

Scammers Obtain Fraudulent SBA Loans by Posing as Legitimate Companies

Description

When tragedy hits, there are always nefarious people who will try to profit. The ongoing COVID-19 pandemic is no exception.

There have been recent instances in which scammers have successfully used publicly available information of unsuspecting companies to fraudulently apply for Economic Injury Disaster Loans from the Small Business Administration (SBA). In one example, a UCC search performed on an entity in advance of a closing returned an unexpected UCC-1 filing in favor of the SBA.

The good news is that once the SBA was informed, it took steps to discharge the UCC and provided assurances that the company would not be responsible for repayment of the fraudulent loan. Resolution of these issues, however, can take some time and could delay a closing.

Therefore, the [Business Law Group](#) at Partridge Snow & Hahn encourages clients to be vigilant and perform UCC searches on their businesses to ensure that there have been no unexpected filings. We are available to assist with performing such searches and with guiding clients through the process of dealing with the SBA and having any unexpected UCC filings discharged.

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