

# Biden's supercharged corrupt federal contracting pipeline targeted for freeze after bribery bust, undercover sting

Small Business Committee chair points to Justice Department bust involving \$550M in taxpayer contracts

By [Emma Colton](#)

**EXCLUSIVE:** Republican Iowa Sen. Joni Ernst, who chairs the [Senate](#) Small Business Committee, is urging 24 federal agencies to halt funding for a Biden-expanded program for "socially and economically disadvantaged" business owners now under fire for alleged fraud and corruption, Fox News Digital has learned.

"Despite concerns with the 8(a) program, [Joe Biden](#) opened the floodgates to fraud," Ernst told Fox News Digital about the program. "I have found evidence of alarming, potentially fraudulent 8(a) awards made across government that need to be investigated. The program must be halted at every agency while a thorough review is conducted to ensure taxpayers are not being ripped off by con artists. Tax dollars designed to help small businesses must actually benefit all small businesses."

The federal government's 8(a) program is an initiative under the Small Business Administration (SBA) to assist "socially and economically disadvantaged" small businesses, according to the agency's website,

including training and counseling, and exclusive access to federal contracting opportunities.

Ernst sent letters to the chiefs of 24 federal agencies that have established 8(a) programs — stretching from Transportation Secretary Sean Duffy to Department of Homeland Security Secretary [Kristi Noem](#) — calling on them to halt funding amid fraud concerns.

### **FEDERAL PROBE TARGETS ALLEGED MINNESOTA SOMALI FRAUD 'NETWORK' AS COVID-AID CRIME RINGS PERSIST**

**Republican Iowa Sen. Joni Ernst calls on 24 federal agencies to halt funding for the 8(a) program amid fraud concerns that emerged under the Biden administration. (Reuters)**

"The SBA's 8(a) program is the largest set-aside program at the agency, which dished out \$40+ billion in contract awards during fiscal year 2024 (FY 24) alone," Ernst wrote in the letters. "Yet decades of Government Accountability Office (GAO), SBA's Office of Inspector General, and DOJ probes expose the same rot. Sloppy oversight and weak enforcement measures allow 8(a) participants to act as pass-through entities, snagging unlimited no-bid deals with little transparency.<sup>4</sup> Every loophole guts public trust and rigs the system against honest competitors."

Ernst's office later clarified on Monday that there was "25+ billion" in contract awards during fiscal year 2024.

Ernst said the Biden administration tripled the initiative's contracting goals from an original aim of awarding 5% of federal contracts to 8(a) companies, up to 15% during his tenure. Ernst pointed to a recent Department of Justice bust in her push to halt funding, as well as an October guerrilla-style sting interview conducted by [James O'Keefe](#) that allegedly uncovered an 8(a) firm admitting "to Violating Federal Law, Using Minority-Owned Status as a Front to Obtain \$100M+ No-Bid Government Contracts While Outsourcing 80% of the Work."

The [Department of Justice](#) in June arrested four individuals in Maryland and Florida for running an alleged decade-long bribery scheme involving at least 14 8(a) contracts worth over \$550 million in U.S. taxpayer dollars. One of the four men arrested was a government contractor for the United States Agency for International Development, according to the Department of Justice. The men pleaded guilty in the scheme.

### **COMER TARGETS WALZ IN NEW HOUSE INVESTIGATION, CITING NEARLY \$1B IN ALLEGED MINNESOTA FRAUD**

The scheme involved bribes such as cash, NBA tickets and a country club wedding, Fox News chief Washington correspondent Mike Emanuel reported in June.

SBA Chief Kelly Loeffler ordered a full audit of all government contracting officers who have exercised grant-awarding authority under the agency's business development program over the past 15 years back in June. She said the agency's audit would begin with high-dollar and limited competition contracts within SBA's 8(a) business development program.

Loeffler, following O'Keefe's investigation, opened an investigation related to that contract, she reported on X in October.

**"Despite concerns with the 8(a) program, Joe Biden opened the floodgates to fraud," Sen. Joni Ernst told Fox News Digital about the program. (Al Drago/Bloomberg via Getty Images)**

The 8(a) program is facing intensifying heat after Secretary of the Treasury Scott Bessent announced "a comprehensive audit of all contracts and task orders awarded under preference-based contracting, totaling approximately \$9 billion in contract value across Treasury and its bureaus" in November.

The audit is focused on the "Small Business Administration's 8(a) Business Development Program, and other initiatives that provide

federal contracting preferences to certain eligible businesses," the department reported at the time.

That same month, Ernst introduced legislation, "Stop 8(a) Contracting Fraud Act," to halt funding to all new no-bid awards until a thorough audit and report of the program is conducted.

Loeffler additionally sent letters to all 4,300 8(a) contractors across the federal government, which ordered "them to produce financial records as part of a comprehensive effort to root out fraud, waste, and abuse," she posted to X Friday.

"Evidence indicates that the 8(a) Program, initially designed for 'socially and economically disadvantaged' businesses, has become a pass-through vehicle for rampant abuse — especially during the Biden Administration, which aggressively prioritized DEI over merit in federal contracting," [Loeffler added](#).  
**[BLUE STATES BLASTED FOR FUNNELING MILLIONS IN SNAP CASH FOR FAST FOOD MEALS](#)**

"While there's no doubt that the Biden Administration's indifference toward 8(a) program integrity enabled swindlers and fraudsters to treat federal contracting programs like personal piggy banks, 8(a) program flaws have raised alarm bells for decades," Ernst continued in her letters.

**Small Business Administrator Kelly Loeffler additionally sent letters to all 4,300 8(a) contractors across the federal government, which ordered "them to produce financial records as part of a comprehensive effort to root out fraud, waste, and abuse." (Aaron Schwartz/CNP/Bloomberg via Getty Images)**

Ernst is calling on the chiefs of the 24 agencies to pause contracting, [audit current](#) contracts, review set-aside contracts awarded by the respective agencies since fiscal year 2020 and to report to the Senate Committee on Small Business and Entrepreneurship with any findings by Dec. 22.

Fox News Digital reached out to Biden's office regarding his administration's expansion of the program and recent investigations into alleged fraud schemes, but did not immediately receive a reply.