Lender Beware: Mitigating Risks in Lending Stimulus Funds to Small Businesses

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Speakers
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Overview

The US government has asked financial institutions to play a critical role in the distribution of $660 billion in loans and grants to small businesses under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) but this critical role carries with it a wide array of risks. Banks may find themselves in the crosshairs of criminal investigations and prosecutions, and private or government civil litigation, including False Claims Act lawsuits where banks may face treble damages. This is particularly true in light of the recent spate of announcements that CARES Act recipients will be audited, class action lawsuits have been filed against financial institutions, and borrowers under the CARES Act have been charged with crimes.

Topics for discussion include:

- Role of financial institutions in the distribution of CARES Act funding
- Potential risks to financial institutions from criminal investigations and prosecutions
- Lessons learned from TARP-era prosecutions
- Potential risks to financial institutions from private and government civil litigation, including class action and False Claims Act lawsuits
- Role of financial institution whistleblowers in criminal and civil cases
- Best practices for financial institutions to avoid criminal and civil exposure

Steptoe Speakers:
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