

April 30, 2020

The Honorable Steven Mnuchin  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, D.C. 20220

The Honorable Jovita Carranza  
Administrator  
Small Business Administration  
409 3rd Street SW  
Washington D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza:

On April 16, 2020, the Small Business Administration announced the Paycheck Protection Program's initial tranche of \$349 billion had been exhausted. During the program's first 13 days in operation, SBA guaranteed 1,661,367 loans processed by 4,975 lenders across the country.<sup>1</sup> The first phase of PPP loans supported more than 30 million jobs, according to the Treasury Department.<sup>2</sup> Yet, it is now clear that some businesses that had the ability to access other sources of liquidity received PPP loans to the detriment of smaller employers and their workers with a more urgent need.

To that end, SBA has issued a supplemental interim final rule and guidance stating applicants must consider access to other sources of liquidity before certifying the "[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant."<sup>3</sup> SBA's interim final rule also gave existing borrowers a window of opportunity, until May 7, 2020, to return funds that did not meet the "necessary" requirement.<sup>4</sup> SBA indicated any such certification of need would be deemed to have been made in good faith if the funds are repaid by that date.<sup>5</sup> In other words, SBA will forego civil, or even criminal, enforcement against applicants who filed mistaken certifications if the funds are returned within that time frame.

Several PPP loan recipients have already availed themselves of the safe harbor provision, including the Los Angeles Lakers, the Potbelly Corporation, Ruth's Chris Steak House, and

---

<sup>1</sup> SBA Paycheck Protection Program (PPP) Report (Apr. 16, 2020), <https://www.sba.gov/sites/default/files/2020-04/PPP%20Deck%20copy.pdf>.

<sup>2</sup> Renae Merle, Aaron Gregg and Ben Golliver, *SBA program reopens with new glitches and new scrutiny after NBA franchise returns loan funds*, WASH. POST, Apr. 27, 2020.

<sup>3</sup> SBA Paycheck Protection Program FAQs, FAQ 31 (Apr. 26, 2020), <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

The Honorable Steven Mnuchin  
The Honorable Jovita Carranza  
April 30, 2020  
Page 2

Shake Shack.<sup>6</sup> Those funds can now be repurposed to support businesses that have no other sources of funding.

In addition, the Paycheck Protection Program resumed yesterday with \$310 billion in new funding. In restarting, the Administration made clear that businesses with alternatives to PPP loans should not apply. Secretary Mnuchin further confirmed that every PPP loan in excess of \$2 million will be fully audited.<sup>7</sup> We appreciate the Secretary's commitment to scrutinize this loan and category and we respectfully urge you to make those findings public when appropriate.

Meanwhile, to help the Committee further understand the scope of funds repaid pursuant to SBA's safe harbor provision and the inventory of loans that will be subject to a full audit by the Treasury Department, please provide the following information as soon as practicable after May 7, 2020:

1. A list of businesses that fully repaid PPP loans on or before May 7, 2020, to include the loan amount for each business.
2. A list of businesses that received PPP loans in excess of \$2 million that were not repaid on or before May 7, 2020.

Thank you for your attention to this important matter. Please contact the Republican staff of the Financial Services Committee at (202) 225-7502 with any questions about this request.

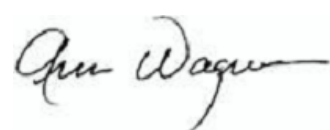
Sincerely,



Andy Barr  
Ranking Member  
Subcommittee on  
Oversight and Investigations



Patrick McHenry  
Ranking Member



Ann Wagner  
Vice Ranking Member

cc: The Honorable Maxine Waters, Chairwoman

---

<sup>6</sup> Jim Zarroli, *Even The Los Angeles Lakers Got A PPP Small Business Loan*, NPR, Apr. 27, 2020, <https://www.npr.org/sections/coronavirus-live-updates/2020/04/27/846024717/even-the-la-lakers-got-a-ppp-small-business-loan>.

<sup>7</sup> Lauren Hirsch, *Small business loans above \$2 million will get full audit to make sure they're valid, Mnuchin says*, CNBC, Apr. 28, 2020, <https://www.cnbc.com/2020/04/28/small-business-loans-above-2-million-will-get-full-audit-to-make-sure-theyre-valid-mnuchin-says.html>.