The Honorable Steven T. Mnuchin  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C.  20220

Dear Secretary Mnuchin:

We are writing regarding our concerns with the Treasury Department’s administration of the Payroll Support Program. Congress created this program to “preserve aviation jobs” by providing wage assistance to companies in exchange for keeping workers on the payroll.\(^1\) Despite Congress’ clear intent, Treasury is providing hundreds of millions of taxpayer dollars to at least twelve airline industry contractors that recently laid off thousands of workers. Giving payroll support to companies that engaged in mass layoffs is not only contrary to congressional intent, but also wastes taxpayer dollars by covering the cost of payroll for employees that have already been laid off. We urge Treasury to stop providing taxpayer-funded payroll support for workers that have been laid off and to recover any funds that were inappropriately awarded.

The Coronavirus Aid, Relief, and Emergency Security (CARES) Act authorized Treasury to provide up to $32 billion to “preserve aviation jobs and compensate air carrier industry workers,” including contractors providing services to the aviation industry. Under the Act, Payroll Support Program funds must be used exclusively to pay employee wages, salaries, and benefits.\(^2\) To receive these funds, recipients must “refrain from conducting involuntary furloughs or reducing pay rates and benefits until September 30, 2020.”\(^3\) The maximum amount of assistance available under the Program is calculated based on the compensation that was paid to employees from April through September 2019.\(^4\)

Gate Gourmet, Swissport USA, Flying Food Fare, and G2 Secure Staff are four of the top contractor recipients of Payroll Support Program funds. Yet according to media reports and state agency disclosures, these companies laid off thousands of workers before signing Payroll Support Program agreements with the Treasury Department.\(^5\) They are not alone. As set forth in the Appendix to this letter, we have identified at least eight other contractors that conducted

\(^1\) Coronavirus Aid, Relief, and Emergency Security Act, Pub. L. No. 116-136, § 4112(a) (2020).

\(^2\) Id.

\(^3\) Id. § 4114(a)(1).

\(^4\) Id. § 4113(a)(3).

significant layoffs after the CARES Act was enacted and prior to executing a payroll assistance agreement through the Payroll Support Program. Because the amount of assistance awarded to each company was calculated based on their 2019 payroll figures, the Treasury Department appears to be distributing taxpayer funds to help preserve jobs that have already been eliminated.

Gate Gourmet is expected to receive more than $171 million from the Payroll Support Program—more than any other contractor so far. Since the CARES Act was signed into law, Gate Gourmet has laid off more than 3,500 workers in California, Georgia, Illinois, and New York alone. The company applied for financial assistance through the Payroll Support Program on or about April 9, 2020, but it did not execute its agreement with the Treasury until June 19, 2020. Most of its layoffs occurred in the two months between Gate Gourmet’s application for payroll assistance and its executed agreement with Treasury.

Swissport USA is slated to receive the second-highest payroll award to any aviation contractor—more than $170 million. Swissport signed its agreement with Treasury on July 10, 2020. Yet in the weeks prior to executing that agreement, Swissport announced the layoffs of at least 2,840 workers in Florida, Michigan, New York, Virginia, and Washington.

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6 Department of the Treasury, Payroll Support Program Payments (online at https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-payments).

7 See State of California, Employment Development Department, WARN Report (07/01/2019 – 06/30/2020) (online at https://edd.ca.gov/Jobs_and_Training/warn/WARN-Report-for-7-1-2019-to-6-30-2020.pdf) (766 workers temporarily laid off on March 30; 143 workers laid off permanently on May 20); State of Georgia, Department of Labor, Business Layoff/Closure Listing (Statewide, 2020) (online at www.dol.state.ga.us/public/es/warn/searchwarns) (2,052 workers laid off on May 7); State of Illinois, Department of Commerce and Economic Opportunity, Archived Warn Reports (online at www.illinoisworknet.com/LayoffRecovery/Pages/ArchivedWARNReports.aspx) (6 workers temporarily furloughed on April 15; 299 workers permanently laid off on May 20; and 38 workers permanently laid off on June 5); New York State, Department of Labor, Worker Adjustment and Retraining Notification (online at https://labor.ny.gov/app/warn/) (263 workers separated on March 31 and permanently laid off on May 20).


9 Department of the Treasury, Payroll Support Program Payments (online at https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-payments).

10 Id.

Flying Food executed its agreement for $85 million in payroll support on June 15, 2020. Prior to signing this agreement, it laid off more than 800 employees in Arizona, California, and Hawaii alone.

G2 Secure Staff, which signed its deal for $81 million in payroll support on June 9, 2020, laid off nearly 400 workers in Michigan, Georgia, Colorado, Virginia, and California on the day the CARES Act was signed into law.

Awarding payroll support to preserve jobs that have already been terminated wastes government resources and is inconsistent with the CARES Act. The Treasury has defended these awards, asserting that it “implemented the CARES Act as written” and that its “hands are tied.” But the CARES Act authorized payroll support only to “preserve aviation jobs and compensate air carrier industry workers.” In the CARES Act, Congress also gave the Treasury Secretary discretion to determine the “appropriate” “terms and conditions” of the payroll assistance. This authority includes the ability to “clawback” funds when a company does not “honor [its]

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12 Department of the Treasury, Payroll Support Program Payments (online at https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-payments).


14 Department of the Treasury, Payroll Support Program Payments (online at https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-payments).


18 Id. § 4113(b)(1)(A).
assurances” to refrain from conducting layoffs or furloughs.19  Consistent with these provisions, Treasury’s program application procedures explain that Treasury has “discretion” to determine the “awardable amount” and that the “maximum potential amount of payroll assistance [is] … the compensation paid by the applicant to its employees from April 1, 2019, through September 30, 2019.”20

To implement this program as Congress intended, we urge you to exercise your discretion under the CARES Act and reduce payroll assistance to companies that have conducted layoffs, unless the companies rehire such workers. While we recognize that some of these companies may have a legitimate need for payroll support to retain current employees, that need does not extend to employees who have already been terminated.

We are examining why Treasury provided contractors with taxpayer funds to support jobs that no longer exist and the amount of taxpayer funds that has been inappropriately awarded. To assist us with this investigation, please produce by August 12, 2020, the following documents and information from March 1, 2020, to the present:

1. All documents and communications related to the Payroll Support Program application, enrollment, or funding award for any of the contractors listed in the Appendix, including but not limited to:
   a. the contractor’s Payroll Support Program application, including any addendums, modifications, or subsequently submitted revisions as well as any other document containing the assurances required by Section 4114(a) of the CARES Act;
   b. draft and final payroll support agreement between the contractor and the Treasury Department;
   c. all communications between the contractor and the Treasury Department related to the Payroll Support Program;
   d. all internal and external communications and documents regarding the eligibility of the contractor for the Payroll Support Program or the awardable amount for the contractor; and
   e. any internal and external communications or documents regarding the contractor’s layoffs or furloughs; and

2. All documents and communications regarding the Treasury Department’s assessment of whether employees laid off or furloughed during the coronavirus crisis impact a company’s eligibility for the Payroll Support Program or the amount of payroll assistance that may be awarded. This request seeks

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19 Id.

programmatic discussions or guidance as well as the Treasury Department’s consideration of any specific applicants, including but not limited to the contractors listed in the Appendix.

In addition, please provide written responses to the following questions by August 12, 2020:

1. Is the Treasury Department aware of any other Payroll Support Program applicants (including passenger carriers, cargo carriers, and contractors) beyond the contractors identified in the Appendix that conducted layoffs or furloughs after March 1, 2020? If so, please provide a list of such companies, the number of workers impacted, the location of those workers, the dates on which the layoffs or furloughs were noticed, and the dates on which the layoffs or furloughs occurred. In responding to this question, please include information for any company whose application is currently pending, in addition to companies who have executed payroll support agreements.
   a. For any company identified in response to this request, please produce all documents related to that company responsive to Request 1.

2. Gate Gourmet filed its application for payroll assistance on or around April 9, 2020, but its agreement was not executed until June 19, 2020. Please describe the reason for that delay.

3. Was the Treasury Department aware of layoffs or furloughs conducted by any of the contractors listed in the Appendix between the date of their applications for payroll support assistance and the date on which they executed their agreements with the Treasury Department? If so, when and how did the Treasury Department become aware?

We also request a staff briefing on these issues by August 12, 2020.

An attachment to this letter provides additional instructions for responding to these requests. If you have any questions regarding these requests, please contact Select Subcommittee staff at (202) 225-4400.

Sincerely,

James E. Clyburn
Chairman
Select Subcommittee on the Coronavirus Crisis

Peter A. DeFazio
Chairman
Committee on Transportation and Infrastructure
Maxine Waters  
Chairwoman  
Committee on Financial Services  

Enclosures  

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

The Honorable Sam Graves, Ranking Member,  
Committee on Transportation and Infrastructure  

The Honorable Patrick McHenry, Ranking Member,  
Committee on Financial Services
## APPENDIX

### CONTRACTORS KNOWN TO HAVE ACCEPTED PAYROLL SUPPORT ASSISTANCE FOLLOWING LAYOFFS

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Payroll Assistance Agreement Date</th>
<th>Total Anticipated Payroll Support</th>
<th>Known Layoffs/Furloughs Following Enactment of the CARES Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gate Gourmet</td>
<td>6/19/2020</td>
<td>$171,424,598</td>
<td>3,567&lt;sup&gt;iii&lt;/sup&gt;</td>
</tr>
<tr>
<td>Swissport USA</td>
<td>7/10/2020</td>
<td>$170,359,789</td>
<td>2,840&lt;sup&gt;iv&lt;/sup&gt;</td>
</tr>
<tr>
<td>Flying Food Fare</td>
<td>6/15/2020</td>
<td>$85,020,818</td>
<td>894&lt;sup&gt;v&lt;/sup&gt;</td>
</tr>
<tr>
<td>G2 Secure Staff</td>
<td>6/9/2020</td>
<td>$81,380,837</td>
<td>379&lt;sup&gt;vi&lt;/sup&gt;</td>
</tr>
<tr>
<td>Nordam Group</td>
<td>6/19/2020</td>
<td>$54,044,828</td>
<td>210&lt;sup&gt;vii&lt;/sup&gt;</td>
</tr>
<tr>
<td>Aviation Technical Services</td>
<td>6/15/2020</td>
<td>$39,949,510</td>
<td>142&lt;sup&gt;viii&lt;/sup&gt;</td>
</tr>
<tr>
<td>Haeco Airframe Services</td>
<td>6/2/2020</td>
<td>$35,993,499</td>
<td>514&lt;sup&gt;ix&lt;/sup&gt;</td>
</tr>
<tr>
<td>Constant Aviation</td>
<td>5/22/2020</td>
<td>$23,271,516</td>
<td>52&lt;sup&gt;x&lt;/sup&gt;</td>
</tr>
<tr>
<td>Prosegur Services Group</td>
<td>6/2/2020</td>
<td>$22,620,474</td>
<td>351&lt;sup&gt;xi&lt;/sup&gt;</td>
</tr>
<tr>
<td>Total Airport Services</td>
<td>5/22/2020</td>
<td>$20,828,745</td>
<td>68&lt;sup&gt;xii&lt;/sup&gt;</td>
</tr>
<tr>
<td>JetStream Ground Services</td>
<td>5/19/2020</td>
<td>$13,117,705</td>
<td>176&lt;sup&gt;xiii&lt;/sup&gt;</td>
</tr>
<tr>
<td>ACTS-Aviation Security</td>
<td>6/24/2020</td>
<td>$10,829,005</td>
<td>90&lt;sup&gt;xiv&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>i</sup> Department of the Treasury, Payroll Support Program Payments (online at https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-payments).

<sup>ii</sup> Id.

<sup>iii</sup> See State of California, Employment Development Department, WARN Report (07/01/2019 – 06/30/2020) (online at https://edd.ca.gov/Jobs_and_Training/warn/WARN-Report-for-7-1-2019-to-6-30-2020.pdf) (766 workers temporarily laid off on March 30; 143 workers laid off permanently on May 20); State of Georgia, Department of Labor, Business Layoff/Closure Listing (Statewide, 2020) (online at www.dol.state.ga.us/public/es/warn/searchwarns) (2,052 workers laid off on May 7); State of Illinois, Department of Commerce and Economic Opportunity, Archived Warn Reports (online at www.illinoisworknet.com/LayoffRecovery/Pages/ ArchivedWARNReports.aspx) (6 workers temporarily furloughed on April 15; 299 workers permanently laid off on May 20; and 38 workers permanently laid off on June 5); New York State, Department of Labor, Worker Adjustment and Retraining Notification (online at https://labor.ny.gov/app/warn/) (263 workers separated on March 31 and permanently laid off on May 20).

<sup>iv</sup> See State of Florida, Department of Economic Opportunity, 2020 Worker Adjustment and Retraining Notification Notices (online at http://reactwarn.floridajobs.org/WarnList/Records?year=2020&page=9) (685 workers furloughed and 255 workers laid off between March 13 and June 30; 402 workers laid off between May 1 and June 30); State of Michigan, Department of Labor and Economic Opportunity, Warn Notices (online at


xiv State of Georgia, Department of Labor, *Business Layoff/Closure Listing (Statewide, 01/01/2020 – 07/20/2020)* (online at www.dol.state.ga.us/public/es/warn/searchwarns) (90 workers laid-off on April 30).
Responding to Oversight Committee Document Requests

1. In complying with this request, produce all responsive documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, and representatives acting on your behalf. Produce all documents that you have a legal right to obtain, that you have a right to copy, or to which you have access, as well as documents that you have placed in the temporary possession, custody, or control of any third party.

2. Requested documents, and all documents reasonably related to the requested documents, should not be destroyed, altered, removed, transferred, or otherwise made inaccessible to the Committee.

3. In the event that any entity, organization, or individual denoted in this request is or has been known by any name other than that herein denoted, the request shall be read also to include that alternative identification.

4. The Committee’s preference is to receive documents in electronic form (i.e., CD, memory stick, thumb drive, or secure file transfer) in lieu of paper productions.

5. Documents produced in electronic format should be organized, identified, and indexed electronically.

6. Electronic document productions should be prepared according to the following standards:

   a. The production should consist of single page Tagged Image File (“TIF”), files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.

   b. Document numbers in the load file should match document Bates numbers and TIF file names.

   c. If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.

   d. All electronic documents produced to the Committee should include the following fields of metadata specific to each document, and no modifications should be made to the original metadata:

      BEGDOC, ENDDOC, TEXT, BEGATTACH, ENDATTACH, PAGECOUNT, CUSTODIAN, RECORDTYPE, DATE, TIME, SENTDATE, SENTTIME, BEGINDATE, BEGINTIME, ENDDATE, ENDTIME, AUTHOR, FROM, CC, TO, BCC, SUBJECT, TITLE, FILENAME, FILEEXT, FILESIZE, DATECREATED, TIMECREATED, DATELASTMOD, TIMELASTMOD,
INTMSGID, INTMSGHEADER, NATIVELINK, INTFILPATH, EXCEPTION, BEGATTACH.

7. Documents produced to the Committee should include an index describing the contents of the production. To the extent more than one CD, hard drive, memory stick, thumb drive, zip file, box, or folder is produced, each should contain an index describing its contents.

8. Documents produced in response to this request shall be produced together with copies of file labels, dividers, or identifying markers with which they were associated when the request was served.

9. When you produce documents, you should identify the paragraph(s) or request(s) in the Committee’s letter to which the documents respond.

10. The fact that any other person or entity also possesses non-identical or identical copies of the same documents shall not be a basis to withhold any information.

11. The pendency of or potential for litigation shall not be a basis to withhold any information.

12. In accordance with 5 U.S.C. § 552(d), the Freedom of Information Act (FOIA) and any statutory exemptions to FOIA shall not be a basis for withholding any information.

13. Pursuant to 5 U.S.C. § 552a(b)(9), the Privacy Act shall not be a basis for withholding information.

14. If compliance with the request cannot be made in full by the specified return date, compliance shall be made to the extent possible by that date. An explanation of why full compliance is not possible shall be provided along with any partial production.

15. In the event that a document is withheld on the basis of privilege, provide a privilege log containing the following information concerning any such document: (a) every privilege asserted; (b) the type of document; (c) the general subject matter; (d) the date, author, addressee, and any other recipient(s); (e) the relationship of the author and addressee to each other; and (f) the basis for the privilege(s) asserted.

16. If any document responsive to this request was, but no longer is, in your possession, custody, or control, identify the document (by date, author, subject, and recipients), and explain the circumstances under which the document ceased to be in your possession, custody, or control.

17. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, produce all documents that would be responsive as if the date or other descriptive detail were correct.
18. This request is continuing in nature and applies to any newly-discovered information. Any record, document, compilation of data, or information not produced because it has not been located or discovered by the return date shall be produced immediately upon subsequent location or discovery.

19. All documents shall be Bates-stamped sequentially and produced sequentially.

20. Two sets of each production shall be delivered, one set to the Majority Staff and one set to the Minority Staff. When documents are produced to the Committee, production sets shall be delivered to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2105 of the Rayburn House Office Building.

21. Upon completion of the production, submit a written certification, signed by you or your counsel, stating that: (1) a diligent search has been completed of all documents in your possession, custody, or control that reasonably could contain responsive documents; and (2) all documents located during the search that are responsive have been produced to the Committee.

Definitions

1. The term “document” means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, data, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, communications, electronic mail (email), contracts, cables, notations of any type of conversation, telephone call, meeting or other inter-office or intra-office communication, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings and motion pictures), and electronic, mechanical, and electric records or representations of any kind (including, without limitation, tapes, cassettes, disks, and recordings) and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk, videotape, or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.

2. The term “communication” means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether in a meeting, by telephone, facsimile, mail, releases,
message including email (desktop or mobile device), text message, instant message, MMS or SMS message, message application, or otherwise.

3. The terms “and” and “or” shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information that might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neutral genders.

4. The term “including” shall be construed broadly to mean “including, but not limited to.”

5. The term “Company” means the named legal entity as well as any units, firms, partnerships, associations, corporations, limited liability companies, trusts, subsidiaries, affiliates, divisions, departments, branches, joint ventures, proprietorships, syndicates, or other legal, business or government entities over which the named legal entity exercises control or in which the named entity has any ownership whatsoever.

6. The term “identify,” when used in a question about individuals, means to provide the following information: (a) the individual’s complete name and title; (b) the individual’s business or personal address and phone number; and (c) any and all known aliases.

7. The term “related to” or “referring or relating to,” with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with, or is pertinent to that subject in any manner whatsoever.

8. The term “employee” means any past or present agent, borrowed employee, casual employee, consultant, contractor, de facto employee, detailee, fellow, independent contractor, intern, joint adventurer, loaned employee, officer, part-time employee, permanent employee, provisional employee, special government employee, subcontractor, or any other type of service provider.

9. The term “individual” means all natural persons and all persons or entities acting on their behalf.