

Congress of the United States
Washington, DC 20515

March 15, 2022

The Honourable Isabel Guzman
Administrator, U.S. Small Business Administration
409 3rd St., SW
Washington, DC 20416

Dear Administrator Guzman:

Congress first passed the Paycheck Protection Program (PPP) in the CARES Act of 2020 in an emergency effort to save jobs and protect Americans' livelihoods in the midst of the unprecedented economic crisis caused by COVID-19. The PPP was a lifeline across sectors, but it was particularly important for the survival of the hospitality and hotel industry and those communities, like the ones we represent, that rely on the jobs and economic opportunity this industry provides. We are grateful for the success of the PPP in helping stave off the worst-case economic scenario in the hospitality and other industries. In the spirit of ensuring that continued success, we write today to raise questions regarding transparency and accountability in the forgiveness of PPP loans, especially certain loans received by the hotel industry. Specifically, we ask that the Small Business Administration (SBA) update Congress and increase transparency regarding the compliance process for these loans before they are forgiven.

It is our duty as Members of Congress to conduct vigilant oversight of important programs like PPP and ensure that they are being implemented in accordance with congressional intent. To ensure that the PPP provided the best possible job protection, Congress included provisions in the CARES Act stipulating that, in order to be eligible for forgiveness, recipients must spend a certain amount of PPP loans on payroll and employee retention. As PPP loans have begun to be forgiven, we believe it is essential to provide strong transparency around the enforcement of this provision, especially when it comes to hospitality workers who suffered disproportionate job impacts during the pandemic and, as a group, have not yet seen their jobs return to pre-pandemic levels.

Improved accountability and transparency is also key to ensuring that PPP loans are not amounting to a bailout for large companies. That is why we are supportive of the efforts of the Select Subcommittee on the Coronavirus Crisis to ensure robust oversight of PPP loans and other programs. Additionally, as was pointed out in a previous Congressional letter to SBA on this issue,¹ we believe vigilant oversight of the forgiveness of PPP loans to large hotel chains with over 500 employees is appropriate because, unlike other industries, the PPP enabled these chains to collect first and second draw PPP loans for multiple locations, netting hotels \$1.3 billion that was unavailable to non-hospitality borrowers.

We write to bring to your attention to public reporting²³ and questions raised by UNITE HERE and hospitality workers regarding the extent to which certain PPP loans were used to protect hospitality workers' jobs. One such case is the Westmont Hospitality Group, an international hotel company that

¹ <https://barragan.house.gov/2021/07/27/barragan-colleagues-urge-sba-to-improve-transparency-of-ppp-loan-forgiveness-for-the-hotel-industry/>.

² "Omni Hotels Accepted Millions In PPP Funds But Didn't Pay Workers." NPR.
<https://www.npr.org/2020/12/29/950902403/omni-hotels-accepted-millions-in-ppp-funds-but-didnt-pay-workers>.

³ "Chateau Marmont workers say iconic West Hollywood hotel misused rescue funds." The Real Deal.
<https://therealdeal.com/la/2021/06/10/chateau-marmont-workers-say-iconic-west-hollywood-hotel-misused-rescue-funds/>.

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owns and operates over 400 hotels around the world, including in Arizona, California, Colorado, DC, Florida, Kentucky, Massachusetts, Nebraska, New Jersey, Oregon, Pennsylvania, Tennessee, and Texas. According to public data, Westmont-related corporate entities received over \$48 million in First and Second Draw PPP loans. Specifically, Westmont affiliates received at least 44 loans tied to approximately 5,300 jobs.⁴ However, lack of transparency has so far made it impossible to determine whether the jobs tied to these loans were actually retained.


For example, of the 15 entities that received loans listing Westmont's Texas headquarters address, seven listed "Red Roof Inn" under the franchise name field and eight left this field blank, making it impossible to tell which specific hotel property or properties and which workers received the loans. For several properties that could be identified as the recipients of sizeable PPP loans, UNITE HERE has evidence of issued WARN notices and permanently terminated workers, calling into question how many jobs were actually protected with these funds. Further, according to UNITE HERE's review of property records, at least 7 properties owned by Westmont affiliates that received PPP loans were sold after those entities received the loans, but SBA's disclosures do not say the sold properties were recipients of the money, underlining the need for transparency to ensure these funds were used to support the number of workers cited in SBA data.

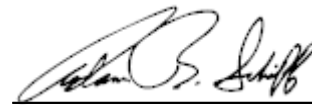
We appreciate the work your administration has done to execute the broad range of aid programs Congress has authorized over the course of the COVID-19 pandemic. Given the importance of careful oversight of these programs, we request the SBA update Congress on its progress ensuring compliance in PPP loans made to the hotel industry, including Westmont Hospitality Group, and provide greater transparency regarding the forgiveness of these loans before they are forgiven. We ask that you provide a response in writing or work with us to schedule a briefing on this matter. Thank you for your leadership and timely consideration of this request, consistent with applicable statutes and regulations.

Sincerely,



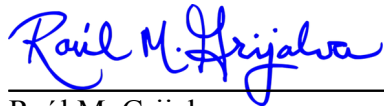
Ruben Gallego
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Nanette Diaz Barragan
Member of Congress

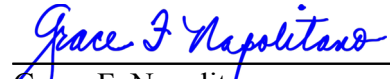

Adam B. Schiff
Member of Congress

⁴ Based on data obtained by the Small Business Administration through Freedom of Information requests.

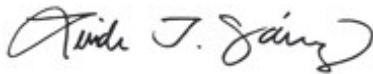
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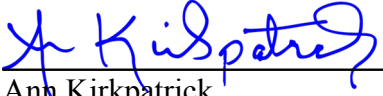


Kweisi Mfume
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Mike Levin
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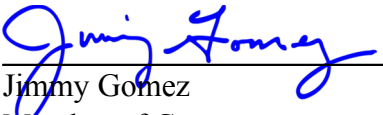
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