

# Fraud Prevention and Other Guidance to Small Businesses Seeking Paycheck Protection Program (PPP) Loans

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As our economy faces the unprecedented impact of the COVID-19 outbreak, many small business owners are left scrambling to save their businesses and are looking for crucial funding relief to survive. During times of crisis, predatory lending practices and fraudsters can run rampant, preying on borrower's confusion and fear. Combined with the growing options to receive government-backed relief funding, including the Paycheck Protection Program, small businesses become prime targets for fraud and need a way to ensure that the lenders they are working with are responsible, regulated, and licensed.

There are a few steps small businesses should take to mitigate fraud or other risks during this crisis:

- 1) In searching for a PPP lender, check out signatories of the [Small Business Borrower's Bill of Rights](#) (BBOR). The Small Business Borrowers' Bill of Rights is a set of six fundamental rights that business owners seeking financing deserve. Lenders that sign onto the BBOR commit to following specific practices in order to uphold and protect those rights.

You can check whether a lender is a signatory to the BBOR here:

<http://www.borrowersbillofrights.org/signatories.html>

Or look for this logo on their website:



- 2) Never pay a broker or lender to help process or submit an application for a "Paycheck Protection Program (PPP)" or Emergency Injury Disaster Loan (EIDL) loan from the Small Business Administration. It is illegal to charge an applicant for processing and packaging. Lenders offering the PPP loan can only charge a borrower up to 1% interest, no other fees are allowed. If someone tries to charge for this service, please report to the [Federal Trade Commission \(FTC\)](#).
- 3) Be on the lookout for fraudsters who may disguise themselves as a trusted source to request sensitive information, ask for a transfer of funds, or perform other malicious activity via email or phone calls:
  - Double-check the "from" and "reply to" email addresses. Fraudsters may use an address that is very similar to a lender's email address, perhaps

using a “.cc” ending when the lender’s domain is “.com.”. They might even use identical logos and signature details.

- Don’t trust Caller ID. Phone numbers and caller identities can be faked. Trust your gut and never give out personal or financial information in response to unexpected calls.
  - Hang up on robocalls. Lenders will never call you with a pre-recorded message. If you get one of these calls, or any call you believe might not be authentic, don’t hit any buttons or answer questions.
- 4) If English is not your primary language, try to find a lender that provides language assistance in your native language and have someone bilingual that you personally know and trust help you read through all loan documents, attestations and certifications before signing anything so you are confident that you understand the terms and conditions.
- 5) If you are looking for official government information from a local, state or federal official or agency, make sure that the website ends in **.gov** and not .com or similar.

While all Paycheck Protection Program loans are the same, it is important to know that not all lenders are. The Responsible Business Lending Coalition (RBLC) is committed to promoting responsible practices in the small business lending industry and we believe now more than ever that small businesses need to be protected from predatory lenders. We applaud signatories of the BBOR and encourage small businesses to consider them for their financing needs.