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June 9, 2022

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

Dear Administrator Guzman:

When COVID-19 upended the lives of so many Americans, Congress acted quickly to pass the Paycheck Protection Program (PPP) to save jobs and livelihoods. The program provided an emergency cushion for the survival of hard-hit businesses and workers, such as in the hotel and hospitality industry, who faced unprecedented economic turmoil in my district and across the nation. As you know, the program required recipients to spend the majority of the funds on payroll and employee retention in order to be eligible for forgiveness. As the program is now in the forgiveness phase, I urge the SBA to report on steps taken to ensure PPP loans were implemented as Congress intended and its plans to claw back funds if loans were improperly forgiven.

It is incumbent upon Congress to make sure taxpayer funds are used prudently and transparently. On March 1st, President Biden announced that the Department of Justice will appoint a Chief Prosecutor to focus on pandemic fraud and to re-establish respect for transparency and oversight controls. In a similar vein, several of my colleagues recently [called on](#) the Small Business Administration to update Congress on the compliance process related to PPP loan forgiveness, including loans directed to large hotel chains with over 500 employees.

PPP loans, many of which were directed to the hotel industry, were intended to support small businesses, and retain workers. Unlike other industries, large hotel chains with over 500 employees were able to collect First and Second Draw PPP loans for multiple locations. Hospitality workers were immensely affected by economic insecurity and job loss due to the pandemic, therefore it is important that we ensure PPP loans were used to protect their jobs.

UNITE HERE has brought to my attention the example of Westmont Hospitality Group, an international hotel company that owns and operates over 400 hotels around the world, including in my home state of Florida. According to public data, Westmont-related entities received over \$48 million in First and Second Draw PPP Loans tied to 44 loans and approximately 5,300 jobs. Limited public information has made it difficult to determine whether those 5,300 jobs were actually retained.

In my district, a Westmont-affiliate owns the Hyatt Regency Jacksonville Riverfront. The owner was approved for a First Draw loan of \$3.49 million on April 20, 2020, with the loan tied to 331 reported jobs.¹ Six weeks later, the hotel filed a WARN notice announcing 120 workers were terminated.² A

¹ According to data obtained by the Small Business Administration through Freedom of Information requests.

² <https://www.jaxdailyrecord.com/article/downtown-jacksonville-hyatt-reports-layoff-of-200-workers>.

second WARN notice issued later that summer announced two more terminations.³ The notices also indicated that a total of 93 additional workers were affected by conversions of furloughs with benefits to temporary layoffs without benefits. We do not know how many of those workers were returned to their pre-pandemic jobs.

The owner was approved for a Second Draw PPP loan of \$2 million on April 2, 2021, tied to 231 reported jobs.⁴ According to SBA data, the first PPP loan may have been forgiven earlier this year. We do not know if the second loan has been forgiven.

Although workers lost their jobs, Hyatt Jacksonville undertook a multi-million renovation to its meeting and event space to “take full advantage of the lull in visitors caused by the pandemic.”⁵

Given the job losses at Hyatt Jacksonville, what percentage of the PPP loans actually went to payroll costs versus non-payroll related costs? How does the SBA justify loan forgiveness when so many workers were terminated here? Were any of the PPP funds used to pay for the hotel’s renovations? Moreover, the SBA intended to review all loans of \$2 million or more but later decided to retroactively review loans after recipients received forgiveness. How can the SBA increase scrutiny of borrowers, like Westmont, who received over \$2 million?

It concerns me that public funds directed to the owner of Hyatt Jacksonville may not have benefited those who truly needed it. I believe strong transparency and oversight are needed to ensure that companies who can demonstrate how they protected workers’ jobs receive forgiveness of PPP loans. I urge the SBA to respond to my questions and to update Members of Congress on its progress ensuring compliance in loans made to the hospitality industry and greater transparency on the loan forgiveness process.

Sincerely,

A handwritten signature in black ink that reads "Al Lawson". The signature is fluid and cursive, with a large loop at the end of the last name.

Al Lawson
Member of Congress

cc: Representative James E. Clyburn, Chairman of the Select Subcommittee on the Coronavirus Crisis

³ <https://www.jaxdailyrecord.com/article/hyatt-regency-jacksonville-riverfront-files-another-layoff-notice>

⁴ According to SBA data.

⁵ <https://www.bizjournals.com/jacksonville/news/2022/03/22/hyatt-regency-renovation.html>