

From the Denver Business Journal:

<https://www.bizjournals.com/denver/news/2020/12/04/colorado-public-companies-ppp-mining-oil-covid-19.html>

PPP loans had mixed success helping Colorado public companies in oil and mining

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Some publicly traded companies in Colorado continued to struggle after receiving millions in Paycheck Protection Program pandemic relief money intended for small businesses.

For other public companies, including one that received the maximum \$10 million loan, the money helped retain dozens of jobs as the Covid-19 coronavirus pandemic began spreading and triggered widespread shutdowns.

Critics decried public companies taking out PPP loans in spring when so many small businesses that didn't have access to other financing struggled.

In some cases, it's unclear whether the PPP money helped public companies, especially ones in the volatile oil and mining industries.

Two public companies that took out PPP loans in spring later wound up in default financially — one filed for Chapter 11 bankruptcy last month and another warned this week it may soon do so.

A third public company received a PPP loan as the oil market struggled but wound up cutting staff as a core part of its financial



KATHLEEN LAVINE, DENVER BUSINESS JOURNAL

The U.S. Small Business Administration has released data detailing 5.2 million Paycheck Protection Program loans.

restructuring, filings show.

How much companies took out in loans wasn't completely known until now.

The U.S. Small Business Administration released data this week that, for the first time, includes company names and specific amounts for all 5.2 million PPP loans. Several news organizations, including this newspaper's parent company, American City Business Journals, successfully sued to get the information released to the public under the Freedom of Information Act.

The loans were meant, under the Coronavirus Aid, Relief, and Economic Security, or CARES, Act to help small business of under 500 employees with payroll-related expenses.

The loans carry a 1% interest rate and must be repaid, unless the funds were used for expenses that qualify the loan to be completely forgiven.

Demand for the PPP money outstripped companies' ability to get the loans, and public outrage grew when high-profile public companies, such as Shake Shack (NYSE: SHAK) and Ruth Chris Steak House (Nasdaq: RUTH), were revealed to have qualified.

The U.S. Treasury Department later issued guidelines saying public companies were unlikely to qualify for loan forgiveness.

Several companies, including Broomfield-based oil industry manufacturer DMC Global, returned PPP loan money in light of the controversy. In DMC Global's case, the company borrowed PPP money even as its CEO told investors it had adequate resources and was positioned to emerge from the pandemic slowdown stronger. Other area public companies used the loans only to later go under.

Lakewood-based mining company General Moly Inc., filed for bankruptcy last week as part of a prearranged sale of the business.

General Moly, which mines for the steel-making alloy molybdenum, received a \$365,034 PPP loan on April 15, which helped the company pay for 12 jobs, its SBA application data shows.

The company's common stock traded on New York Stock Exchange prior to Oct. 9, when it was delisted due to its low share value and failing to meet other financial requirements to remain on the exchange.

General Moly sought Chapter 11 bankruptcy protection Nov. 19 as part of a prepackaged restructuring meant to allow it to shed debt and sell the Mt. Hope, Nevada, mine rights it had been trying to develop. The company's CEO and two board members resigned at the same time, its filing said.

Sundance Energy Inc. (Nasdaq: SNDE) oil company, which moved its headquarters to Denver from Australia last fall, this week warned that it's in default on its other loans and lines of credit and could file for bankruptcy.

Sundance received for \$1.9 million in PPP money April 28; it didn't specify how many jobs the money might help preserve.

The company produces and explores for oil and natural in the Eagle Ford basin of south Texas.

Enservco (NYSE: ENSV), an oilfield services business, replaced its CEO, moved its headquarters from downtown Denver to a field office in Longmont and refinanced its business after it got a PPP loan of \$1.9 million in April.

The company said the loan would help it support 100 jobs. It started 2020 with 186 employees; it's not clear how many it has now. But Enservco's later financial restructuring led to cutting the headcount of its field staff working in oil basins around the U.S. by an unspecified number, and it has cut its corporate staff of 17 down to nine, the company said.

It's understandable that smaller oil and gas firms sought PPP loans in the spring, because those industries were dealing with a "huge, unprecedented" economic shock, said Tom Brady, executive director of the JP Morgan Center for Commodities at the University of Colorado Denver.

The Covid-19 pandemic gutted the global oil market, which had been needing 100 million barrels of crude a day to meet demand.

“Saudi Arabia and Russia were in a battle driving prices low, the virus hits and then there’s the shutdown — 20 to 30% of that demand just went away,” Brady said.

That triggered an historic price collapse and set off waves of layoffs in the industry. It’s not unlike what other industries have experienced in the pandemic and what the PPP program was meant to help address.

“I don’t think oil and gas or mining businesses should be treated differently from restaurants or hospitality firms,” he said. “There’s a negative view of the industry, but it plays an incredibly important economic role.”

Denver-based Intrepid Potash Inc. (NYSE: IPI) was one of 11 companies in Colorado to be approved for the maximum \$10 million PPP loan. The company mines minerals used in fertilizers and industrial processes.

It’s one of the largest employers in rural communities near its mines sites in Carlsbad, New Mexico, and Moab and Wendover, Utah, and they made it through the last few months without layoffs in part because of the loan, said Matt Preston, company spokesman.

“We used the entire amount to fund eligible payroll expenses and are proud to have retained our entire workforce, operating without interruption during the pandemic, despite significant downturns in the markets we serve,” Preston said.

Greenwood Village-based Advanced Emissions Solutions Inc. (Nasdaq: SNDE), which makes activated carbon that’s used in power-plant and industrial emissions reduction systems, received a \$3.3 million PPP loan.

It used the money to fund the increased costs of hazard pay of 60 employees who, after Advanced Emissions Solutions was declared an essential business, were sequestered at its Louisiana plant in April to build up inventory to meet customer orders, the company said.

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SEE ALL THE DATA: Paycheck Protection Program loans

5,156,850 PPP Loans

TRANSACTION DATE	<u>LOAN AMOUNT</u> ↓	LENDER	RECIPIENT/ TYPE OF BUSINESS
April 8, 2020	\$10,000,000	First Savings Bank	SHARI'S MANAGEMENT CORPORATION Corporation
April 6, 2020	\$10,000,000	HomeStreet Bank	MCMENAMINS'S, INC. Corporation
April 30, 2020	\$10,000,000	Wells Fargo Bank, National Association	TIMBER PRODUCTS COMPANY LP Partnership
April 30, 2020	\$10,000,000	Wells Fargo Bank, National Association	SWANSON GROUP INC Corporation
April 27, 2020	\$10,000,000	KeyBank National Association	ERICKSON INCORPORATED Corporation
April 15, 2020	\$10,000,000	Banner Bank	PACIFIC OFFICE AUTOMATION INC. Corporation

¹ Based on NAICS classification

TRANSACTION DATE	<u>LOAN AMOUNT</u> ↓	LENDER	RECIPIENT/ TYPE OF BUSINESS
April 8, 2020	\$10,000,000	Arvest Bank	ZEECO, INC Subchapter S Corporation
April 26, 2020	\$10,000,000	CIBC Bank USA	HAC, INC Subchapter S Corporation
April 9, 2020	\$10,000,000	Simmons Bank	LATSHAW DRILLING COMPANY, LLC Limited Liability Company(LLC)
April 14, 2020	\$10,000,000	BOKF, National Association	LSB INDUSTRIES, INC Corporation
April 8, 2020	\$10,000,000	JPMorgan Chase Bank, National Association	THE BAMA COMPANIES, INC. Subchapter S Corporation
April 8, 2020	\$10,000,000	Truist Bank d/b/a Branch Banking & Trust Co	HUMAN TECHNOLOGIES INC Subchapter S Corporation
April 14, 2020	\$10,000,000	Fifth Third Bank	HKA ENTERPRISES LLC Limited Liability Company(LLC)
April 14, 2020	\$10,000,000	Bank of America, National Association	THOMPSON INDUSTRIAL SERVICES, LLC Corporation
May 11, 2020	\$10,000,000	Zions Bank, A Division of	RUBY'S LLC Limited Liability Company(LLC)

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TRANSACTION DATE	<u>LOAN AMOUNT</u> ↓	LENDER	RECIPIENT/ TYPE OF BUSINESS
April 30, 2020	\$10,000,000	Bank of America, National Association	AAC HOLDINGS INC Corporation
April 26, 2020	\$10,000,000	TriStar Bank	FAST PACE MEDICAL CLINIC Limited Liability Company(LLC)
April 3, 2020	\$10,000,000	City National Bank	99 RESTAURANTS HOLDINGS, LLC Limited Liability Company(LLC)
April 12, 2020	\$10,000,000	Citizens Bank, National Association	LEGILITY, LLC Limited Liability Company(LLC)
April 26, 2020	\$10,000,000	First Horizon Bank	THE WEST CLINIC, PLLC Limited Liability Company(LLC)
April 9, 2020	\$10,000,000	First Horizon Bank	EASTPORT HOLDINGS LLC Limited Liability Company(LLC)
April 9, 2020	\$10,000,000	Commercial Bank and Trust Company	JONES CONTRACTORS, INC. Limited Liability Company(LLC)
April 27, 2020	\$10,000,000	BancorpSouth Bank	CAREHERE MANAGEMENT, PLLC Limited Liability Company(LLC)

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TRANSACTION DATE	<u>LOAN AMOUNT</u> ↓	LENDER	RECIPIENT/ TYPE OF BUSINESS
May 1, 2020	\$10,000,000	Renasant Bank	METROPOLITAN SECURITY SERVICES, INC. Subchapter S Corporation
May 1, 2020	\$10,000,000	Wells Fargo Bank, National Association	CREDITCORP Corporation
April 7, 2020	\$10,000,000	First Horizon Bank	WENDELTA, INC Corporation
April 5, 2020	\$10,000,000	First Farmers and Merchants Bank	JRN, INC. Corporation
April 3, 2020	\$10,000,000	City National Bank	O'CHARLEY'S HOLDINGS LLC Limited Liability Company(LLC)
April 14, 2020	\$10,000,000	Manufacturers and Traders Trust Company	J.D. ECKMAN, INC. Subchapter S Corporation
April 8, 2020	\$10,000,000	Mifflinburg Bank & Trust Co	FAMILY PRACTICE CENTER PC Sole Proprietorship
April 14, 2020	\$10,000,000	Pacific Western Bank	XANITOS, INC. Corporation
April 14, 2020	\$10,000,000	Manufacturers and Traders Trust Company	ADVANCED CALL CENTER TECHNOLOGIES, LLC Limited Liability Company(LLC)
April 7, 2020	\$10,000,000	BMO Harris Bank National Association	JOY CONE COMPANY Corporation

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TRANSACTION DATE	<u>LOAN AMOUNT</u> ↓	LENDER	RECIPIENT/ TYPE OF BUSINESS
April 7, 2020	\$10,000,000	Fidelity Deposit and Discount Bank	EMPIRE EDUCATION GROUP, INC. Corporation
April 7, 2020	\$10,000,000	PNC Bank, National Association	JUST BORN INC Corporation
April 14, 2020	\$10,000,000	Wilmington Savings Fund Society, FSB	J.J. WHITE, INC. Subchapter S Corporation
April 13, 2020	\$10,000,000	PNC Bank, National Association	METZ CULINARY MANAGEMENT INC Limited Liability Company(LLC)
April 6, 2020	\$10,000,000	The Bryn Mawr Trust Company	PREMIER ORTHOPAEDIC AND SPORTS MEDICINE ASSOCIATES, LTD. Limited Liability Company(LLC)
April 29, 2020	\$10,000,000	East West Bank	CHARTWELL STAFFING SERVICES INC. Subchapter S Corporation
April 13, 2020	\$10,000,000	CoBank ACB	KNOUSE FOODS COOPERATIVE, INC. Corporation
April 13, 2020	\$10,000,000	Fulton Bank, National Association	OSS ORTHOPAEDIC HOSPITAL, LLC Limited Liability Company(LLC)

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TRANSACTION DATE	<u>LOAN AMOUNT</u> ↓	LENDER	RECIPIENT/ TYPE OF BUSINESS
April 13, 2020	\$10,000,000	PNC Bank, National Association	UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC. Corporation
April 5, 2020	\$10,000,000	First National Bank of Pennsylvania	NUTRITION INC Subchapter S Corporation
April 13, 2020	\$10,000,000	JPMorgan Chase Bank, National Association	NELSON WORLDWIDE, LLC Limited Liability Company(LLC)
April 26, 2020	\$10,000,000	First National Bank of Pennsylvania	PYRAMID HEALTHCARE, INC. Corporation
April 8, 2020	\$10,000,000	Univest Bank and Trust Co.	WAMPOLE-MILLER, INC. Corporation
April 3, 2020	\$10,000,000	PNC Bank, National Association	LIGHTHOUSE ELECTRIC CO., INC Corporation
April 2, 2020	\$10,000,000	PNC Bank, National Association	EAT'N PARK HOSPITALITY, INC. Corporation
April 9, 2020	\$10,000,000	KeyBank National Association	RYCON CONSTRUCTION, INC. Subchapter S Corporation
April 12, 2020	\$10,000,000	Equity Bank	ROSE CASUAL DINING LP Partnership

¹ Based on NAICS classification

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