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WASHINGTON, DC 20510

April 24, 2020

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The Honorable Hannibal "Mike" Ware
Inspector General
U.S. Small Business Administration
409 3rd Street, S.W., Suite 7150
Washington, DC 20416

Dear Inspector General Ware:

I write to request that you investigate reports that certain lenders participating in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) have prioritized the applications of large, financially secured businesses to the disadvantage of smaller business who have been significantly impacted by the coronavirus outbreak.

I have received countless reports from small businesses in my state who were unable to access desperately needed PPP loans. They have struggled to access assistance from financial institutions and many were simply told they were not permitted to apply with certain lenders with whom they did not have a pre-existing financial relationship. At the same time, reports indicate that larger and more well-off customers received special treatment from banks, including expedited application assistance and the easing of administrative requirements. These services offered to these customers allowed them to access financial assistance before smaller customers, leaving many of these small businesses with no access to PPP funding.

It is clear that Congress intended PPP to provide prompt relief to small businesses most impacted by the current pandemic. Banks are incentivized to participate in the program with compensation for loan processing and are entitled to fees payable upon issuance of the loan. Furthermore, banks are entitled to 100 percent loan guarantees and the ability to collateralize these loans. With those incentives in mind, it is imperative that lenders operate the program as Congress intended, by providing prompt assistance to the hardest-hit small businesses. Any lack of a prior relationship with a larger bank should not be an impediment to truly small businesses. In the most recently passed pandemic relief legislation Congress again made this intention clear by specifically setting aside \$60 billion for financial institutions that typically lend to smaller entities. During these difficult times, it is imperative that all financial institutions open their doors to small businesses.

Based on the many issues my constituents have encountered with accessing the PPP, I ask that you immediately review the implementation of the program by eligible financial institutions to determine if these lenders impacted the program's goals of targeting small businesses in financial distress. I ask that you respond to my request no later than May 4, 2020.

Sincerely,



Richard Blumenthal
United States Senator