

Congress of the United States
Washington, D.C. 20515

April 6, 2020

The Honorable Steven Mnuchin
Secretary
U.S. 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:

We are writing to express concern with the Business Loan Program Temporary Changes; Paycheck Protection Program Interim Final Rule, 13 CFR Part 120 (hereinafter, "Rule"). The Rule contains many restrictions that were not only not included in the CARES Act, they were not intended by Congress at all.

Specifically, Congress did not intend for people who have been released from prison and followed the law to start or help start a business to be prevented from getting the capital they need to save it. Congress certainly did not intend to doom the businesses of those who **have not even been convicted at all**. This rule does both those things. Specifically, section III(2)(b)(iii) states:

"An owner of 20 percent or more of the equity of the applicant is incarcerated, on probation, on parole; presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or has been convicted of a felony within the last five years"

This provision is contrary to law, public policy, and common sense.

Congress and the Trump Administration have made criminal justice reform a national priority. Working together in a bipartisan fashion, the First Step Act was passed to allow people to be released from prison where appropriate, establish programs to reduce recidivism, and support the formerly incarcerated as they return to their communities. Now, the U.S. Department of the Treasury and the Small Business Administration seem to have designed, out of thin air, a rule that erases many of those gains and expands the collateral consequences of incarceration in the middle of a crisis.

Gainful employment and the ability to make ends meet are the foundation for reducing recidivism. Many of the formerly incarcerated receive training while serving their

sentence to become barbers, welders, plumbers, and automotive technicians. Still others enter into less skilled trades such as landscaping and housekeeping. Some even become the pastors of their own small churches. One thing these professions have in common is that they lend themselves to independent contracting and business ownership. We should be encouraging and supporting the efforts of people to start their own, lawful businesses, not leaving them exposed during a pandemic.

Excluding a class of business owners from the Paycheck Protection simply for their status is not only contrary to law, it is wrong. The rule is so far reaching that simply having a sibling in a family-owned business charged with an unrelated crime would sink the entire business. Surely, this is not the desired result of Treasury or the Small Business Administration?

The Paycheck Protection Program was designed by Congress to give all small businesses a lifeline. The employees of the formerly incarcerated are just as entitled to remaining on payroll as other Americans. The CARES Act was designed to take care of ALL Americans. We hope you will update the regulations to reflect that.

Sincerely,



Cedric L. Richmond
Member of Congress

Karen Bass
Member of Congress

Sean Casten
Member of Congress

Raúl M. Grijalva
Member of Congress

Hakeem Jeffries
Member of Congress

Eleanor Holmes Norton
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Ayanna Pressley
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David Trone
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Bonnie Watson Coleman
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