[redacted]

From: Zeno, Thomas E. [redacted]
Sent: Wednesday, June 23, 2021 5:53 PM
To: [redacted]
Cc: [redacted]
Subject: Re: Select Subcommittee on the Coronavirus Crisis – Rapid

Hello [redacted],

Thank you for the opportunity to provide additional information related to the EILD program. Below is the information responding to the requests. For your convenience, the requests are repeated as well.

Please feel free to contact me if you have other requests.

Best regards,
Tom

For perspective when evaluating the number of applications listed in the responses below, EIDL has received

- **13,061,211** non-duplicative applications as of June 11, 2021;
- **4,845,429** non-duplicative applications as of April 30, 2020

In addition, the number of applications listed in the responses below does not include applications that are pending in the system prior to a decision about them.

1. How many **total** EIDL applications were (i) recommended for "auto approval" or approval without manual review,

The system was structured so there would always be a level of manual review. However, based on process rules set by the SBA some applications bypassed the loan officer stage and went directly to a Team Lead for approval. The total number of applications routed directly to a Team Lead were:

Total to date (6/11/21): **1,560,324;**
Total through 4/30/20: **9,518.**

(ii) recommended for manual review by a loan officer or reviewer,

Every application was subject to manual review either by a loan officer and a Team Lead or just a Team Lead. The total number of applications that were reviewed by loan officers (prior to a Team Lead reviewing) were:

Total to date (6/11/21): **4,723,833**;
Total through 4/30/20: **41,773.**

(iii) recommended for declination,

Total to date (6/11/21): **3,633,228**;
Total through 4/30/20: **276,955**.

(iv) auto declined without loan officer review?

Total to date (6/11/21): **2,731,326**;
Total through 4/30/20: **164,803.**

2. How many **total** EIDL applications that were recommended for manual review by a loan officer or reviewer were ultimately approved?

   Total to date (6/11/21): **2,171,517** out of 4,723.833 applications (see response (ii) above);
   Total through 4/30/20: **28,677** out of 41,733 applications (see response (ii) above).

3. How many EIDL applications were flagged with a fraud alert as originating from an IP address associated with potential fraud (*See* Rapid-CSC000308)? How many such applications were flagged through April 30, 2020?

While some IP address indicators appear under the "fraud alerts" icon, the indicators indicate simply high risk behavior, international higher risk location or proxy usage. They are an alert to the loan officer and Team Lead to review these factors carefully but are not by themselves an indicator of fraud. These alerts are determined in real time by the system when an application is accessed by a user, so the indicators may appear prior to or after approval. Because the data changes over time when users interact with the application in the system, we do not have historical data to confirm percent of deals with IP address indicators prior to approval.

Second, we received records reflecting Rapid Decision's apparently regular system "Enhancements" that span the course of the EIDL program. *See* Rapid-CSC0000201-307. We have a specific question, however, related to whether Rapid made continuous improvements or updates to its system to improve the detection of EIDL applications from IP addresses associated with potential fraud. Please respond to the below:

4. Did Rapid use any process to continuously update the IP addresses that would be flagged as associated with fraud? If so, please describe that process. Specifically explain whether indications that numerous applications originated from a specific IP address or other indications that EIDL applications from a specific IP address were fraudulent would result in the Rapid system flagging future applications from such an IP address with a fraud alert.

If a loan officer or Team Lead declines a loan for a fraud reason, that information will propagate to other related applications, including when applications are related by IP address. This is visible in the loan officer view of the system in the related applications table for all applications sharing that IP address as soon as the first application is marked as fraudulent by a loan officer. This feature continually updates if additional applications are marked as fraudulent by a loan officer or Team Lead. This functionality was described and shown to the subcommittee during the March 3, 2020 system demonstration given by Rapid Finance and Rocket Loans.
We were not requested to build functionality to identify all applications sharing an IP address as being potentially fraudulent. There are various scenarios where multiple eligible (and ineligible) applications can be submitted from the same IP address. However, the related applications functionality described earlier in this answer indicates when the IP address of an application shares the same IP address with any other application and lists all such applications as related by IP address. Therefore, if the SBA loan officer or Team Lead determines an application is fraudulent, the system will identify all applications potentially related to that loan based on a shared IP address.

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