

116TH CONGRESS
2D SESSION

S. 3865

To provide for the treatment of certain criminal violations under the paycheck protection program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 2, 2020

Mr. PORTMAN (for himself, Mr. CARDIN, Mr. LANKFORD, and Mr. BOOKER) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To provide for the treatment of certain criminal violations under the paycheck protection program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Paycheck Protection
5 Program Second Chance Act”.

1 **SEC. 2. TREATMENT OF CERTAIN CRIMINAL VIOLATIONS**
2 **UNDER THE PAYCHECK PROTECTION PRO-**
3 **GRAM.**

4 (a) IN GENERAL.—Section 7(a)(36) of the Small
5 Business Act (15 U.S.C. 636(a)(36)) is amended by add-
6 ing at the end the following:

7 “(T) TREATMENT OF CERTAIN CRIMINAL
8 VIOLATIONS.—

9 “(i) ARRESTS OR CONVICTIONS.—Ex-
10 cept as provided in clause (ii), an entity
11 that is a business, organization, coopera-
12 tive, or enterprise shall be an eligible re-
13 cipient notwithstanding an arrest or con-
14 viction under Federal, State, or Tribal law
15 of an owner of not less than 20 percent of
16 the equity of the entity, unless the owner
17 is incarcerated on the date on which the
18 entity applies for a covered loan.

19 “(ii) FINANCIAL FRAUD OR DECEP-
20 TION.—Notwithstanding clause (i), an en-
21 tity that is a business, organization, coop-
22 erative, or enterprise may not receive a
23 covered loan if, during the 5-year period
24 preceding the date on which the entity ap-
25 plies for a covered loan, an owner of not
26 less than 20 percent of the equity of the

1 entity has been convicted of a felony of fi-
2 nancial fraud or deception under Federal,
3 State, or Tribal law.

4 “(iii) WAIVER.—The Administrator
5 may waive the requirements under clause
6 (ii).”.

7 (b) RULEMAKING.—Not later than 15 days after the
8 date of enactment of this Act, the Administrator of the
9 Small Business Administration shall make necessary revi-
10 sions to any rules of the Administration to carry out the
11 amendment made by subsection (a).

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