

Small businesses say banks fumbled applications in first round of PPP funding

By [Lisa Fickenscher](#)



Dan Abrams, owner of NYC's Mermaid Inn

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Small businesses shut out of the government's paycheck protection loan program last week are fuming at their banks for fumbling their applications.

Dan Abrams, who owns The Mermaid Inn and five other eateries in Manhattan, had all of his loan documents at the ready when the Small Business Administration launched the \$350 million stimulus program on April 3. But each time he logged onto Capital One's loan portal, there was no link allowing him to apply — until it was too late.

"We received an email from Capital One saying they were ready to receive our application" on April 17 — the day after funding had dried up, Abrams told The Post.

Rob Bookman, who owns a small law firm in Manhattan that handles liquor licenses for

restaurants and bars, is also blasting his bank for approving his loan application, only to withdraw the promise for funding a week later.

Bookman said he received notification by text that Citibank's site was open for applications on April 9 — six days after the SBA program launched. Despite the delay, he was approved within two hours. Bookman even received a notice of confirmation the next day, "and my banker told me I'd be among the first processed loans," he said.

But one week later, on April 17, he received a form email explaining that there was no more money in the PPP program and that Citibank would hold his application "for up to 30 days."

"I demanded to know whether my application was ever sent to the SBA," said Bookman, whose business is down 75 percent due to the coronavirus. "I didn't get an answer," he said.

The questions come as the Kafka-esque process looks set to begin all over again.

Congress on Tuesday agreed to add another \$320 billion to its **small business bailout program**, known as the Paycheck Protection Program, or PPP, after the Small Business Administration ran out of the first \$350 million in just 13 days.

The program has also come under a torrent of criticism for paying banks big bucks to steer hundreds of millions of dollars of taxpayer money to their large, publicly traded clients, like Ruth's Chris Steak House, Potbelly Sandwich Shop and **Wilhelmina International**, a talent agency that represents big stars like Nicki Minaj and Nick Jonas.

The Wall Street Journal has reported that companies with large outstanding loans issued by banks involved in PPP often fared better than other companies. And several banks have been slapped with lawsuits alleging that they prioritized larger, more profitable loans.

Small business owners cut off from the process have been left to wonder why they were kicked off the PPP line — if they were permitted to queue up in the first place — and whether it will happen again.

Abrams, for example, was required — like all applicants — to apply for a PPP loan using a bank with which he's had a long-standing relationship. But his bank, Capital One, was "focused on testing the system by accepting a small number of applications manually," spokeswoman Nicole Wyman told The Post in an e-mail.

Wyman said Capital One's applicants were "randomly selected customers who had expressed interest and shared information with us prior to April 5." And the bank has told Abrams that his request for a \$2.4 million loan to support his 320 employees will be submitted in the next round.

"I'm optimistic," he told The Post.

Bookman said a Citigroup manager told him that his application wasn't forwarded to the SBA for a week because the bank was "overwhelmed" with applications. Once the SBA gets an application, it's processed and assigned a loan number in "under an hour," Steve Bulger, the SBA's regional administrator for the Atlantic Region, told The Post.

A Citibank spokesman told The Post it regrets "that some of our clients did not receive funding prior to the SBA's funds being exhausted," and added that it "will work relentlessly to help these customers get the funding they need" during the next round of funding.

One banker from a top-tier bank blamed a lack of clarity from the Treasury Department for delays and other snags. "This whole thing was a slow-moving disaster," the banker told The Post. "There was no guidance from DC, and it made an impossible process even worse."

But at least one small banker says he was able to process \$172 million in PPP loans for 598 small businesses in his area by OK'ing loans prior to getting Treasury guidance — and then flooding the SBA with applications once the program officially opened.

"When I first saw this program announced, I thought, 'This money is going to go fast,'" recounted Edward Barry, CEO of Maryland-based Capital Bank, a \$1.4 billion community bank. "We needed to be ready."

"\$350 billion sounds like a lot, but I knew it was a drop in the bucket," Barry said.