



FINANCIAL SERVICE CENTERS OF AMERICA, INC.
A NATIONAL TRADE ASSOCIATION

April 6, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

**RE: Business Loan Program Temporary Changes to Paycheck Protection Program
Docket No. SBA-2020-0015; RIN 3245-AH34**

Dear Secretary Mnuchin and Administrator Carranza:

This letter is submitted on behalf of Financial Service Centers of America (“FiSCA”), a national trade association representing more than 4,000 neighborhood financial service center (“FSC”) locations throughout the U.S. We are writing with respect to the above referenced Interim Final Rule (the “Rule”), which was released by the U.S. Small Business Administration on April 2, 2020. This Rule would eliminate the ability of many FiSCA member small businesses to qualify for loans under the Paycheck Protection Program (“PPP”) created by the CARES Act simply because some of the products they offer are small loan products. We submit that this Rule will have a devastating impact on small businesses that have remained open and operating and that continue to provide critical financial services during the COVID-19 emergency, and their employees. Accordingly, we are respectfully requesting that this Rule not be submitted for publication in the Federal Register or, in the alternative, be immediately rescinded or modified to remove the limiting provisions.

FiSCA members are licensed and regulated non-depository financial businesses that offer fundamental financial services to millions of Americans.¹ Our members have been deemed to be “essential” businesses by governors and regulators throughout the country and are part of the financial services sector identified as Critical Infrastructure by the Department of Homeland Security. By remaining open and operating throughout the COVID-19 emergency, our members have fully embraced President Trump’s guidance that “if you work in a critical infrastructure sector, as defined by the Department of Homeland Security, you have a special responsibility to maintain your normal work schedule.” Nevertheless, the Interim Final Rule released by SBA would prohibit many of our members from qualifying for loans under the PPP because a portion of their businesses consists of lending. We submit that this limitation was not included in the CARES Act and it is in fact inconsistent with its express intent. Moreover, we submit that the SBA has incorrectly applied the direction contained in the CARES Act that it issue regulations and guidance that to “the maximum extent practicable, are consistent with the terms and

¹ FiSCA members offer a wide array of regulated financial products and services, including check cashing, money orders, electronic bill payments, money transfers, ATM access, government benefit and payroll payments, tax preparation, prepaid debit cards, deposit acceptance services, and small dollar loans where permitted by state law. FiSCA members are licensed and regulated under state law and comply with more than a dozen federal consumer financial laws. FiSCA members are primarily small businesses, with approximately 90% of FiSCA members operating fewer than ten locations.

conditions required under paragraph (36) of section 7(a) of the Small Business Act (15 U.S.C. 636(a)), including regarding borrower eligibility.” Paragraph (36) of section 7(a) as added by the CARES Act states that “any business concern” is eligible for a loan. Imposing the restrictions in 13 CFR 120.110, including making ineligible companies that offer financing, does not comply with the instruction to issue rules that are to the maximum extent practicable consistent with allowing “any business concern” to apply for a loan. The Rule is also a prime example of the strangling red tape that President Donald Trump has so far been successful in eliminating throughout his administration and it should not be permitted to go into effect.²

FiSCA members have remained open and operating throughout the COVID-19 emergency and continue to deliver critical financial services to millions of Americans, including individuals that have bank relationships as well as those that do not.³ Without these financial service providers, millions of Americans could not access their wages, benefits, and other funds, and would be unable to pay bills such as rent and utilities, and to buy essentials such as groceries. FiSCA members have endeavored to remain open to serve customers while adhering to CDC and other public health guidelines. We have maintained payrolls even as business decreases and other businesses, including bank branches, have closed.

Importantly, among the suite of products offered by FiSCA members are check cashing services. These services, which are also regulated by state laws that ensure transparency and other consumer protections such as caps on fees, will be critical for the millions of Americans who will be receiving stimulus checks under the CARES Act. These recipients rely on Financial Service Center locations to cash their checks. If FiSCA members are unable to remain open and operating due to an unnecessary and illogical regulatory restriction aimed at one of our product offerings, these vulnerable consumers will either be unable to cash their stimulus checks or will resort to unregulated sources for this service.⁴ This is not at all what the CARES Act intended.

PPP loans were designed to be a lifeline for small businesses. While some small businesses were expressly excluded from eligibility for these loans, there is nothing in the CARES Act that would indicate that Financial Service Centers should be disqualified simply because they offer small dollar loans among their many other product offerings. We recognize that the PPP program is a “first come, first served” program and, therefore, timing is critical. Waiting for the SBA to consider comments to the Interim Rule is simply not an option. Accordingly, we are requesting

² SBA’s Standard Operating Procedure (SOP) 50 10, which imposes an arbitrary minimum level on a small business’ check cashing revenues suffers from the same inconsistency and, we submit, should also be inapplicable to the PPP.

³ The FSC industry in the U.S. is composed of approximately 13,000 neighborhood financial service center locations which conduct more than 350 million transactions each year, providing an estimated \$106 billion in various products and services to an estimated 30 million customers.

⁴ In addition to the other federal and state laws under which they operate, FiSCA members are Money Services Businesses (MSBs) under the Bank Secrecy Act. Accordingly, FiSCA members are a critical bulwark against fraud and other financial fraud and provide critical reporting to FinCEN and state law enforcement agencies.

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that the Interim Final Rule be immediately withdrawn prior to publication in the Federal Register or that it be suspended or modified to permit FiSCA member small businesses to qualify for the PPP loans.

We are available to your staff if you require anything further in this regard. Thank you for your consideration.

Respectfully yours,

FINANCIAL SERVICE CENTERS OF AMERICA

A handwritten signature in black ink, appearing to read "E. P. D'Alessio". The signature is written in a cursive, slightly slanted style.

Edward P. D'Alessio
Executive Director

cc: Senate Small Business and Entrepreneurship Chairman Marco Rubio
Senate Small Business and Entrepreneurship Ranking Member Benjamin Cardin
House Small Business Chairwoman Nydia Velázquez
House Small Business Ranking Member Steve Chabot