

Impact of the CARES Act, PPP, and MSLP

TUESDAY MAY 5, 2020 – ENET VIRTUAL PRESENTATION

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Aaron T. Kriss

- Partner, Head of Tax Department
- Focus on tax aspects of transactions for small- and medium-sized private companies, including M&A, joint ventures, asset sales/purchases, LLC and partnership formation. Also analyze executive and incentive compensation structures, including options, stock plans, 280G, and 409A issues.
- University of Virginia School of Law, J.D. 2011
- University of Miami, B.B.A., 2004
- Prior legal experience: Day Pitney LLP, Withers Bergman LLP

About Gesmer Updegrove

- Founded in 1986. Approx. 35 attorneys, 15 partners.
- Main office in downtown Boston.
- Gesmer Updegrove LLP is New England's premier law firm for small- and mid-sized private companies, technology firms, and emerging businesses.
- Our mission is to be the trusted advisor to our clients, providing quality legal services, outstanding business advice and value-added services.
- We work side by side with our client CEOs to bring the resources necessary to grow their companies - all while ensuring that their companies are legally protected.

Timeline of Recent Federal Response

- Phase 1 – March 6, 2020: \$8.3B funding for CDC, FDA, and other agencies; additional testing.
- Phase 2 – March 18, 2020: free testing, paid sick leave, increased funding for Medicaid and unemployment insurance.
- Phase 3 – March 27, 2020: CARES Act
 - Includes Paycheck Protection Program (“PPP”)
 - Also certain tax changes, expanded unemployment insurance, and direct stimulus payments to individual Americans.
 - Expansion of Emergency Injury Disaster Loan (“EIDL”) program, including \$10k advance.
- April 2, 2020: SBA releases Interim Final Rule (“IFR”) for the PPP loan program.
- April 9, 2020: Main Street Lending Program (“MSLP”)
 - \$600B lending program backed by Federal Reserve for companies not covered by PPP.
- April 23, 2020 – SBA releases new FAQ guidance on PPP.
- Phase 3.5 – April 24, 2020
 - Addition \$351B approved for PPP “round 2”.
- April 30, 2020: IFR #2

PPP Overview

- What businesses qualify?
- How to apply?
- What are the loan terms?
- How is the loan forgiven?
- Affiliation rules.
- “Necessity” criteria.
- Latest developments.

EIDL and MSLP

➤ EIDL

- Application process.
- Size of loan; terms.
- \$10,000 “advance”.
- Overlap with PPP?
- New restrictions

➤ MSLP

- Geared at larger companies
- Possible alternative for VC-backed businesses that fail SBA affiliation rules.

THANK YOU!

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