

**Congress of the United States**  
**Washington, DC 20515**

May 11, 2020

The Honorable Gene L. Dodaro  
Comptroller General  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, D.C. 20416

Dear Comptroller General Dodaro:

We write to request that the U.S. Government Accountability Office (GAO) investigate the allocation of loans under the *Coronavirus Aid, Relief, and Economic Security (CARES) Act's* Paycheck Protection Program (PPP) to large, publicly traded companies.<sup>1</sup>

The PPP loans were created to help small businesses that have suffered financially as a result of the coronavirus outbreak because of stay-at-home orders. Businesses are eligible for PPP loans if they have 500 or fewer employees, or if the business meets applicable Small Business Association (SBA) employee-based size standards for that industry.<sup>2</sup> For example, an oil and gas extraction company qualifies as a small business if at 1,250 employees or less.<sup>3</sup> A winery with 1,000 employees or less also constitutes a small business under SBA standards.<sup>4</sup>

An additional carve out in the statute also allows businesses that have more than one physical location, but do not employ more than 500 employees per physical location and are assigned a “North American Industry Classification code beginning with 72,” meaning the hotel and restaurant industry, to apply for the loans.<sup>5</sup>

There is no doubt that the many larger industries, including the hotel and restaurant industries, have taken a hard hit as a result of the coronavirus; however, larger companies often have greater access to cash and lines of credit. Yet, nearly 300 publicly traded companies, some with market values well over \$100 million, received PPP loans.<sup>6</sup> In fact, the largest known recipient of loans was a publicly traded firm, Ashford, Inc. Its two subsidiaries, Ashford Hospitality Trust (AHT) and Braemer Hotels & Resorts (BHR), applied for a combined total of \$126 million of loans

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<sup>1</sup> Reese Dunklin, Justin Pritchard, Justin Myers, and Krysta Fauria, *Publicly Traded Firms Get \$365 Million in Small-Business Loans*, AP (Apr. 21, 2020), <https://apnews.com/6c5942eec36cc43b25ad5df5afebcfbd>.

<sup>2</sup> Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. No. 116-136, § 1102(a)(2)(D).

<sup>3</sup> Table of Small Business Size Standards Matched to North American Industry Classification System Codes 4, Small Business Admin. (Aug. 19, 2019), <https://www.sba.gov/sites/default/files/2019-08/SBA%20Table%20of%20Size%20Standards%20Effective%20Aug%202019%2C%202019.pdf>.

<sup>4</sup> *Id.* at 8.

<sup>5</sup> Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. No. 116-136, § 1102(a)(2); Eric Lipton and Kenneth P. Vogel, *Fine Print of Stimulus Bill Contains Special Deals for Industries*, N.Y. TIMES (Mar. 25, 2020), <https://www.nytimes.com/2020/03/25/us/politics/virus-fineprint-stimulus-bill.html>.

<sup>6</sup> See Dunklin, *et al.*, *supra* note 1; Jonathan O’Connell, Steven Rich, and Peter Whoriskey, *Public Companies Received \$1 Billion in Stimulus Funds Meant for Small Businesses*, WASH. POST (May 1, 2020), <https://www.washingtonpost.com/business/2020/05/01/sba-ppp-public-companies/>.

through the relief program and received a total of \$76 million.<sup>7</sup> Most of the loans were made by Key Bank, which was among the top five lenders under the program.<sup>8</sup>

Public disclosure forms also revealed that the company had enough funds to hire two lobby firms to lobby on its behalf for financial relief related to COVID-19. Both firms hired by the company have ties to the Trump Administration. The founder of Bailey Strategic Advisors, LLC, Roy Bailey, is a Republican fundraiser who served as a finance co-chairman of President Trump's inaugural committee.<sup>9</sup> Mr. Bailey registered AHT and BHR as clients on March 10, 2020.<sup>10</sup> Miller Strategies, LLC was founded by Jeffery Miller, who also served as a finance vice chair of President Trump's inaugural committee, and previously served as a political advisor for House Minority Leader Kevin McCarthy.<sup>11</sup> Jonathan Hiler also works for Miller Strategies, and previously served as Director of Legislative Affairs for the Office of Vice President Mike Pence.<sup>12</sup> Miller Strategies listed AHT as a client in its 2020 1st Quarter Lobby Report and reported that it was paid \$20,000 to lobby on COVID-19 financial relief legislation and the CARES Act.<sup>13</sup> It was only after negative press that Ashford Inc. and many of the other large companies that received PPP loans made the decision to return the loans.<sup>14</sup>

Other large companies that received funds through the relief program include Quantum Corp., a publicly traded data archiving and storage company.<sup>15</sup> According to the SBA employee-based size standards, the company qualifies as a small business because it has fewer than 1,250 employees.<sup>16</sup> Quantum, which has a market value of almost \$160 million, received the maximum \$10 million loan through PPP, which a spokesperson says is critical for the business to keep on employees.<sup>17</sup> Hallador Energy, an Indiana-based coal company, has more than 900 employees and also received a \$10 million PPP loan.<sup>18</sup>

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<sup>7</sup> Jeanne Whalen, *Hotel Group Will Return Federal Coronavirus Loans After Public Scrutiny*, WASH. POST (May 3, 2020), <https://www.washingtonpost.com/business/2020/05/03/public-company-returns-ppp-loan/>.

<sup>8</sup> Reuters, *Dallas Hotelier Gets \$58.7 Million in Small Business Bailout Funds*, N.Y. TIMES (Apr. 23, 2020), <https://www.nytimes.com/reuters/2020/04/23/us/23reuters-health-coronavirus-usa-small-business-ppp.html>.

<sup>9</sup> Theodoric Meyer and Marianne Levine, *Trump Inaugural Fundraiser Now Lobbying on Pensions*, POLITICO (Aug. 23, 2018), <https://www.politico.com/newsletters/politico-influence/2018/08/23/trump-inaugural-fundraiser-now-lobbying-on-pensions-326415>.

<sup>10</sup> Bailey Strategic Advisors, LLC, Lobbying Registration (Mar. 10, 2020), available at <https://disclosurespreview.house.gov/ld/ldxmlrelease/2020/RR/301171489.xml>.

<sup>11</sup> *Who We Are*, Miller Strategies, <https://www.millerstrategies.com/who-we-are> (last visited May 4, 2020).

<sup>12</sup> *Id.*

<sup>13</sup> Brian Schwartz, *Amazon Hires Trump-allied Lobbyist Jeff Miller as President Threatens to Intervene in Battle Over Pentagon Contract*, CNBC (Jul. 19, 2019), <https://www.cnbc.com/2019/07/19/amazon-hires-trump-allied-lobbyist-as-fight-brews-over-cyber-contract.html>.

<sup>14</sup> See Whalen, *supra* note 7.

<sup>15</sup> Joseph F. Kovar, *Publicly Held Quantum: 'We Owe It To Our Employees' To Take \$10M Coronavirus Small Business Loan*, CRN (Apr. 24, 2020), <https://www.crn.com/news/storage/publicly-held-quantum-we-owe-it-to-our-employees-to-take-10m-coronavirus-small-business-loan>.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> Jim Zarroli, *Some Not-So-Small Companies Are Getting Small-Business Loans Under PPP*, NPR (Apr. 21, 2020), <https://www.npr.org/2020/04/21/839716980/some-not-so-small-companies-are-getting-small-business-loans-under>.

The infusion of an additional \$310 billion for PPP loans provided in the *Paycheck Protection Program and Health Care Enhancement Act* and the \$60 billion reserved for community-based lenders, credit unions, and small- and medium-sized banks will help to provide additional support to struggling businesses. However, there were no additional guardrails provided in the legislation to ensure small businesses that are genuinely struggling for access to financial support have a fair shot at loans through the program. Miryan Mora Barajas, a spokesperson for the Small Business Administration (SBA), said the agency will continue to handle applications on a first-come, first-served basis.<sup>19</sup>

Further, we are still largely unaware of which businesses are receiving aid under the program. It was only thanks to Securities and Exchange Commission reporting requirements that we learned these large, publicly traded firms received funds under the program.<sup>20</sup> Without this information readily available, it makes it even more difficult to know whether the additional funding will avoid the same problems experienced with the first round of funding. And, in the meantime, even local chains that are likely to have strong relationships with banks have been unable to get loans.

We appreciate both the Department of Treasury and Small Business Administration's efforts in creating and implementing a program of this magnitude during a time of immense stress for our nation, but it is clear more information is needed to understand how the SBA is implementing this multi-billion-dollar program. As part of GAO's review of the Paycheck Protection Program, we request your review provide information to address the following questions:

1. How many loans and what amount of funding was approved for publicly traded companies through PPP?
2. Given the high volume of requests, how does SBA prioritize lenders' requests for funding?
3. Some financial institutions decided to use their own version of the PPP application. Does that slow down SBA's review of their request or have any other adverse effects?
4. Given the number of large, publicly traded companies that received loans in the first round of funding, did the SBA implement any changes to its eligibility requirements to ensure these types of companies were excluded from receiving funding provided by the *Paycheck Protection Program and Health Care Enhancement Act*? For example, are companies with a certain market level value excluded from receiving aid?
5. Does the SBA have a full accounting of every business that has received funding through PPP and do they have plans to make that information publicly available?
6. What changes can be made to the PPP in the future to ensure funds reach small businesses hard-hit by the pandemic instead of large publicly traded companies that can access credit elsewhere?

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<sup>19</sup> Aaron Glantz, *Bailout Money Bypasses Hard-Hit New York, California for North Dakota, Nebraska*, REVEAL (Apr. 23, 2020), <https://www.revealnews.org/article/bailout-money-bypasses-hard-hit-new-york-california-for-north-dakota-nebraska/>.

<sup>20</sup> Ben Popken, *Which Companies are Returning their PPP Loans? Here's the List*, NBC NEWS (Apr. 28, 2020), <https://www.nbcnews.com/business/business-news/which-companies-are-returning-their-ppp-loan-here-s-list-n1194566>.

Thank you for your consideration and assistance with this request. Please contact Rachel Marshall ([Rachel.Marshall@mail.house.gov](mailto:Rachel.Marshall@mail.house.gov)) or Sera Alptekin ([Sera.Alptekin@mail.house.gov](mailto:Sera.Alptekin@mail.house.gov)) from Congresswoman Speier's office with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Jackie Speier". The signature is written in a cursive style with a large initial "J".

Jackie Speier  
Member of Congress

Earl Blumenauer  
Member of Congress

Steve Cohen  
Member of Congress

Peter A. DeFazio  
Member of Congress

Diana DeGette  
Member of Congress

Rosa L. DeLauro  
Member of Congress

Mike Doyle  
Member of Congress

Marcia L. Fudge  
Member of Congress

John Garamendi  
Member of Congress

Raúl M. Grijalva  
Member of Congress

Jahana Hayes  
Member of Congress

Henry C. "Hank" Johnson, Jr.  
Member of Congress

Barbara Lee  
Member of Congress

Mike Levin  
Member of Congress

James P. McGovern  
Member of Congress

Debbie Mucarsel-Powell  
Member of Congress

Grace F. Napolitano  
Member of Congress

Eleanor Holmes Norton  
Member of Congress

Chellie Pingree  
Member of Congress

Mary Gay Scanlon  
Member of Congress

Jan Schakowsky  
Member of Congress

Adam Smith  
Member of Congress

Darren Soto  
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