



TREASURY DEPARTMENT
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG, PA 17120

May 6, 2020

JOSEPH M. TORSSELLA
TREASURER

Dear Sir/Madam:

These are unusual times and I hope this communication finds you, your family, and your colleagues healthy and safe.

During this crisis it is important for both individuals and businesses to make appropriate choices—choices that help us come together to both defeat the extraordinary health threat of COVID-19 and recover from the economic damage it has caused. For investment managers, one of those choices is whether or not to take advantage of the federal government’s Paycheck Protection Program (PPP). The program offers forgivable federal government two-year loans for companies with fewer than 500 employees.

This bipartisan initiative is designed to reduce hardships impacting workers and businesses whose income has been severely impacted by COVID-19. The program requires businesses to “certify in good faith that . . . current economic uncertainty makes the loan necessary to support your ongoing operations.” Since the business model of investment management is that fees on assets are to cover costs such as salaries and operating costs, and since those investment management fees continue to be paid by Treasury and other investors, there should be no need for an investment manager to access PPP funds. A manager with a healthy business taking advantage of the program, simply because it is available, would show poor judgment and would crowd out workers and businesses in true distress. As an investor, Pennsylvania Treasury would not look favorably on a claim of PPP funds by any manager with whom we work, and would be obligated to consider that fact in its ongoing due diligence.

Pennsylvania Treasury would like to know if your firm applied for a loan through the PPP program. This request only concerns you, the investment manager, and does not apply to the companies in which you invest. Please send your response to Todd Rombach, Manager of Compliance, at trombach@patreasury.gov.

Sincerely,

Joseph M. Torsella
State Treasurer