

April 14, 2020

The Honorable Stephen Mnuchin  
Secretary  
United States Department of the Treasury  
1500 Pennsylvania Ave, NW  
20220

The Honorable Jovita Carranza  
Administrator  
United States Small Business Administration  
409 3rd St, SW  
Washington, District of Columbia 20416

Dear Secretary Mnuchin and Administrator Carranza,

ACT | The App Association appreciates your leadership in implementing the Paycheck Protection Program (PPP) and other vital programs in the Coronavirus Aid, Relief and Economic Security (CARES) Act. This crisis is devastating American small businesses. App Association members and their clients are starting to see deteriorating revenue, and many of them are faced with the prospect of furloughing or letting go employees.

One of the problems we are encountering is fixable, however. Some of our member companies are partially owned by investors with investment portfolios that include several small businesses. Under the Small Business Administration's (SBA's) affiliate rule, all of the employees of the companies in an investment group's portfolio could count against the 500-employee limit for a single one of those firms, putting many of them over the threshold. This makes little sense given that they are independent businesses that are impacted by the same problems as if their investors did not have a portfolio of other investments. For example, App Association member SentryOne—based in Charlotte, North Carolina—laid off 10 percent of its staff and furloughed another 30 percent last week in order to continue operations. But because an investment firm owns over 50 percent of the company, SentryOne is barred from the PPP.

We understand if there are concerns regarding cost. Extending eligibility, even if it is to companies that should have been eligible for PPP in the first place, could increase outlays. But with 17 million unemployment claims and climbing, those concerns should give way to the reality that these businesses are fighting for their lives and fighting to keep their employees working. We urge you to ensure that companies with investors are eligible for PPP loans and loan forgiveness, by waiving the affiliate rule as it applies to companies that are part of investment portfolios.

Sincerely,



Morgan Reed  
President  
ACT | The App Association