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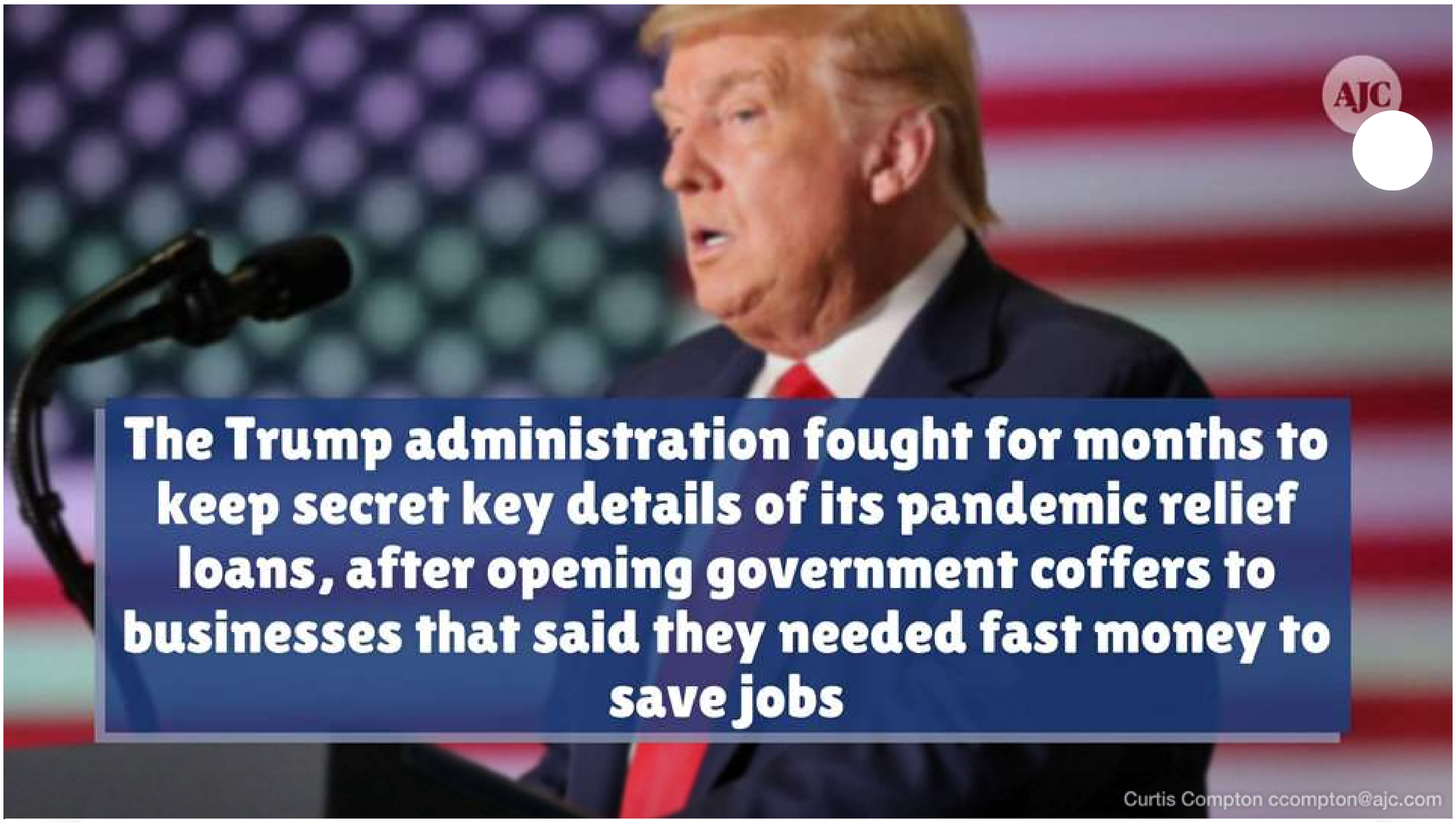

Forced release of federal data shows more bailout loans went to questionable players

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By Johnny Edwards, The Atlanta Journal-Constitution

Until this week, feds concealed the names of companies that got less than $150K

The Trump administration fought for months to keep secret key details of its pandemic relief loans, after opening government coffers to businesses that said they needed fast money to save jobs.

In Georgia, even the limited disclosure had revealed loans went to companies that have run afoul of regulators, companies tied to politically-connected Trump allies and nonprofits that appear to exist mostly on paper.

With a federal judge not buying the administration’s arguments against full transparency, the U.S. Small Business Administration has finally disclosed the names of all companies that received the bailouts and the exact amount of their loans. Eleven news agencies had sued for the information under the Freedom of Information Act, leading to Tuesday night’s data dump revealing every recipient under the Paycheck Protection Program and Economic Injury Disaster Loan program.

“It’s unfortunate that the federal government took eight months to release something that they’ve been routinely releasing for decades,” said Tim Stretton, a policy analyst for the Project on Government Oversight, which also sued for the information. “Now the job is to look at this information and see if the businesses that got these loans are the ones that actually needed the money.”

Until Tuesday, the administration had concealed the names of any businesses that received less than $150,000. For businesses that received more, the administration released only loan amount ranges, such as loans between $5 million and $10 million.

With no such restrictions now, an initial review by The Atlanta Journal-Constitution of PPP data found some big businesses scooping up large loans, and taxpayer money routed to some questionable companies.

Thirteen Georgia businesses received the maximum loan amount of $10 million. Most were for businesses in the restaurant industry, including Hooters and Ted’s Montana Grill.

A loan of nearly $6.1 million went to a Sandy Springs-based business, Aliera Companies, that has been the target of regulators in several states, accused of selling health insurance illegally.

Last year, New Hampshire, Texas and Washington took steps to stop Aliera from marketing health insurance plans in their states.

This year, Maryland revoked its insurance producer license, accusing the company of actively trying to sell unauthorized health insurance plans in violation of that state's law and an earlier consent order. California issued a cease and desist order, saying the company was misleading consumers and selling products that don't cover preexisting conditions. Colorado issued an order specifying that Aliera would not provide any services or contract with any unauthorized insurers. The Iowa insurance division filed a statement of charges accusing the company of acting as an unauthorized insurer.

Aliera also is the target of a putative class-action lawsuit filed in Atlanta federal court in June. That lawsuit accuses the company of marketing and selling "illegal health insurance masquerading as legitimate (health care sharing ministry) plans," pocketing premium payments and failing to cover clients' medical expenses. The lawsuit also says that the patriarch of the family that owns and operates the company, Timothy Moses, has in the past been convicted of securities fraud and perjury while heading International BioChemical Industries and was sentenced to more than 6 years in prison.

The company has previously called the lawsuit "full of false claims and faulty interpretations of the law." In a statement issued earlier this year, the company disputed allegations by some states and said it is not a health care sharing ministry, where religiously like-minded members pay monthly installments and share medical expenses.

But "among other service-related contractual solutions to other industries, we do provide services to HCSM clients," the statement said.

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The PPP loan to Aliera is shown as preserving 252 jobs.

"Our company provides myriad services to clients enabling them opportunity to offer more affordable and accessible health care through faith-based alternatives to traditional health insurance," the company said in a statement to the AJC on Wednesday, "and securing a Paycheck Protection Program loan ensured our company's ability to continue serving clients, maintain operations, and most importantly keep more than 250 employees employed during these difficult and uncertain times.

"In general, we believe this to be the intended purpose of the PPP loan program," Aliera said.

Among the recipients of smaller loans was National Check Resolution Inc., a debt collection firm in Cumming. It received $149,885, which reportedly preserved 17 jobs.

Just two years ago, National Check Resolution settled a case with Georgia alleging it committed multiple violations of debt collection laws. State Attorney General Chris Carr accused the company's owner and its manager of repeatedly harassing and deceiving consumers by threatening them with arrest or imprisonment if they did not pay the debt, falsely representing themselves as attorneys, divulging information about debtors' accounts to third parties, and attempting to collect debts from payday loans.

Under the settlement, the company had to cease collections on nearly 12,000 accounts, representing $8.5 million in purported debt. The company also had to pay a $20,000 civil penalty.

National Check Resolution did not return a call from the AJC on Wednesday about its PPP loan.

Credit: TNS

The latest data indicate that many Georgia businesses that received bailouts do appear to be those Congress had in mind in establishing PPP. Among the businesses receiving loans of under $150,000 are flower shops, pharmacies, pre-schools, car washes, insurance offices, funeral homes, body shops, taverns, tree services, hair salons and doctor, dentist and veterinarian offices.

In all, 151,364 Georgia businesses received loans under that amount, totaling nearly $4.6 billion and purportedly saving more than 627,000 jobs. Included in that are several thousand nonprofit organizations, many of them houses of worship, suggesting PPP loans may have filled gaps when churches and synagogues couldn’t hold in-person services.

The new data also provides clarity on some loans that raised eyebrows when SBA released limited data in July.

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Augusta-based R.W. Allen Construction, once controlled by U.S. Rep. Rick Allen, R-Ga., received almost $917,000. A Bonaire-based trucking company called Perdue Inc., affiliated with Trump's Secretary of Agriculture and former Georgia Gov. Sonny Perdue, received $182,000. The Faith & Freedom Coalition in Duluth, founded by one of President Trump's evangelical allies, Ralph Reed, got $260,100.

Congress and the Trump administration, trying to quickly infuse capital into a sinking economy, set up the $659 billion Paycheck Protection Program as a pay-and-chase model, encouraging banks early in the program to approve many loans within a two-week period, trusting applicants' word that they qualified.

Borrowers may never have to repay the money; they are eligible for loan forgiveness if the funds are used for eligible expenses, such as payroll and mortgages. However, many recipients may never have to answer questions from regulators about how they spent their money.

The U.S. Government Accountability program has reported that both PPP and EIDL are susceptible to fraud, and the loose manner in which the money was disbursed already has led to multiple criminal indictments.

Share your tips on PPP, EIDL

The Atlanta Journal-Constitution's investigative team wants to hear about small businesses' experiences in obtaining funds through the federal government's Paycheck Protection Program and Economic Injury Disaster Loan program. We also want to know about any contractors or businesses that received CARES Act money, but perhaps shouldn't have.

If you have information to share, please contact Johnny Edwards at johnny.edwards@ajc.com or Lois Norder at lois.norder@ajc.com.

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