should always ask for references and confer with trusted colleagues and institutions, such as the Better Business Bureau, when selecting service providers.
- If you are called by a firm promising to help you apply for an SBA loan you should clearly establish and document:
 1. What they are charging;

2. When you will be charged;
3. What you must do; and
4. What services you will receive.

The SBA's Office of the Inspector General will investigate and respond to all complaints. SBA encourages anyone with knowledge of a misrepresentation regarding SBA Business Loan Programs, or any other SBA program, to contact SBA OIG by calling the OIG Hotline toll-free at (800) 767-0385, or submitting an online report at the [SBA OIG Web page](#) and click the link for "Report Fraud Waste or Abuse."

Anyone who has a question regarding an SBA loan or any SBA program, may contact their local [SBA District Office](#), the [SBA Answer Desk](#) at 1-800-U-ASK-SBA (1-800-827-5722) or e-mail answerdesk@sba.gov.