

# The horror story of how the Trump administration has handled PPP loans

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Opinion by Colbert I. KingColumnist

On Thursday, Andrew Marnell of Los Angeles found himself in the hottest of hot water — arrested and jailed without bond. It wasn't because Marnell had spent loads of money on risky stock market trades, or that he had squandered hundreds of thousands of dollars gambling at the Bellagio and other Las Vegas establishments — which prosecutors say he did, and as recently as last weekend.

Marnell's problem stems from a federal charge that he did what he did in Vegas using some of the \$8.5 million he had pocketed after making fraudulent loan applications for relief funds from the federal Paycheck Protection Program (PPP).

Sort of like the story of Darrell Baker of Detroit, who allegedly sought and obtained a \$590,000 PPP loan for a defunct solar energy business. Baker used the federal money, which was appropriated to keep small businesses from going under, to buy two Cadillac Escalades, a Dodge Charger and a Hummer, generously giving one vehicle to his sister and one to his brother-in-law while keeping two “for his own use and enjoyment,” according to the Justice Department.

Turns out Baker's company — Motorcity Solar Energy, which he claimed had 68 workers and a \$2.8 million payroll throughout 2019 — was dissolved last July by the state of Michigan. The addresses listed as business locations were either empty suites or single-family homes, according to the federal criminal complaint filed last month.

Those anecdotes are sketches of the problem involving the Trump administration's handling of the PPP.

They are small tales in a larger emerging horror story.

A Post in-depth analysis of data on \$517 billion in emergency small-business loans handed out by President Trump's team at the Small Business Administration uncovered errors so numerous that White House boasts of the PPP's economic impact are nothing more than spin and hot air.

The analysis found the SBA claimed that many companies had “retained” far more workers than they actually employed. “In some cases,” the article said, “the agency's jobs claims for entire industries surpasses the total number of workers in those sectors.”

Looking closely at more than 875,000 of the borrowers, the analysis found that “zero” jobs were supported, or no information was listed at all.

So Trump’s claim that 51 million jobs were “supported” by the PPP is unsupported by facts.

To the contrary, his Small Business Administration may be reporting fiction.

Cases in point from the Post article:

“Fire Protection Systems, a sprinkler system installer in Kent, Wash., retained more than 500 jobs using its PPP funds, according to the [SBA] data. The company says it has only 20 employees.”

Trinity Episcopal Church outside Houston retained, praise the Lord, more than 500 jobs, thus saith the SBA. The church says it has 12 paid staffers.

And according to the SBA, the manufacturer International Dunnage of Thunderbolt, Ga., saved more than 500 jobs. Not so. The company said it has just seven employees and two owners. “I don’t know where you got the 500,” owner David Crenshaw said in an email to The Post.

Now, overlay this dismal portrait of the Trump administration indiscriminately casting around money and untruths with a glance toward race and the picture becomes even more menacing. The pandemic has hit communities of color especially hard, both health-wise and in the pockets. Many small black businesses are not going to make it to the other side. And the PPP isn’t helping matters.

The PPP is structured to use financial institutions as links between business owners and federal lenders. Many black and brown businesses don’t have relationships with big financial intermediaries — banks with seasoned loan officers, accountants and legal advisers. And there is no incentive, financial or otherwise, for the big mainstream banks to turn from their fee-generating business clients seeking PPP loans to help small-business owners of color who are short on staff and know-how when it comes to navigating federal paperwork.

The harsh results show up in the names of companies pulling in the PPP dough. Most are white-owned, many well-connected, virtually all with good banking relationships. Meanwhile, most entrepreneurs of color are on the outside looking in.

What makes this spectacle all the more galling is the lack of effective oversight and accountability by either Congress or federal regulatory agencies. Business complaints and critical reports such as The Post’s analysis are lost in the ether.

To recall: As Congress unleashed \$2 trillion to deal with the coronavirus pandemic and questions were being raised about the steps needed to prevent fraud and abuse and how to track the money — to know where it is going — Trump royally declared, “I am the oversight.”