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December 31, 2020

The CARES Act – Lenders Beware



The financial institutions, thrust as emergency lenders into the middle of loan programs under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), will necessarily also be in the middle of government fraud investigations that Congress has made clear will follow. Even given the laudably urgent nature of the program and the apparently limited duties of lenders under the Act, how those lenders handle loan applications and certifications will have profound implications for their efforts to navigate the investigations to come.

In passing the CARES Act, Congress has sent a clear message: Fraud in the procurement and use of CARES Act loans and grants will be aggressively investigated and prosecuted. To that end, it created the Office of the Special Inspector General for Pandemic Recovery ("SIGPR"), modeled after the Office of the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP"), which was created to investigate fraud after the Great Recession.

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