

News Release

PRESS OFFICE

Release Date: September 12, 2005
Release Number: 05-52

Contact: Raul E. Cisneros (202) 205-7654
Internet Address: <http://www.sba.gov/news>

GAO Finds SBA Played ‘A Key Role’ In Assisting Small Businesses After 9/11 Attacks

WASHINGTON – A Government Accountability Office (GAO) report issued last year found that the U.S. Small Business Administration (SBA) “played a key role in assisting small businesses affected by the September 11, 2001, terrorist attacks...” and acted appropriately in delivering the loans to small businesses.

The GAO report (GAO-04-885) also found that the SBA’s disaster loan program “followed its policies and procedures in making these disaster loans.”

Contrary to recent media reports, no qualified loan applicants for SBA disaster relief after the 9/11 terrorist attacks were denied loans.

The Economic Injury Disaster Loan program, SBA’s low-interest disaster recovery loan program operated by the SBA, provided 11,324 direct loans for a total of \$1.1 billion to small businesses directly impacted by 9/11. Of the total number of loans, 6,083 were made in the New York City area.

A separate nationwide guaranty loan program related to the economic effects of the 9/11 attacks, which has been criticized in recent media reports, was mandated by Congress as a way to assist small businesses across the country that were adversely affected by the attacks and their aftermath. Loans under this program, known as Supplemental Terrorist Activity Relief (STAR), were made at market interest rates by participating lenders.

The STAR program was separate and distinct from the regular, direct disaster loan program noted above, was funded separately, and had no effect on the number or the dollar amount of loans provided to eligible businesses through SBA’s direct disaster loan program.

Under the STAR program, 8,202 guaranteed loans were guaranteed, totaling \$3.7 billion. The program lasted for only one year, starting in January 2002.

“After 9/11, the SBA was doing all it could to help small businesses, not only in the areas directly affected by the terrorist attacks, but across the country as well,” said SBA Administrator Hector V. Barreto. “With respect to the STAR program, we consider it to have been a success, despite recent sensational and distorted reports in the media. We are confident that the SBA implemented the program in the way that Congress intended, and did so in an open and above-board manner.”

###