US billionaires, politicians cash in on “small business” loan program

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After resisting lawsuits by 11 media organizations, including the Washington Post, ProPublica and the New York Times, the US Treasury and Small Business Administration (SBA) on Monday released an 18-page report providing information on the 660,000 recipients of over $521.5 billion in funds distributed through the Paycheck Protection Program (PPP).

In a statement announcing the release of the data, Treasury Secretary Steven Mnuchin commented: “Today’s release of loan data strikes the appropriate balance of providing the American people with transparency, while protecting sensitive payroll and personal income information of small businesses, sole proprietors, and independent contractors.”

The limited “transparency” gives some insight into the grotesque levels of corruption and self-dealing carried out by politicians, corporate heads and well-connected individuals who took advantage of the program, which was presented as a lifeline to small businesses and employees hit by the COVID-19 lockdown. Among the members of Congress linked to businesses that received low interest, forgivable loans was Nancy Pelosi, the Democratic speaker of the House.

While it is true that thousands of businesses have been able to make use of the loan program to stay afloat, a study conducted by the National Bureau of Economic Research found that 3.3 million, or nearly 22 percent, of US small businesses closed their doors permanently between February and April of this year.

The SBA report claimed that the program “saved” an estimated 51 million jobs. Under the PPP, loans can be turned into grants if more than 60 percent of the loan is used for payroll. What Mnuchin neglected to mention at his Monday press conference is that nearly 90,000 companies either left the job retention question on the loan application blank or reported retaining zero jobs in the dataset.

In addition, the National Federation of Independent Businesses reported last week that some 70,000 businesses that received PPP loans plan to lay off at least 10 workers each--more than 700,000 in all--once the program expires.

President Trump signed a bill on Saturday extending until August 8 the corporate-government slush fund, with an estimated $132 billion left in its coffers, after the House and Senate voted unanimously for the extension. The day before, Congress adjourned until July 20 without taking any action to extend the federal $600 weekly unemployment supplement, which has kept millions of workers and their families in their homes and able to afford basic necessities and is set to expire on July 25.

The PPP was established as part of the $2.2 trillion Coronavirus Aid, Relief and Economic Security (CARES) Act. That legislation, which was passed unanimously in the Senate and by a near-majority voice vote in the House, launched the program, which got underway in early April with $349 billion in funding.

These funds were depleted in less than two weeks, and Congress moved quickly to approve another $310 billion in funding despite widespread reports of abuse and fraud. In the first round of the program, sports teams, restaurant and hotel chains, and other billion-dollar businesses collected millions of dollars in loans, while small “mom and pop” businesses were frozen out. Wall Street banks such as JPMorgan Chase and Bank of America took in billions in loan processing fees.

The SBA and Treasury information released by Mnuchin on Monday includes the names of all the organizations that received PPP loans of $150,000 or more, as well as some data, but not the names, of those that received less than $150,000.

Mnuchin attempted to shield the fact that nearly three-fourths of the total loan dollars went to companies and businesses requesting more than $150,000. He said, “The average loan size is approximately $100,000, demonstrating that the program is serving the smallest of businesses.” The SBA report notes that the average loan amount was $107,000.

The release of the report revealed that of the 4,885,388 loans approved, 86.5 percent were for less than $150,000. However, those loans accounted for only 27.2 percent of the money distributed. An Associated Press report concluded that nearly half of all PPP support for major industries was utilized by the health care, professional, construction and manufacturing sectors. Four states, California, Texas, New York and Florida, accounted for one-third of all loans approved.

A large majority of the loans approved, 3,262,529, or roughly 66.8 percent, were for under $50,000, yet they made up only 11.2 percent of the total dollar amount. The distribution was geared toward large borrowers, with nearly 22 percent of the loan amount issued to borrowers requesting between $350,000 and $1,000,000. And while loans between $1 and $5 million made up only 1.6 percent of the total, they accounted for 28.3 percent of the total dollar amount.

Multimillionaires, businesses connected to the Trump family, governors of at least eight states as well as members of Congress from both parties received loans anywhere from $150,000 to $10 million. Political organizations such as the Ohio Democratic Party and the Black Republican Caucus in Florida got at least $150,000 each, while the Florida Democratic Party Building Fund and the Women's National Republican Club of New York received at least $350,000.

The Ayn Rand Institute, named for the libertarian arch reactionary, was approved for a PPP loan between $350,000 and $1,000,000. The Catholic Church also got in on the action, with the Archdiocese of New York receiving a loan between $5 and $10 million. Catholic charities of the archdioceses of San Francisco, Washington, D.C., New York and Boston all received loans valued at more than $2 million.

The Associated Press reported that as much as $273 million was loaned out to over 100 companies that are owned or operated by donors to the Trump campaign. Of the businesses approved, only eight had to wait until early May, after the second round of funding was approved by Congress, to receive their loans. Trump supporters who run these companies have contributed at least $11.1 million since May 2015 to Trump's campaign committee, the Republican National Committee or the America First Action super PAC that has been endorsed by Trump.

A Forbes report found that at least 44 companies backed by 15 billionaires received loans. This includes billionaire clothes designer, potential presidential candidate and rapper Kanye West and Hobby Lobby founder David Green, worth an estimated $7.9 billion. Green's son chairs the board of the Washington, D.C.-based museum known as "The Museum of the Bible," which received a PPP loan of between $2 million and $5 million supposedly to retain 249 jobs.

The richest person in the state of West Virginia, Governor Jim Justice, with a reported net worth of $1.2 billion, also made generous use of the program. Companies owned by the Justice family received at least $11.1 million from the federal relief program. Of those companies, four, including the inherited luxury resort Greenbrier Hotel and coal companies such as Blackstone Energy Ltd., Bluestone Coke, LLC and Justice Energy Company Inc., took out millions in loans yet reported retaining zero jobs. The largest loan in the state, between $5 million and $10 million, went to Justice's luxury membership club, the Greenbrier resort in White Sulphur Springs, while Justice's Greenbrier Sporting Club took out a loan worth between $1 million and $2 million, while reportedly retaining only 120 jobs.

In addition to Justice, businesses linked to Republican governors Mike DeWine of Ohio, Chris Sununu of New Hampshire, Larry Hogan of Maryland and Tate Reeves of Mississippi received loans. Businesses tied to Democratic governors Phil Murphy of New Jersey, Gavin Newsom of California and Ralph Northam of Virginia also received loans.

Monday's report also revealed that Republican Representatives Kevin Hern and Markwayne Mullin of Oklahoma, and Mike Kelly of Pennsylvania were loan recipients.

Democratic Party House Speaker Nancy Pelosi's husband, Paul Pelosi, was also on the gravy train. Paul Pelosi is an investor in the firm EDI Associates, which received a loan of between $350,000 and $1,000,000.

Previous disclosures had revealed that Republican Representatives Roger Williams of Texas and Vicky Hartzler of Missouri, as well as Democratic Representatives Susie Lee of Nevada and Debbie Mucarsel Powell of Florida, were connected to businesses that received PPP loans.