



Peter Franchot
Comptroller

April 22, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Mr. Steven Bulger
Acting Regional Director
U.S. Small Business Administration
660 American Avenue, Suite 301
King of Prussia, PA 19406

Transmitted via electronic mail

Dear Administrator Carranza and Acting Director Bulger:

As the State of Maryland's Chief Fiscal Officer, I was pleased with yesterday's announcement that the Senate has reached a deal on a new coronavirus spending bill that will include \$310 billion for the depleted Paycheck Protection Program (PPP). As both of you obviously know, this program is an essential lifeline for small, local and independent businesses that have been devastated as a result of the COVID-19 pandemic.

Assuming the House follows suit and approves this funding package on Thursday, as is widely anticipated, I respectfully implore both of you to ensure that these funds are exclusively invested in our small businesses – both in Maryland and across the country – that are struggling desperately to survive this economic catastrophe.

Inexplicably and inexcusably, such was not the case with the inaugural round of PPP funds. Money that could have been used to help small businesses in communities across America keep their lights on – while keeping workers gainfully employed and paying their lenders, vendors and suppliers – instead went to multi-national, publicly-traded corporations.

While small businesses in virtually every community in Maryland waited for modest loans that never materialized, corporations like Ruth's Hospitality Group (NASDAQ: RUTH) – the international parent company of Ruth's Chris Steak House – received \$20 million in taxpayer funds. Similarly, Shake Shack (NYSE: SHAK), which reported \$146 million in sales and \$151 million in total revenue in the fourth quarter of Fiscal Year 2019 alone, managed to secure \$10 million in PPP funds before being forced to return this federal largesse amidst public outcry.

This can never happen again.

Small businesses across Maryland and throughout our country are on life support and on the precipice of permanent ruin. For example, our Bureau of Revenue Estimates has reported that our state's hospitality sector – which includes local restaurants and employs about 458,000 Maryland residents – could lose up to 90 percent in employee wages and more than 60 percent in revenues as a result of just one month's closure.

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When just one small business goes into such dramatic decline or closes its doors for good, it has a deeply disruptive effect on an entire ecosystem of workers, consumers and other community-based businesses. Businesses such as these – not major corporations that are highly capitalized by Wall Street – must be the exclusive emphasis of the Paycheck Protection Program and the exclusive beneficiary of every single dollar that will be approved for this program by Congress.

Thank you in advance for your consideration of my concerns, and for your continued advocacy of American small businesses. Please do not hesitate to contact me if I can be of assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Franchot". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Peter Franchot
Comptroller of Maryland