

**JAMES LANKFORD**  
OKLAHOMA

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April 9, 2020

The Honorable Steven Mnuchin  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220

The Honorable Jovita Carranza  
Administrator  
Small Business Administration  
409 3rd Street, S.W.  
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza,

Thank you for your ongoing leadership to quickly implement the Paycheck Protection Program (PPP), a critical component of the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide needed assistance to our nation's small businesses.

As new questions have arisen, your agencies have issued new guidance and FAQ documents. However, much still remains still to be clarified concerning certain affiliations and eligibility.

I write today to urge you to provide clarity on the eligibility of private equity or venture capital backed businesses for the PPP. I have heard from a number of small businesses and startups in my state who may be ineligible because they are partially financed through those ventures. As you know, equity investment from venture capital is often a needed source of backing for a small business, but that investment does not necessarily reflect the actual control, size, and independent operations of many businesses.

The CARES Act allows for the participation in the PPP for small businesses that have either fewer than 500 employees or that meet the size standards for the North American Industry Classification System (NAICS) within SBA. However, in assessing size under the existing affiliation rules, companies affiliated with the equity investment could have to account for their investor's unrelated companies in their employee count.

Since the purpose of the Paycheck Protection Program is to keep employees connected to their employer during this difficult time and to reduce the unemployment challenges around the nation, it only makes sense to find a way to allow small businesses funded by PE and VC to keep their employees.

On April 8, 2020, the Treasury did provide clarification in FAQs on minority shareholders waiving or relinquishing any existing rights specified in 13 C.F.R. 121.301(f)(1). I appreciate the clarification and work toward providing additional clarification for minority shareholder affiliations. However, it is my understanding that waiving of rights could require changes in charters and make the process even burdensome. As such, I request that the Treasury immediately provide additional clarification and consider a waiver for small businesses that are funded by private equity or venture capital.

Thank you for your prompt attention to this matter.

In God We Trust,

A handwritten signature in black ink, appearing to read "James Lankford". The signature is fluid and cursive, with a large initial "J" and "L".

James Lankford  
U.S. Senator