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Congress of the United States
House of Representatives
Washington, DC 20515-4209

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COMMISSION ON SECURITY AND COOPERATION
IN EUROPE (U.S. HELSINKI COMMISSION)

July 27, 2020

The Honorable Nancy Pelosi
Speaker of the House of Representatives
U.S. House of Representatives
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Steny Hoyer
Majority Leader
U.S. House of Representatives
H-107, U.S. Capitol
Washington, DC 20515

The Honorable James E. Clyburn
Majority Whip
U.S. House of Representatives
H-329, U.S. Capitol
Washington, DC 20515

Dear Speaker Pelosi, Majority Leader Hoyer, and Majority Whip Clyburn,

I'm writing to express significant concerns regarding the Small Business Administration's (SBA) administration of the Paycheck Protection Program (PPP) and the lack of access minority-owned businesses have had to the loan program.

In addition to the SBA Inspector General concluding that private lenders were not directed to prioritize minority-owned businesses as Congress intended, it was also reported that the National Community Reinvestment Coalition found that there were disparities in the way white and Black

applicants were treated. They found “different levels of encouragement to apply for loans, different products offered, and different information provided by bank representatives.”¹

In my own district, which is comprised of a constituency that is 63.8% black and 28.2% white, there were only 4,878 loans given out for a total amount of \$132,808,990. Meanwhile, every other district in Tennessee received a significantly higher amount of loans and funding including our neighboring district, which received 12,815 loans for a total of \$366,448,827.²

These disparities are unacceptable.

As you continue to negotiate with the U.S. Senate on the next coronavirus relief package, I respectfully request that you give consideration the following provisions to improve minority-owned businesses’ access to PPP loans.

- Direct the SBA to provide specific guidelines on how to prioritize minority owned small businesses – It has been widely reported that several businesses with access to private-equity investors received PPP loans, such as large restaurant and retail chains. Any additional rounds of PPP funding should include guidelines that prioritize small, minority-owned businesses owners in order to prevent discrimination in the program.
- Make the application process for minority and small businesses more equitable – It has also been widely reported that businesses with preexisting relationships with a bank were moved to the front of the line and able to access PPP loans much quicker. It is essential to the success of the Payment Protection Program, that minority and small businesses have equitable access in the application process.
- Require the disclosure of loan recipients – Unfortunately, the SBA did not release details of the PPP loan recipients until July 6, 2020. Moving forward, there must be proper transparency of PPP loan recipients. The most recent disclosure of applicants has already shown that there are huge disparities between white and minority-owned businesses. This type of disclosure will provide accountability and help the SBA to track its progress as loans are being distributed.

Unfortunately, the SBA has been providing unfair advantages to larger corporations when applying for PPP loans from banks. The SBA should enforce lending guidelines and encourage banks to prioritize minority-owned small businesses in underserved areas in order to rectify the neglect and to ensure that aid is being given to some of the small businesses that need it the most.

During these uncertain times, I appreciate your leadership, and I am grateful to work alongside you in the House of Representatives. If you have any questions or need additional information,

¹ O’Donnell, Katy, “Black applicants faced discrimination in securing PPP loans, study finds,” Politico, <https://www.politico.com/news/2020/07/15/black-applicants-faced-discrimination-in-securing-ppp-loans-study-finds-363956>

² “PPP Loan Recipients, TN: By Congressional District,” Tennessee Bankers Association

please feel free to contact my Legislative Director, Reisha Buster at
Reisha.Buster@mail.house.gov or 202-731-3435.

As always, I remain,

Sincerely,

A handwritten signature in blue ink that reads "Steve Cohen". The signature is written in a cursive, flowing style.

Steve Cohen,
Member of Congress