

# Paycheck Protection Program Forgiveness Litigation

Through three phases of the Paycheck Protection Program (PPP), lenders and borrowers navigated an uncertain and constantly shifting regulatory landscape governing the disbursement of \$800 billion in emergency loan funds to nearly 12 million borrowers. Now, with lending closed, borrowers and lenders face new challenges seeking and achieving forgiveness of those loans with the Small Business Administration (SBA) questioning borrowers' use of loan funds and retroactively challenging borrowers' initial loan eligibility.

For many borrowers, government examination of forgiveness applications may lead to costly denials that trigger repayment obligations and, in some cases, administrative and criminal investigation. For lenders, SBA forgiveness denials could bring into question lenders' origination and forgiveness processes and their own compliance with PPP guidelines.

Borrowers facing increased scrutiny have options for challenging SBA forgiveness decisions and defending against further government investigation into their loans through appellate procedures in the Office of Hearing and Appeals and challenges in federal courts.

## **Ballard Spahr's PPP Defense Team**

Our attorneys, litigation and transactional alike, have deep experience addressing agency decisions and defending against government enforcement actions—including assisting lenders with implementing their PPP lending and forgiveness programs and assisting borrowers with seeking loans and forgiveness, litigating adverse forgiveness decisions, and defending against government enforcement actions.

Drawing on the experience and skill of attorneys across practices—including white collar defense, business and transactions, anti-money laundering, government relations, commercial litigation, and consumer financial services—we successfully represent PPP participants

### **Our Services Include:**

- Compliance policy/program counseling, design, and implementation
- SBA forgiveness decision appeals
- Internal investigations
- Defending government enforcement actions
- Private-party litigation
- Subpoena/audit response

by pursuing appeals of SBA loan decisions through administrative proceedings, challenging SBA action in federal court, and defending borrowers who become subjects of government investigation in both administrative and criminal proceedings.

Our attorneys help lenders ensure their loan programs are compliant with all applicable laws and regulations—including SBA rules, fair lending laws, and the Bank Secrecy Act. We also assist lending clients with responding to government inquiries and defending challenges to PPP lending and forgiveness decisions.

## Contacts

**Amy L. Arndt**

*Sioux Falls Office Managing Partner  
Practice Leader, Owner-Managed and Closely  
Held Businesses Group  
arndta@ballardspahr.com  
605.978.5202*

**Terence M. Grugan**

*White Collar Defense/Internal Investigations,  
Anti-Money Laundering  
grugant@ballardspahr.com  
215.864.8320*