

April 16, 2020

To: New York Community Banks

Here are updates on the latest developments on PPP funding, a warning from the SBA about "scams" and fraud, the impact that the COVID-19 crisis is having on the national and New York economies.

Latest On Talks To Add Funds To PPP

Republicans and Democrats are at an impasse. Senate and House GOP leadership McConnell and House Minority Leader Kevin McCarthy last night criticized Democrats for blocking emergency funding for the small business loans program (which ran out of funds this morning), noting: "This did not have to happen." Speaker Pelosi and Democrats want money for hospitals, states and local governments, and assurances that minority-owned businesses have access to the capital, and say a GOP bill that doesn't address those issues cannot get unanimous consent in the House. **Treasury Secretary Mnuchin has been in talks** with Democratic leaders, which are expected to continue today. Senate Republicans say Mnuchin doesn't necessarily speak for them, and warn any agreement he cuts could be rejected. The story: <https://politi.co/34Q6jxn>.

- **A bipartisan group of Representatives -- including four New Yorkers** (Kathleen Rice, D-L.I.), Antonio Delgado (D-Hudson Valley), John Katko (R-Central NY) and Joe Morelle (D-Western NY) **sent a letter to the SBA this morning requesting a briefing — and more guidance — on the program, saying constituents are running into issues applying for the loans.** "Many small business owners have been confused and frustrated regarding the status of their loan and grant application," the lawmakers wrote, according to a copy of the letter. "We have received reports of long wait times and unsatisfactory answers regarding loan status when inquiries are placed. Many of our constituents have struggled to even determine if their loan application has been received." **To read the letter, click on the link provided:** <https://www.politico.com/f/?id=00000171-82e6-d92d-a5ff-caee61840000&nname=huddle&nid=0000014f-1646-d88f-a1cf-5f46b4be0000&nrid=00000152-f737-dcf0-a7d7-f73fb7700001&nlid=630309>

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Message To IBANYS From From Dan Rickman, Deputy District Director/Upstate New York, U.S. Small Business Administration:

Small Business Administration Reports of scammers are on the rise with respect to the PPP and EIDL programs. If you hear about anything from your constituents, please forward the email to my attention. I would encourage them to report fraud directly via the information below, as well. (Please see information below, and separate document attached)

A couple of things that we've seen directly:

1. Emails impersonating SBA to a borrower regarding PPP loan applications. SBA DOES NOT communicate with borrowers regarding specific PPP loan applications. All PPP loan correspondence should be between the lender and the borrower.

2. Emails impersonating SBA asking for borrowers to complete and sign attached documents to “complete” their disaster “Grant Application.” SBA does not process grants. All EIDL loan processing now occurs through the EIDL portal, and legitimate loan approval emails clearly reference the original confirmation #. If additional documentation is required (95% of loans do not require more documentation), it is electronically handled in the portal. EIDL Advances process with NO action required on the part of the applicant.
3. These phishing emails are sophisticated, with SBA logos and styling consistent with legitimate SBA communications. If in doubt, the borrower may contact our office.

Report Fraud

Report any suspected fraud to OIG’s Hotline at 800-767-0385 or online at, <https://www.sba.gov/about-sba/oversight-advocacy/office-inspector-general/office-inspector-general-hotline>.

<https://www.sba.gov/document/report--sba-programs-scams-fraud-alerts>

The Office of Inspector General recognizes that we are facing unprecedented times and is alerting the public about potential fraud schemes related to economic stimulus programs offered by the U.S. Small Business Administration in response to the Novel Coronavirus Pandemic (COVID-19). The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the largest financial assistance bill to date, includes provisions to help small businesses. Fraudsters have already begun targeting small business owners during these economically difficult times. Be on the lookout for grant fraud, loan fraud, and phishing.

Scams and Fraud Schemes

Grants

- SBA *does not* initiate contact on either 7a or Disaster loans or grants. If you are proactively contacted by someone claiming to be from the SBA, suspect fraud.
- Loans
- If you are contacted by someone promising to get approval of an SBA loan, but requires any payment up front or offers a high interest bridge loan in the interim, suspect fraud.
- SBA limits the fees a broker can charge a borrower to 3% for loans \$50,000 or less and 2% for loans \$50,000 to \$1,000,000 with an additional ¼% on amounts over \$1,000,000. Any attempt to charge more than these fees is inappropriate.
- If you have a question about getting a SBA disaster loan, call 800-659-2955 or send an email to disastercustomerservice@sba.gov.
- If you have questions about other SBA lending products, call SBA’s Answer Desk at 800-827-5722 or send an email to answerdesk@sba.gov.

Phishing

- If you are in the process of applying for an SBA loan and receive email correspondence asking for PII, ensure that the referenced application number is consistent with the actual application number.
- Look out for phishing attacks/scams utilizing the SBA logo. These may be attempts to obtain your personally identifiable information (PII), to obtain personal banking access, or to install ransomware/malware on your computer.
- Any email communication from SBA will come from accounts ending with *sba.gov*.
- The presence of an SBA logo on a webpage *does not* guaranty the information is accurate or endorsed by SBA. Please cross-reference any information you receive with information available at www.sba.gov.

Report Fraud

Report any suspected fraud to OIG’s Hotline at 800-767-0385 or online at, <https://www.sba.gov/about-sba/oversight-advocacy/office-inspector-general/office-inspector-general-hotline>.

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FROM THE OCC

(Received from *Rafael (Ralph) E. DeLeon*, Director for Banking Relations/National Bank Examiner, Office of the Comptroller of the Currency: (202) 649-6736 office (202) 359-0096 cell ralph.deleon@occ.treas.gov)

To Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties

Consumer Compliance: FFIEC Federal Disclosure Computational Tools

Summary

On April 16, 2020, the Federal Financial Institutions Examination Council (FFIEC)¹ announced the availability of two FFIEC Federal Disclosure Computational Tools: the Annual Percentage Rate (APR) Computational Tool and the Annual Percentage Yield (APY) Computational Tool. These web-based tools facilitate supervision of financial institutions with regard to applicable laws and regulations and assist financial institutions in their efforts to comply with those laws and regulations.

The Office of the Comptroller of the Currency (OCC) has discontinued use of the OCC's Annual Percentage Rate Calculation Program for Windows (APRWIN) and Annual Percentage Yield Calculation Program for Windows (APYWIN) in favor of the FFIEC Federal Disclosure Computational Tools. The OCC's APRWIN and APYWIN are no longer available for download.

[Consumer Compliance : FFIEC Federal Disclosure Computational Tools](#)

Highlights

The FFIEC's APR Computational Tool

- supports the process by which examiners and financial institutions can verify applicable calculations included on consumer loan disclosures subject to the Truth in Lending Act and its implementing regulation, Regulation Z.
- supports verification of compliance with the Military Annual Percentage Rate limits for applicable installment loans under the Military Lending Act.

The FFIEC's APY Computational Tool supports verification of APY calculations on consumer deposit account disclosures, including advertisements and periodic statements, subject to the Truth in Savings Act and its implementing regulation, Regulation DD.

Further Information

Please contact Paul R. Reymann, Director for Consumer Compliance Policy, at (202) 649-5470.

Grovetta N. Gardineer
Senior Deputy Comptroller for Bank Supervision Policy

Related Link

- "[FFIEC Federal Disclosure Computational Tools](#)"
- ¹ The FFIEC comprises the principals of Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and State Liaison Committee.
- ² The term "banks" refers collectively to national banks, federal savings associations, and federal branches and agencies of foreign banking organizations.

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When To Re-Open Economy?

President Trump is expected to announce guidelines later today for reopening the economy, saying the United States is "past the peak" of the coronavirus pandemic. While the President said some states could reopen before May 1, public health officials such as Dr. Anthony Fauci have cautioned that it's "overly optimistic" that most of the country will be open for business in early May.

- **Banking and finance executives who are members of Trump's new task force on reopening the economy told Trump on a call that current testing levels for the coronavirus aren't adequate to resume normal economic activity, and that his administration needs to ramp up the availability of coronavirus testing**, according to people familiar with the matter. The executives did not discuss potential timelines to reopen the economy. (Reports from *The Wall Street Journal* and *The Financial Times*.)

5.2 Million More Americans Filed For Unemployment Last Week

The U.S. Labor Department announced that figure this morning. With more than 16 million jobless claims filed over the past three weeks, more jobs have now been lost in the last month than were gained since the great recession. Economists say that as bad as these weekly numbers look on the surface, they're likely even higher, as there are widespread complaints that state labor departments are having trouble processing the never-before-seen wave of jobless filings. In just one month, the coronavirus economic shutdown has caused a staggering 22 million Americans to lose their jobs. **Read the full article:**

https://www.axios.com/coronavirus-unemployment-filings-caded026-fce4-43cc-8dc0-5f0037747b69.html?stream=top&utm_source=alert&utm_medium=email&utm_campaign=alerts_all

- **In New York, nearly 400,000 new claims were filed in the last week and that number may well be low:** There are reports of people who have called the state 1,000 times or more and still were unable to file. <https://www.nbcnewyork.com/news/local/diagram-of-disconnected-calls-illustrates-frustration-of-trying-to-apply-for-unemployment-in-new-york/2363891/>. **In New**

York, the state's call center handles 50,000 calls and 350,000 web visits in a typical week. In a peak week during the pandemic, it received 8.2 million calls and six million web visits.

Governor Cuomo today extended the "New York Pause" stay-at-home order until at least May 15.

He made the announcement during his daily coronavirus update. That date is also coordinated on a tri-state regional basis with Connecticut and New Jersey.

Coronavirus May Plunge NYC Into Worst Economic Crisis Since 1970s

According to a new report from the Independent Budget Office, the coronavirus pandemic could plunge New York City into the worst economic crisis since the 1970s, costing the city 475,000 jobs and nearly \$10 billion in revenue.

<https://www.politico.com/states/new-york/city-hall/story/2020/04/15/nyc-projected-to-lose-at-least-475-000-jobs-and-97-billion-in-tax-revenue-1276561?nname=new-york-playbook&nid=0000014f-1646-d88f-a1cf-5f46b74f0000&nrid=00000152-f737-dcf0-a7d7-f73fb7700001&nlid=630317>.

The local economy is expected to lose 475,000 jobs over the next 12 months. That would lead to a shortfall of \$9.7 billion in tax revenue in 2020 and 2021, compared to previous projections. Mayor de Blasio agreed with the dire forecast in remarks Wednesday. "We're going to lose much more after that...This is going to get tougher." De Blasio warned that the city will be unable to maintain basic services without federal help. "There's no way to balance this budget with cuts alone. It's impossible. Unless we're talking about not providing basic services to New Yorkers, and if we're not providing basic services, then you can kiss your recovery goodbye," he said. A recession with 475,000 lost jobs would be the worst the city has faced since the 1970s, according to the IBO report, and the drops in expected revenue are also the worst since the end of the city's fiscal crisis."

IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.

- John J. Witkowski, President & CEO (Johnw@ibanys.net; 716.880.0518)
- Stephen W. Rice, Director, Communications & Government Relations (Stever@ibanys.net)