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April 8, 2020

The Honorable Steven T. Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

Dear Secretary Mnuchin,

Thank you for your leadership and success in tactfully negotiating the first three legislative packages to combat COVID-19. Although we have accomplished so much, I write to you today requesting assistance for mid-sized businesses with 500 to 10,000 employees—or approximately 68 million Americans whose employers have fallen through the cracks. Without action, many of these businesses will be forced to slash their workforce, adding more hardworking employees to the historic spike of unemployed Americans.

While mid-sized businesses are only slightly larger than small businesses, in many cases they still bear similar levels of financial distress. Though these businesses are eligible for payroll tax deferment credit, they are not eligible for the Paycheck Protection Program (PPP), and new programs should be considered to stabilize mid-sized businesses by providing loans comparable to their size—providing them with much-needed liquidity and flexibility.

As you know, on March 27, 2020, President Trump signed the *Coronavirus Aid Relief and Economic Security Act (CARES Act)*—a bipartisan \$2 trillion stimulus package, which you helped craft, to restore our economy's devastation by the Coronavirus pandemic. Under Section 4003 of the *CARES Act*, Congress allocated \$454 billion to the Treasury Department for loans, loan guarantees, or to support Federal Reserve Credit Facilities—to support lending to mid-sized businesses as well as other entities.

Specifically, Section 4003 states:

*(D) ASSISTANCE FOR MID-SIZED BUSINESSES. —*

*(i) IN GENERAL.—Without limiting the terms and conditions of the programs and facilities that the Secretary may otherwise provide financial assistance to under subsection (b)(4), the Secretary shall endeavor to seek the implementation of a program*

*or facility described in subsection (b)(4) that provides financing to banks and other lenders that make direct loans to eligible businesses including, to the extent practicable, nonprofit organizations, with between 500 and 10,000 employees, with such direct loans being subject to an annualized interest rate that is not higher than 2 percent per annum. For the first 6 months after any such direct loan is made, or for such longer period as the Secretary may determine in his discretion, no principal or interest shall be due and payable. Any eligible borrower applying for a direct loan under this program shall make a good-faith certification that—*

*(I) the uncertainty of economic conditions as of the date of the application makes necessary the loan request to support the ongoing operations of the recipient;*

*(II) the funds it receives will be used to retain at least 90 percent of the recipient's workforce, at full compensation and benefits, until September 30, 2020;*

*(III) the recipient intends to restore not less than 90 percent of the workforce of the recipient that existed as of February 1, 2020, and to restore all compensation and benefits to the workers of the recipient no later than 4 months after the termination date of the public health emergency declared by the Secretary of Health and Human Services on January 31, 2020, under section 319 of the Public Health Services Act (42 U.S.C. 247d) in response to COVID-19;*

*(IV) the recipient is an entity or business that is domiciled in the United States with significant operations and employees located in the United States;*

*(V) the recipient is not a debtor in a bankruptcy proceeding;*

*(VI) the recipient is created or organized in the United States or under the laws of the United States and has significant operations in and a majority of its employees based in the United States;*

*(VII) the recipient will not pay dividends with respect to the common stock of the eligible business, or repurchase an equity security that is listed on a national securities exchange of the recipient or any parent company of the recipient while the direct loan is outstanding, except to the extent required under a contractual obligation that is in effect as of the date of enactment of this Act;*

*(VIII) the recipient will not outsource or offshore jobs for the term of the loan and 2 years after completing repayment of the loan;*

*(IX) the recipient will not abrogate existing collective bargaining agreements for the term of the loan and 2 years after completing repayment of the loan; and*

*(X) that the recipient will remain neutral in any union organizing effort for the term of the loan.*

Given this authority within the *CARES Act* granted to you, I implore you to move with haste to help these businesses and implement the creation of a special program(s) to help mid-sized businesses and provide much needed liquidity to help them keep their doors open, keep their workers employed, and mitigate a larger financial crisis resulting from widespread economic disruption due to COVID-19.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Smith", with a stylized flourish at the end.

CHRISTOPHER H. SMITH  
Member of Congress