




Office of Inspector General

Board of Governors of the Federal Reserve System
Bureau of Consumer Financial Protection

MEMORANDUM

DATE: April 14, 2021

TO: Mark E. Van Der Weide
General Counsel
Board of Governors of the Federal Reserve System

FROM: Khalid Hasan 
Senior OIG Manager for Information Technology
Office of Information Technology

SUBJECT: Results of Analytical Testing of the Board’s Publicly Reported Data for the Main Street Lending Program

Executive Summary

We are issuing this memorandum to document inaccuracies that we identified in the Board of Governors of the Federal Reserve System’s publicly reported transaction disclosure data for the Main Street Lending Program (MSLP). Specifically, we identified several inaccurate city and state data points affecting a limited number of published loan transactions for the MSLP. We identified these inaccuracies during the survey phase of our ongoing evaluation of third-party cybersecurity risk management processes for vendors supporting the MSLP and the Secondary Market Corporate Credit Facility (SMCCF). After informing Board and Federal Reserve System officials of these inaccuracies, they took immediate steps to address them and update the Board’s public reporting.¹

Our final report for this evaluation may include recommendations related to the issues described in this memorandum. This memorandum is provided for informational purposes, and a response is not required.

Background

In response to the economic effects of the COVID-19 pandemic, the Board established several emergency lending programs and facilities to provide loans to employers, certain businesses, and communities across

¹ The Board published corrections to the majority of these inaccuracies in its periodic report to Congress dated March 11, 2021. This report can be found at <https://www.federalreserve.gov/publications/files/pdcb-mmlf-cpff-pmccf-smccf-talf-mlf-ppplf-msnlf-mself-msplf-nonlf-noelf-03-11-21.pdf#page=8>. Board officials informed us that the remaining inaccuracies would be corrected in the report dated April 9, 2021.

the country to support the U.S. economy.² The Coronavirus Aid, Relief, and Economic Security (CARES) Act authorizes the U.S. Department of the Treasury to invest in these facilities established by the Board. Further, section 4026 of the CARES Act mandates the public reporting of information about the government's pandemic response. Specifically, this section requires the Board to provide reports to Congress on outstanding loan and guarantee programs every 30 days, among other things.³ These reports are to be publicly released within 7 days of delivery to Congress.⁴ To meet CARES Act reporting requirements, the Board provides periodic updates on each of the lending facilities, including the MSLP, established under section 13(3) of the Federal Reserve Act at least every 30 days.

Main Street Lending Program

The Board established the MSLP to support lending to small and medium-sized for-profit businesses and nonprofit organizations across the United States. A key purpose of the MSLP, which terminated on January 8, 2021, was to provide additional credit to assist companies that were in sound financial condition prior to the onset of the COVID-19 pandemic in maintaining their operations and payroll until conditions normalize. Specifically, the Board designed the MSLP to support small and medium-sized businesses that were unable to access the Paycheck Protection Program (PPP) or that required additional financial support after receiving a PPP loan.

The Federal Reserve Bank of Boston (FRB Boston) administers the MSLP and established a special purpose vehicle to purchase loan participations from eligible lenders across the United States. The MSLP operated through five facilities:

- **Main Street New Loan Facility (MSNLF).** The MSNLF was established on April 8, 2020, to facilitate lending to small and medium-sized for-profit businesses by eligible lenders. These lenders would extend new 5-year term loans ranging in size from \$100,000 to \$35 million to eligible borrowers.
- **Main Street Expanded Loan Facility (MSELF).** The MSELF was established on April 8, 2020, to facilitate lending to small and medium-sized for-profit businesses by eligible lenders. These lenders would increase, or upsize, an eligible borrower's existing term loan or revolving credit facility. The upsized tranche is a 5-year term loan ranging in size from \$10 million to \$300 million.
- **Main Street Priority Loan Facility (MSPLF).** The MSPLF was established on April 30, 2020, to facilitate lending to small and medium-sized for-profit businesses by eligible lenders. These lenders would extend new 5-year loans ranging in size from \$100,000 to \$50 million to eligible borrowers.
- **Nonprofit Organization New Loan Facility (NONLF).** The NONLF was established on July 16, 2020, to facilitate lending to nonprofit organizations by eligible lenders. These lenders would extend new 5-year term loans ranging in size from \$100,000 to \$35 million to eligible borrowers.

² The Board established these emergency lending facilities under section 13(3) of the Federal Reserve Act (12 U.S.C. § 343).

³ Section 4026 of the CARES Act requires the Board to submit reports on any programs or facilities it establishes to the Senate Committee on Banking, Housing and Urban Affairs and the House Financial Services Committee.

⁴ These public reports can be found at <https://www.federalreserve.gov/monetarypolicy/mainstreetlending.htm>.

- **Nonprofit Organization Expanded Loan Facility (NOELF).** The NOELF was established on July 16, 2020, to facilitate lending to nonprofit organizations by eligible lenders. These lenders would increase, or upsize, an eligible borrower's existing term loan or revolving credit facility. The upsized tranche is a 5-year term loan ranging in size from \$10 million to \$300 million.

Objectives, Scope, and Methodology

In February 2021, we announced an evaluation of third-party cybersecurity risk management processes for vendors supporting the MSLP and the SMCCF. As part of our objective, we plan to evaluate the risk management processes designed to ensure that effective information security and data integrity controls are implemented by the third parties supporting the administration of the MSLP and SMCCF. We are currently conducting survey work to solidify our objectives, scope, and methodology.

As part of our ongoing planning work, we reviewed the February 2021 periodic report provided to Congress detailing updates on each of the Board's established lending facilities, as of January 31, 2021. In addition, we reviewed the February 2021 transaction-specific disclosures for applicable lending facilities, as available.⁵ For the MSLP, we used an analytics and visualization tool to perform data accuracy and completeness checks of specific demographic data to identify invalid city-state combinations. Further, we compared the MSLP transaction disclosure data to other publicly available data sets to determine whether there were any inaccuracies. We followed up on any locations that were either not recognized by the data visualization tool or did not align with publicly available data sources. In addition, we met with relevant Board and FRB Boston officials to discuss the identified inaccuracies.

Demographic Data Inaccuracies in the Board's Publicly Reported Transaction Disclosure Data for the MSLP

We found inaccurate city and state data points that were published in the transaction-specific disclosures for the MSLP. Specifically, within the MSLP transaction disclosures, we identified 43 inaccurate borrower city or state data points affecting 45 of the 1,830 published loan transactions⁶ (approximately 2.5 percent). We noted three main types of inaccuracies for this information: (1) invalid city-state combinations (for example, New York, DC), (2) misspellings, and (3) inaccuracies based on OIG research and analysis. Full details on the identified data inaccuracies are available in the attachment to this memorandum.

After notifying Board and FRB Boston officials of these data inaccuracies, they initiated a review to determine whether any other discrepancies existed within the publicly reported MSLP data. In addition, these officials informed us that 33 of the MSLP inaccuracies were the result of either lender error or a configuration limitation for one of the systems involved in loan data entry (this system has a 15-character limit in the city field). Another 7 MSLP inaccuracies were confirmed to be errors originating from manual intervention by FRB Boston personnel. FRB Boston officials informed us this was due to the highly manual

⁵ Transaction-specific disclosures were published on the Board's public website for the Term Asset-Backed Securities Loan Facility, the SMCCF, the Municipal Liquidity Fund, the PPP Liquidity Facility, the MSELF, the MSNLF, the MSPLF, and the NONLF.

⁶ In two instances, two separate MSLP transactions had the same city or state data point inaccuracies.

process during the initial reporting phase and multiborrower inputs that resulted in human error. In the Board's latest periodic report to Congress, dated March 11, 2021, we noted that the agency had corrected the majority of inaccuracies that we identified.⁷ FRB Boston is still working to confirm and correct the remaining inaccuracies. We plan to follow up on these actions as part of our ongoing evaluation.

Ensuring the accuracy of publicly reported lending programs and facilities data, including MSLP data, will provide the Board with greater assurance that it is meeting the needs of the public and Congress. We are not issuing formal recommendations in this memorandum. As part of our ongoing evaluation, we intend to further evaluate the controls in place for the systems and processes involved in the reporting of MSLP and SMCCF data.

Closing

We are reporting these data inaccuracies prior to the completion of our evaluation so that you can take any additional corrective actions on the Board's public reporting under the CARES Act that may be needed. A formal response to this memorandum is not required. Our associated evaluation report may include recommendations related to the issues described in this memorandum.

We appreciate the cooperation we received from Board and FRB Boston officials during this review. If you have any questions concerning the matters discussed in this memorandum, please contact Paul Vaclavik, OIG manager for information technology, or me.

Attachment

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⁷ In the March 11, 2021, report, 36 of the 45 transactions we identified as potentially containing inaccurate city or state data points had been corrected, as was 1 additional inaccuracy identified as a part of FRB Boston's full review. FRB Boston officials informed us that 5 of the transactions we identified did not require a change based on the information that was available. The periodic report contained a note disclosing the nature of the updates that were made. Board officials informed us that the remaining inaccuracies would be corrected in the report dated April 9, 2021.

Attachment**Additional Details**

Table 1 details the data inaccuracies identified for the MSLP described in this memorandum. Specifically, the table details the inaccurate borrower city-state data points that were identified within the publicly reported MSLP transaction disclosures.

Table 1. Inaccurate Borrower City-State Data Points for Publicly Reported Transaction Disclosures for the MSLP

Facility	Borrower name ^a	Borrower city	Borrower state	Type of error	OIG analysis ^b
MSELF	Finley Production Co LP	Fox Worth	TX	Misspelling	Fort Worth, TX
MSNLF	Four Queens, LLC	Las Vegas	2. WA	Invalid city-state combination	Las Vegas, NV
MSNLF	A L Silencer Inc.	Nebraska	NE	Invalid city-state combination	Stapleton, NE
MSNLF	SuperStar Holdings, Inc.	New York	WY	Invalid city-state combination	New York, NY
MSNLF	Sparks Marking Group, Inc.	Pennsylvania	PA	Invalid city-state combination	Philadelphia, PA
MSNLF	Freedom Solar LLC	Texas	TX	Invalid city-state combination	Austin, TX
MSNLF	Micronoc Incorporated	Rancho Cucamong	CA	Misspelling	Rancho Cucamonga, CA
MSNLF	Royal Paper Corporation	Santa Fe Spring	CA	Misspelling	Santa Fe Springs, CA
MSNLF	U.S. Construction Corp.	Virginia Garden	FL	Misspelling	Virginia Gardens, FL
MSNLF	1. World Travel Group Inc.	Mooachie	NJ	Misspelling	Moonachie, NJ

Facility	Borrower name ^a	Borrower city	Borrower state	Type of error	OIG analysis ^b
	2. Central Holidays Inc.				
	3. Travel Auto International Inc.				
MSNLF	1. 1st All Data Recovery, LLC	Warrensville	OH	Misspelling	Warrensville Heights, OH
	2. I & D Belkin, LLC				
	3. 1st All File Recovery USA, Inc.				
MSPLF	T.O. CW, LLC	California	CA	Invalid city-state combination	Thousand Oaks, CA
MSPLF	Aqueos Corporation	Houston	CA	Invalid city-state combination	Unknown ^c
MSPLF	The Brunswick School of Jersey City Limited Liability Company	Jersey City	FL	Invalid city-state combination	Jersey City, NJ
MSPLF	1. Preferred Networks Inc.	Lake Tahoe	NV	Invalid city-state combination	1. Yerington, NV
	2. Pathfinders USA Inc.				2. Winnemucca, NV
MSPLF	Bisnow, LLC	New York	DC	Invalid city-state combination	New York, NY
MSPLF	New Dominion, LLC	Oklahoma	OK	Invalid city-state combination	Unknown ^d
MSPLF	Discovery Builders Tennessee, LLC	Scottsdale	DE	Invalid city-state combination	Scottsdale, AZ
MSPLF	North Star HVAC, LLC	St. Louis	UT	Invalid city-state combination	Ogden, UT
MSPLF	1. Frank Martz Coach Company	Tuxedo	MA	Invalid city-state combination	Tuxedo, MD

Facility	Borrower name ^a	Borrower city	Borrower state	Type of error	OIG analysis ^b
	2. National Coach Works, Inc.				
	3. Gold Line, Inc.				
	4. National Coach Works, Inc. of VA				
	5. Gold Line, Inc. of VA				
	6. FH Family, L.P.				
	7. FMH Leasing				
	8. First Class Coach Company, Inc.				
MSPLF	Milestone Electric, Inc.	Garland	LA	Invalid city-state combination	Garland, TX
MSPLF	Blue Road LLC	Bay Harbor	FL	Invalid city-state combination	Bay Harbor Islands, FL
MSPLF	Super C Group, LLC	Bloomfield Hill	MI	Misspelling	Bloomfield Hills, MI
MSPLF	Northwoods Entertainment LLC	Bloomfield Hill	MI	Misspelling	Bloomfield Hills, MI
MSPLF	Machine Build Technologies LLC	Colorado Spring	CO	Misspelling	Colorado Springs, CO
MSPLF	West Boynton Auto Services Inc D/B/A Hagen Ranch Shell	Coconut Greek	FL	Misspelling	Coconut Creek, FL
MSPLF	1. Northland Restaurant Group, LLC	Eau Clarie	WI	Misspelling	Eau Claire, WI
	2. Northland Investors, LLC				
	3. Northland Investments, LLC				

Facility	Borrower name ^a	Borrower city	Borrower state	Type of error	OIG analysis ^b
	4. UP North, LLC				
MSPLF	Cinch Energy Services LLC	Granada	TX	Misspelling	Ganado, TX
MSPLF	Skyport Hospitality, LLLP	Greenwood Villa	CO	Misspelling	Greenwood Village, CO
MSPLF	Gretna Sports Bar, Inc.	Metaire	LA	Misspelling	Metairie, LA
MSPLF	SeaTec Consulting Inc.	Norcoss	GA	Misspelling	Norcross, GA
MSPLF	M10 Motors, LLC	North Olmstead	OH	Misspelling	North Olmsted, OH
MSPLF	DiLorenzo Operating Entity Holding Co., LLC	Porstmouth	NH	Misspelling	Portsmouth, NH
MSPLF	1. Flat Creek Excavating, LLC	Reed Springs	MO	Misspelling	Reeds Spring, MO
	2. Ozark Mountain Crushing & Screening, LLC				
MSPLF	L Tech Network Services, Inc.	Santa Fe Spring	CA	Misspelling	Santa Fe Springs, CA
MSPLF	Georgia Theatre Company-II	St Simons Islan	GA	Misspelling	St. Simons Island, GA
MSPLF	Redwood Investment Management, LLC	Scottdale	AZ	Misspelling	Scottsdale, AZ
MSPLF	TLT Trucking, LLC	Stateboro	GA	Misspelling	Statesboro, GA
MSPLF	Gumps, LLC	Las Vegas	NV	Inaccurate based on OIG research and analysis	San Francisco, CA

Facility	Borrower name ^a	Borrower city	Borrower state	Type of error	OIG analysis ^b
MSPLF	Mayorga Organics LLC	St. Petersburg	FL	Inaccurate based on OIG research and analysis	Rockville, MD
MSNLF	Indiana Center for Recovery LLC	Wilmington	DE	Inaccurate based on OIG research and analysis	Bloomington, IN ^c
MSPLF	Parkway Dental Services LLC	Hudson	FL	Inaccurate based on OIG research and analysis	Pennsauken, NJ
MSPLF	Hatch Stamping Company LLC	Southlake	TX	Inaccurate based on OIG research and analysis	Chelsea, MI
MSPLF	CL2 Orlando, LLC	Miami Beach	FL	Inaccurate based on OIG research and analysis	Kissimmee, FL
MSPLF	T-12 Three, LLC	Newport Beach	CA	Inaccurate based on OIG research and analysis	San Diego, CA

Source: OIG analysis of publicly reported MSLP loan transaction data.

^a Instances in which multiple borrower names are listed for a single row indicate that those loans had multiple coborrowers.

^b Based on our analysis and independent research of the MSLP borrower names, we attempted to identify the most likely correct city-state combination. Board officials should confirm this information as part of the corrective actions taken.

^c Based on our analysis and independent research of the Aqueos Corporation, we identified three potential locations in Santa Barbara, CA; Carpinteria, CA; or Ventura, CA.

^d Based on our analysis and independent research of New Dominion, LLC, we identified two potential locations in Seminole, OK, and Tulsa, OK.

^e FRB Boston's analysis determined the correct location for this borrower to be West Palm Beach, FL.