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Nearly 1,000 V.I. Businesses Obtain Paycheck Protection Program Loans Totaling \$114 Million

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Businesses including the territory's premiere luxury hotel and its affiliated private charter company have obtained more than \$114 million and counting in forgivable loans intended specifically to keep small businesses alive during the Coronavirus pandemic.

The U.S. Small Business Administration (SBA) reported that 963 companies doing business in the Virgin Islands were approved for Paycheck Protection Program (PPP) loans to date. And according to Gov. Albert Bryan, there is plenty more of the federal money available for the asking.

"Please, if you have not done so, please consider getting a PPP loan to pay employees, rent, utilities," Mr. Bryan said during a COVID-19 update a few days ago. The money is "100 percent

forgivable ... as long as you use the money to pay your employees, rent or mortgage,” the governor said.

Generally speaking, that’s the way the program is supposed to work: keep employees on the payroll, pay legitimate business expenses such as rent, mortgage and utilities, and all is good for having the loan forgiven. The only caveat: the loans are intended for “small business” with a limited number of employees.

Big Business vs. Small Business

The vast majority of loan recipients in the territory are likely the small operations Congress aimed to help when the PPP loan program was enacted in April, officials said. But that’s not always the case.

Take the Ritz Carlton St. Thomas. The Ritz received a \$5 million loan, according to information made public in Securities and Exchange Commission (SEC) filings reviewed by the Consortium. The average loan amount to territory businesses is \$118,676, based on a review of SBA data.

The Ritz Carlton St. Thomas is a part of the hotel and hospitality empire of Dallas multimillionaire Monty Bennett. SEC records show that hotels and subsidiaries controlled by Mr. Bennet’s Ashford Inc. – including the Cruz Bay Watersports charter company -- have received about \$70 million in PPP loans intended to help small business affected by the economic shutdown of the past two months.

Ashford Inc., which manages assets (hotels, resorts, etc), also controls two real estate investment trusts that have a combined revenues of more than \$2 billion, according to the Dallas Morning News.

Take the Money

Gov. Bryan is not so worried about big companies tapping PPP loans, as long as money is available to small businesses, too.

“I say take the loan,” Mr. Bryan said last week. “I say it because that money is going to be spent in the Virgin Islands. ... Take the money because that money is going to be put into our economy. Remember 75 percent of the money they take is to pay employees. It will pay employees, allow them to pay their rents ... It will go to our grocery stores, to our landlords, shops and other things in the Virgin Islands. So, take the money.”

Critics around the country have questioned whether the PPP loan money granted to international companies will, indeed, be spent in local jurisdictions. According to finance experts cited by a May 1st New York Times story, Mr. Bennett’s companies operate under a loose corporate governance structure. The profits from his companies, the Ritz Carlton St. Thomas included, ultimately flow back to Mr. Bennett.

How and where the PPP loan proceeds are actually spent is beyond the territory’s control. “If they are spending it in the states, they are taking the money anyway,” the governor said.

Mr. Bryan said he was at first concerned when the first round of PPP funding ran out with many legitimate small businesses nationwide complaining that the program ran out of money before their loans were considered. A second round of loans is now available.

“I know there are a lot of you out there that need money. Go and get that money. It’s free money,”
Mr. Bryan said.

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