The Virgin Islands Consortium

SBA Says Survey Finds Most Businesses are Satisfied With Small Business Protection Loan

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The National Federation of Independent Businesses (NFIB) released the results of a small business survey showing the positive impact the Payroll Protection Program (PPP) administered by the U.S. Small Business Administration (SBA) continues to have on small business, the SBA said Thursday.

The survey finds that more than three-quarters of eligible businesses have applied for a PPP loan, and 93 percent of those received a loan. It also indicates the “vast majority of small business owners (67 percent) who have a PPP loan have found the loan ‘very helpful’ in financially supporting their business” with another 14 percent reporting the PPP loan is “moderately helpful” and 11 percent, “somewhat helpful.” Only 2 percent say that the PPP loan is not at all helpful, and 7 percent said that it is too early to tell, according to the SBA.

“The Paycheck Protection Program was created by the CARES Act to provide forgivable loans to small businesses affected by the COVID-19 pandemic to help pay the bills and keep employees on the payroll,” said SBA Regional Administrator Steve Bulger, who oversees the federal agency’s operations in the Atlantic and Mid-Atlantic regions. “Our data show that 826,696 small businesses received $103,936,930,794 in the SBA’s Atlantic and Mid-Atlantic regions combined. This goes to show that the PPP is going a long way to meet the demand of small businesses and their employees during this critical time.”

“The agency worked quickly with Treasury and SBA staff, as well as SBA partner organizations, to assist lenders and small businesses understand the process of applying for a PPP loan and getting the money to pay their employees and creditors quickly, allowing them to stay in business while we ride out this pandemic," Mr. Bulger added. "There is still plenty of money in the PPP appropriation, and now is the time for any small business owner, who feels that this program could help them to contact a participating lender and apply."

The SBA reported in May that 963 companies doing business in the Virgin Islands were approved for PPP loans. Businesses including the territory’s premiere luxury hotel and its affiliated private charter company were among firms that obtained more than $114 million and counting in the forgivable loans intended specifically to keep small businesses alive during the coronavirus pandemic.

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

Governor Albert Bryan in May was 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 month. “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.