

United States Senate
WASHINGTON, DC 20510-3203

May 1, 2020

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

Dear Administrator Carranza:

In light of the recent announcement that the Small Business Administration will audit Paycheck Protection Program (PPP or the Program) loans, I write to request that you prioritize a full and thorough review of all loans made to Ashford Inc. (Ashford) and two real estate investment trusts that it advises, Ashford Hospitality Trust and Braemar Hotels and Resorts.

I am deeply concerned that large, publicly traded companies, like Ashford, may be exploiting the Program to the detriment of legitimate small businesses around the country currently struggling to survive the COVID-19 pandemic. As you may be aware, last year Ashford and its subsidiaries had a combined revenue of over \$2 billion through a portfolio that includes 130 hotels, primarily operated under premium brands like Intercontinental, Marriott, Hilton and Hyatt. As a result, I was alarmed to read public reports that Ashford and its subsidiaries applied for and received as much as \$126 million in PPP loans funded by the CARES Act, making it collectively the single largest participant in the Program.

While Congress established in the text of the CARES Act a loan limit of \$10 million per business that participates in the Program, Ashford and its subsidiaries appear to have exploited a Republican-inserted provision of the bill to get around that cap by treating each of its properties as a separate legal entity and filing over one hundred separate applications. This runs against the spirit of the law to provide much needed funds to truly small or family-owned business around the country that are in dire need of assistance.

As publicly traded companies, Ashford and the entities it advises have significantly greater access to capital markets and large financial lenders that indicates a lack of true economic need as required under PPP. Ashford's Chief Executive Officer, Montgomery Bennett, has publicly stated that his company was working with its existing lenders to renegotiate favorable terms and that "the banks are doing great with us." At the same time, Ashford has reportedly laid off or furloughed over 95 percent of its staff while simultaneously paying \$10 million in dividends to preferred shareholders and senior executives. Furthermore, Mr. Bennett has already publicly indicated that the company may be unable to meet certain program requirements to rehire workers.

As the May 7, 2020 deadline nears for borrowers to repay funds if they cannot meet the requirements of the program, large companies with access to the capital markets need to know that the Small Business Administration will rigorously enforce the rules of the Paycheck Protection Program, including any certifications of economic need. It is imperative that limited taxpayer dollars go to help legitimate small businesses.

Sincerely,

A handwritten signature in blue ink that reads "Charles Schumer". The signature is written in a cursive, flowing style.

Charles E. Schumer
United States Senator