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SELECT SUBCOMMITTEE ON THE CORONAVIRUS CRISIS
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<https://coronavirus.house.gov>

May 8, 2020

Mr. Dennis Oates
Chief Executive Officer
Universal Stainless & Alloy Products, Inc.
600 Mayer Street
Bridgeville, PA 15017

Dear Mr. Oates:

The Select Subcommittee on the Coronavirus Crisis requests that Universal Stainless & Alloy Products immediately return the Paycheck Protection Program (PPP) loan it obtained so that these funds may be used to support truly small businesses that are struggling to survive during the coronavirus crisis.

When Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act with broad bipartisan support, we intended to provide an invaluable lifeline for small businesses that otherwise might be forced to lay off employees or shut down entirely.¹ We did not intend for these funds to be used by large corporations that have a substantial investor base and access to capital markets.²

Unfortunately, many large companies were able to utilize this program and obtained PPP loans that were intended for small businesses. Some of the companies returned these funds amid widespread public outrage.³ However, other companies—including yours—still have not returned these funds.

¹ Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136, §§ 1102, 1106 (2020).

² See Small Business Administration, *Paycheck Protection Program Loans Frequently Asked Questions* (May 6, 2020) (online at <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>) (“For example, it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company should be prepared to demonstrate to SBA, upon request, the basis for its certification.”).

³ *Ruth’s Chris to Repay Loan Amid Outcry Over Rescue Program*, Wall Street Journal (Apr. 23, 2020) (online at www.wsj.com/articles/public-companies-have-to-repay-small-business-rescue-loans-11587670442) (“Returned funds will be recycled to make loans to additional businesses that qualify for aid under the program, a Treasury spokesman said.”); *The NBA’s Lakers, Worth \$4 Billion, Received a \$4.6 Million Small Business Loan from the Stimulus Program*, Associated Press (Apr. 28, 2020) (online at www.marketwatch.com/story/the-nbas-lakers-worth-over-4-billion-received-46-million-small-business-loan-from-stimulus-program-2020-04-28).

This is an issue of significant bipartisan concern. As House Republican Leader Kevin McCarthy recently stated during a nationally televised interview:

I was on the phone with the President and the Secretary Mnuchin yesterday, making sure that that's not gonna happen, that we will go after those big companies that cheat the system.⁴

Similarly, Treasury Secretary Stephen Mnuchin called these actions “outrageous” and added that he never would have expected such abuses “in a million years.”⁵

On April 22, 2020, your company reported to the Securities and Exchange Commission that you obtained a PPP loan in the amount of \$10 million.⁶ Your company is a steel manufacturer with facilities in New York, Pennsylvania, and Ohio. You have more than 700 employees and reported net sales of \$243 million in 2019.⁷

Since your company is a public entity with a substantial investor base and access to the capital markets, we ask that you return these funds immediately. Returning these funds will allow truly small businesses—which do *not* have access to alternative sources of capital—to obtain the emergency loans they need to avoid layoffs, stay in business, and weather the economic disruption caused by the coronavirus crisis.

We request that you inform us by May 11, 2020, of whether you will return these funds, including the specific amount being returned and the date by which the funds have been or will be returned.

If you choose not to return some or all of these funds, we request that you produce by May 15, 2020, all documents and communications (1) between your company and the Small Business Administration and the Department of the Treasury relating to the PPP loan; and (2) between your company and any financial institution relating to the PPP loan, including all applications for a PPP loan.

Modeled after the Truman Committee during World War II, the Select Subcommittee on the Coronavirus Crisis was established by the U.S. House of Representatives on April 23, 2020, pursuant to House Resolution 935, “to conduct a full and complete investigation” of the “efficiency, effectiveness, equity, and transparency of the use of taxpayer funds and relief

⁴ *America's Newsroom*, Fox News (Apr. 21, 2020) (online at <http://video.foxnews.com/v/6151086586001/>).

⁵ *Treasury Secretary Mnuchin Says It Was 'Outrageous' for the LA Lakers to Take a Small Business Loan*, CNBC (Apr. 28, 2020) (online at www.cnbc.com/2020/04/28/mnuchin-says-it-was-outrageous-for-the-lakers-other-such-businesses-to-take-small-business-loans.html).

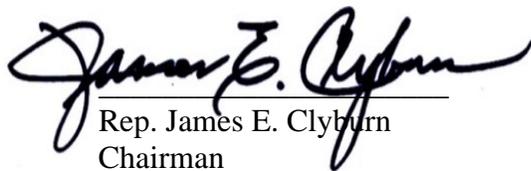
⁶ Universal Stainless & Alloy Products, Inc., *Form 8-K* (Apr. 22, 2020) (online at www.sec.gov/Archives/edgar/data/931584/000119312520114322/d920016d8k.htm).

⁷ Universal Stainless & Alloy Products, Inc., *Form 10-K* (Feb. 19, 2020) (online at www.sec.gov/Archives/edgar/data/931584/000156459020005259/usap-10k_20191231.htm).

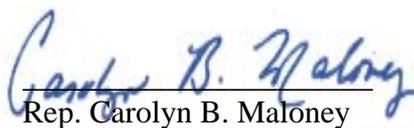
programs to address the coronavirus crisis,” the nation’s “preparedness for and response to the coronavirus crisis,” and “any other issues related to the coronavirus crisis.”

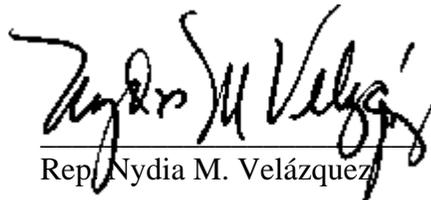
If you have any questions about this request, please contact our staff at (202) 225-4400.

Sincerely,


Rep. James E. Clyburn
Chairman

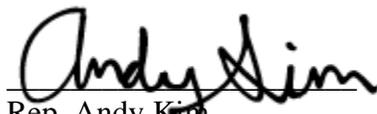

Rep. Maxine Waters


Rep. Carolyn B. Maloney


Rep. Nydia M. Velázquez


Rep. Bill Foster


Rep. Jamie Raskin


Rep. Andy Kim

cc: The Honorable Steve Scalise, Ranking Member
Select Subcommittee on the Coronavirus Crisis