



OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR PANDEMIC RECOVERY

Quarterly Report to the United States Congress
October through December 2022





MESSAGE FROM THE SPECIAL INSPECTOR GENERAL
FOR PANDEMIC RECOVERY

I am pleased to present our eleventh Quarterly Report to Congress. During this reporting period we issued three audit attestation reviews of airlines that received direct loans under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. These attestations predominantly showed that the airlines properly completed certifications to the Department of the Treasury (Treasury) for their loans to move on to the underwriting phase. This work is important because the taxpayer relies on air transport and expects their hard-earned dollars to be used as the CARES Act intended.

In addition, we are currently conducting a significant number of investigations within the Special Inspector General for Pandemic Recovery's (SIGPR's) jurisdiction, as well as continuing to enhance other pandemic oversight efforts through our active participation in the Pandemic Response Accountability Committee's (PRAC) Fraud Task Force.

I want to thank the auditors, special agents, attorneys and administrative staff of SIGPR, all of whom are professional public servants who share one goal—to protect the American people from fraud, waste and abuse.

As I have noted in previous correspondence and other communications with Congress, in order for this work to continue, we are asking for a five-year extension beyond our sunset date of 2025. We need this time to see our investigations through to completion. Most loans within our jurisdiction mature in 2025, and should defaults then occur, without an extension, we will have sunsetted just when we are most needed. We at SIGPR will continue our mission and look forward to working with you in the future.

Very respectfully,

Brian Miller
Special Inspector General for Pandemic Recovery

PROFILE

ABOUT

SIGPR is an independent organization within Treasury whose mission is to promote the economy, efficiency, effectiveness, and integrity of CARES Act funds and programs. SIGPR was established by section 4018 of the CARES Act with duties, responsibilities, and authority under the Inspector General Act of 1978.

STAFFING AND BUDGET

SIGPR continues to engage in staffing and recruitment efforts with an emphasis on mission critical occupations, i.e., special agents and auditors, in support of SIGPR’s Congressionally mandated mission.

To date, SIGPR has 55 Full-Time Equivalent employees. We continue to be judicious in the execution of our budget in support of the SIGPR mission.

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SECTION 1

SIGPR OVERSIGHT

SIGPR employs proactive efforts to detect and investigate fraud, waste, and abuse involving CARES Act funds and programs within SIGPR's jurisdiction.

Below is a summary of SIGPR's activities during the reporting period:

Audits

The Office of Audits conducts audits and evaluations of loans and other investments made by Treasury under programs within SIGPR's jurisdiction.¹

Engagements

During this quarter, the Office of Audits worked on several engagements related to the Direct Loan Program. This program was established under section 4003 of the CARES Act and authorized Treasury to provide loans, loan guarantees, and other investments to passenger air carriers and related businesses, cargo air carriers, and businesses critical to maintaining national security. Treasury made direct loans to 35 such businesses, providing them with liquidity to withstand losses incurred as a result of the coronavirus pandemic.

Independent Reviews of Direct Loan Validation Memoranda

The Office of Audits issued three independent reviews of Validation Memoranda completed by Treasury.² The Office of Audits has issued a total of 15 independent reviews to date.

A Validation Memorandum is a document that Treasury created to confirm that a direct loan applicant had submitted all required documentation and met other eligibility criteria. Once a Validation Memorandum was completed, the relevant applicant could proceed to the loan underwriting process. The independent reviews determine whether the memoranda were properly completed according to Treasury's Underwriting Guide. This effort helps the Office of Audits determine whether Treasury

¹ See CARES Act § 4018(c)(1)

² The independent reviews issued this quarter were for Validation Memoranda that Treasury completed for Caribbean Sun Airlines, Ovation Travel Group, and Timco Engine Center.

acquired all required documents from each applicant prior to approving funding from the Direct Loan Program.

The Office of Audits identified several material deficiencies in the Validation Memorandum for Ovation Travel Group. The Office of Audits identified minor discrepancies in the Validation Memoranda for Caribbean Sun Airlines and Timco Engine Center. The results of these attestation reviews will be summarized in a separate document covering all of the attestation reviews and will also be included with the overall audit of the Direct Loan Program.

Audit of Treasury's Process for Approving Its Direct Loan to YRC Worldwide, Inc.

In April 2022, the Office of Audits initiated an audit of Treasury's process to gather and administer YRC Worldwide, Inc.'s application package prior to underwriting and approving its \$700 million direct loan. The audit will determine if Treasury's approval process followed the guidance set forth in the CARES Act, other regulations, and Treasury guidance. The audit will cover Treasury's process from the date of the loan application, April 29, 2020, to the date that the final loan disbursement was made.

Audit of Treasury's Monitoring of the Direct Loan Program

The Audit of Treasury's Monitoring of the Direct Loan Program has two objectives. First, the Office of Audits will determine whether Treasury had a sufficient policy in place to guide its monitoring of the direct loans. Second, the Office of Audits will determine whether Treasury monitored borrowers' compliance with the requirements of the CARES Act and the terms and conditions of the borrowers' loan agreements, as well as whether Treasury followed up to resolve any issues that it detected. For this objective, the Office of Audits will test a sample of 17 of the 35 borrowers. To conduct its testing, the Office of Audits has met with Treasury program officials, reviewed Treasury's monitoring portal (Salesforce), and obtained monthly reports from Treasury's administrative agent.

Audit of Direct Loan Program Borrower – Mesa Airlines, Inc.

Mesa Airlines, Inc. received a \$195 million direct loan from Treasury pursuant to section 4003(b)(1) of the CARES Act. The loan agreement includes covenants by Mesa Airlines, Inc. to comply with certain restrictions on employee compensation, stock repurchases, dividends, and other areas as required by the CARES Act. We are doing an audit to ensure the terms of the loan agreements between Mesa Airlines and Treasury are being met.

The Office of Audits held entrance conferences with Treasury officials and individuals at Mesa Airlines to discuss audit objectives. The audit team has reviewed Mesa Airlines' responses to Salesforce review card questions that are designed to monitor compliance with the loan agreement, and is planning a site visit to Mesa Airlines headquarters to review supporting documentation and interview Mesa Airlines officials. This is the first in a series of planned audits to ensure compliance with the terms of the loan agreements between Treasury and the loan recipients.

Audit of Treasury's Use of Outside Entities

On December 15, 2022, SIGPR issued an engagement letter notifying Treasury of the audit of Treasury's use of outside entities contracted to assist in the making, purchase and management of loans, loan guarantees and other investments made under any program established under Division A of the CARES Act.

The purpose of this audit is to determine if the process Treasury used to select contractors for CARES Act support complied with the Federal Acquisition Regulation. The audit team held an entrance conference with Treasury on January 11, 2023.

Audit Planning

The Office of Audits issued its Fiscal Year 2023 [audit plan](#) on October 17, 2022. To develop the audit plan, the Office of Audits met with the Department of the Treasury's Chief Recovery Officer, the Federal Reserve Board of Governors Office of Inspector General, the Government Accountability Office's Assistant Director for CARES Act Oversight, and staff members from the House Select Subcommittee on the Coronavirus Crisis.

Data Analysis

The Office of Audits data analytics program plays an important role in SIGPR's mission. The data analytics platform uses various software and tools that process and analyze large quantities of data to detect potential red flags and anomalies. These tools are valuable not only for SIGPR's audit work, but also for other proactive initiatives throughout SIGPR. The program has developed a data library containing over 150 million rows of CARES Act funding information, drawn from both public and sensitive government sources. The program updates the library at least quarterly to maintain accurate and relevant information.

The data analytics program:

- maintains complex risk assessment metrics by creating analytics that identify audit red flags;
- harmonizes, cleanses, normalizes, and joins relevant data tables;
- maintains a growing library of data tables that provide information and support the detection of irregularities;
- creates interactive dashboards and visualizations to assist users in better understanding and prioritizing program areas for audits, investigations, and evaluations;
- shares analytic methodologies and processes with various external government agencies, including the Department of Homeland Security, Department of Defense, U.S. Agency for International Development Office of Inspector General, PRAC, Department of Health and Human Services, Amtrak, National Aeronautics and Space Administration, Department of Education Office of Inspector General, Small Business Administration Office of Inspector General, General Services Administration Office of Inspector General, and others;
- collaborates with various inter-governmental agencies, committees, and third-party vendors to stay informed about emerging analytic technologies, techniques, tools, and methodologies; and
- continues to work closely with CIGIE's Pandemic Analytics Center of Excellence's data sharing program and analytics effort in mining data for the benefit of many federal agencies and Offices of Inspectors General.

Investigative Support

In prior quarters, the Office of Audits provided forensic auditing services, including financial records analysis, and auditing and accounting expertise in support of investigations conducted by the Office of Investigations. In Fiscal Year 2023, the Office of Investigations has increased their staffing to do more of this work internally.

Investigations

The Office of Investigations conducts criminal and civil investigations regarding allegations of fraud, waste, abuse, or misconduct involving CARES Act funds and programs within SIGPR's jurisdiction. In addition, the office manages SIGPR's hotline, which serves as a primary avenue for reporting fraud, waste, abuse, or misconduct.

Investigative Activities

The Office of Investigations routinely collaborates with the rest of the SIGPR team, including auditors, analysts, and attorneys, to vet complaints, develop proactive initiatives, and pursue investigations.

In addition, SIGPR's investigations are conducted in partnership with various U.S. Attorneys' Offices, the U.S. Department of Justice (DOJ), the PRAC Fraud Taskforce, and other federal law enforcement partners.

During this reporting period, the office continued its investigative and proactive efforts to uncover and vigorously pursue fraud and wrongdoing related to CARES Act funding under Title IV, Subtitle A. The following table highlights SIGPR's investigative activities for the period.

SIGPR Investigative Activity – October 1, 2022, through December 31, 2022

Hotline Complaints	
Hotline Complaints Received	110
Referrals to Other Agencies*	18
Preliminary Inquiries	
Opened	1
Closed	1
Converted to Full Investigation	3
Ongoing	2
Investigations**	
Opened	5
Closed	0
Ongoing	34
Criminal Actions †	
Referrals to the Department of Justice	1
Referrals to State/Local Prosecuting Authorities	0
Indictments/Informations	0
Arrests/Summons	0
Convictions/Pleas	0
Sentencings	0
Civil Actions	
Referrals to the Department of Justice	0
Civil Judgments/Settlements	0

Other Enforcement Actions	
IG Subpoenas Issued	17
Investigative Monetary Results	
Funds Seized/Forfeitures	0
Restitution	0
Fines and Penalties	0
Civil Judgments/Settlements	0
Cost Recoveries	0

Note: Investigative data maintained via SIGPR’s electronic case management system.

* Includes referrals from SIGPR proactive work.

** Includes all SIGPR program-related cases, including PRAC Fraud Task Force investigations and joint investigations with other agencies.

† Actions reported include those resulting from PRAC Fraud Task Force investigations and joint investigations with other agencies.

Throughout the first quarter of the fiscal year, the Office of Investigations continued to expand its investigative oversight work through SIGPR’s collaborative and proactive efforts.

PRAC Fraud Task Force

In January 2021, the PRAC established a Fraud Task Force to serve as a resource for the Inspector General (IG) community by surging investigative resources into the areas of greatest need. Currently, the area of greatest need is pandemic loan fraud. Special agents from Offices of Inspectors General across the government are detailed to work on task force cases. These agents have partnered with prosecutors at DOJ’s Fraud Section and at United States Attorneys’ Offices across the country.

The PRAC extended its authority to investigate pandemic-related fraud to SIGPR through a Memorandum of Understanding. Currently, SIGPR has five special agents assigned to the PRAC Fraud Task Force on a part-time basis. These special agents are mostly assigned Payroll Protection Program cases while continuing to work their SIGPR investigative caseload. This initiative allows SIGPR to make a broader contribution to the IG community by assisting with a range of critical investigations that might otherwise remain unstaffed.

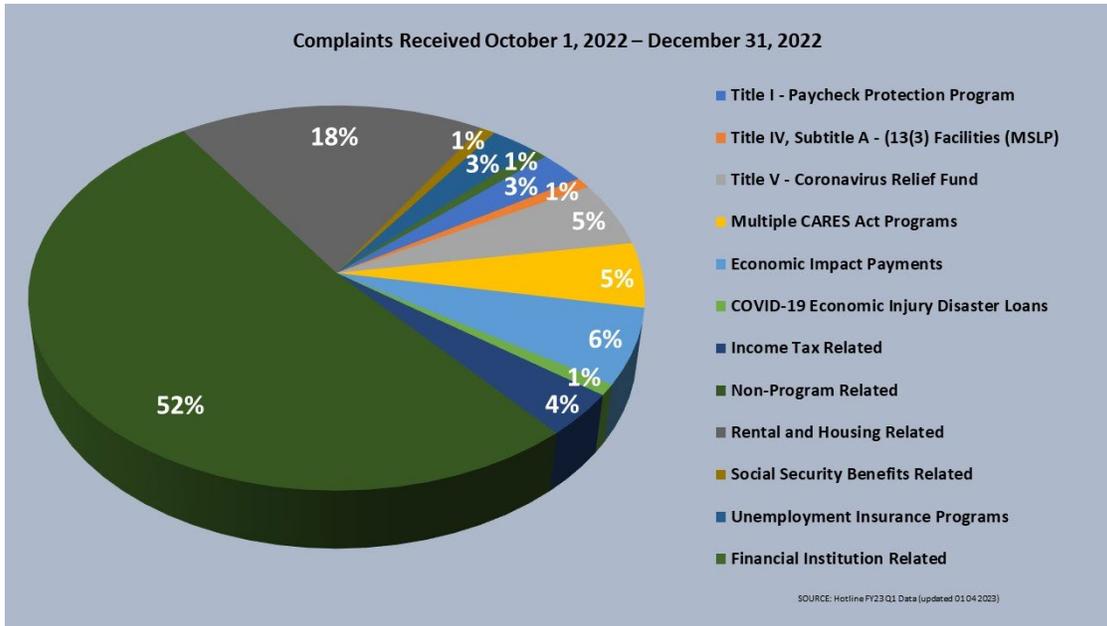
SIGPR Hotline Activity

The SIGPR hotline accepts reports of potential fraud, waste, abuse, and mismanagement related to CARES Act funding, programs, and personnel. The hotline also accepts whistleblower complaints from federal employees, former federal employees, employment applicants, employees of contractors, subcontractors, grantees and subgrantees, and personal service contractors, all of whom wish to report fraud, waste, abuse, mismanagement, or reprisal actions under the jurisdiction of SIGPR.

During this reporting period, SIGPR received 110 hotline complaints, of which all but one pertained to matters outside SIGPR’s jurisdiction, as indicated in the table and chart below.

Complaints by Category Received October through December 2022

Category	Total
Title I – Paycheck Protection Program	3
Title IV, Subtitle A - (13(3) Facilities (MSLP)	1
Title V – Coronavirus Relief Fund	6
Multiple CARES Act Programs	6
Other	
Economic Impact Payments	7
Emergency Income Disaster Loans	1
Income Tax Related	4
Non-Program Related	57
Rental and Housing Assistance Programs	20
Social Security Benefits	1
Unemployment Insurance Programs	3
Financial Institution Related (Bank Account, Missing Money)	1
Grand Total	110





SECTION 2

FINDINGS AND DEVELOPMENTS

The CARES Act requires SIGPR to regularly report “a detailed statement of all loans, loan guarantees, other transactions, obligations, expenditures, and revenues associated with any program established by the Secretary under section 4003, as well as the information collected under subsection (c)(1).”³

Accordingly, below are the categories of loans and other investments made by Treasury under CARES Act section 4003,⁴ including, where applicable and known, a list of the loans and investments made under each category and the eligible businesses to which loans were made.

Direct Loans and Other Investments

Introduction



CARES Act section 4003(a) authorized the Secretary of the Treasury “to make loans, loan guarantees, and other investments in support of eligible businesses, States, and municipalities that do not, in the aggregate, exceed \$500,000,000,000.” The CARES Act further divided these loans and investments into four categories. The first three, described in sections 4003(b)(1)–(3), cover loans and loan guarantees to passenger air carriers and related businesses (\$25 billion), cargo air carriers (\$4 billion), and businesses critical to maintaining national security (\$17 billion).⁵

The fourth category, described in section 4003(b)(4), authorized the Secretary to invest in various liquidity programs established by the Board of Governors of the Federal Reserve System under section 13(3) of the Federal Reserve Act (\$454 billion).

³ CARES Act § 4018(f)(1)(B)

⁴ Treasury did not establish a program for “loan guarantees” under CARES Act section 4003.

⁵ Treasury has posted on its website the contracts it has entered in connection with the administration of loans under section 4003(b)(1), (2), and (3). See U.S. Dep’t Treasury, *Other Programs*, <https://home.treasury.gov/data/other-programs>

The Consolidated Appropriations Act, 2021, amended the CARES Act to rescind unobligated balances of funds (\$429 billion) in these programs.⁶ It also specified that after December 31, 2020, the Federal Reserve “shall not make any loan, purchase any obligation, asset, security, or other interest, or make any extension of credit” through the liquidity programs or facilities in which Treasury had invested CARES Act funds, except for facilities in the MSLP, that were authorized to purchase loans until January 8, 2021, for applications submitted by December 14, 2020.⁷

Direct Loans

On March 30, 2020, Treasury first announced guidelines for businesses interested in applying for loans under CARES Act section 4003(b)(1)–(3).⁸ Those guidelines incorporated several mandatory loan terms and conditions, with many designed to protect American taxpayers. A summary of these terms and conditions can be accessed in SIGPR’s previous quarterly reports.

Air Carrier Loan Program

CARES Act section 4003(b)(1)–(2) allocated \$25 billion for loans and loan guarantees to passenger air carriers, aviation-maintenance facilities certified under 14 C.F.R. Part 145, and air-transportation ticket agents, as well as \$4 billion for cargo air carriers.



Businesses Critical to Maintaining National Security

CARES Act section 4003(b)(3) allocated \$17 billion for loans and loan guarantees to “businesses critical to maintaining national security.”

The report excerpts on the following pages summarize the section 4003(b)(1) – (3) loans current through this quarter.⁹

⁶ See Consolidated Appropriations Act, 2021, Pub. L. 116-260, div. N §§ 1003, 1005

⁷ *Id.* § 1005.

⁸ U.S. Department of the Treasury, *Procedures and Minimum Requirements for Loans to Air Carriers and Eligible Businesses and National Security Businesses under Division A, Title IV, Subtitle A of the Coronavirus Aid, Relief, and Economic Security Act* (Mar. 30, 2020), https://home.treasury.gov/system/files/136/Procedures_and_Minimum_Requirements_for_Loans.pdf

⁹ See U.S. Department of the Treasury, *Report Under Section 4026(b)(1)(C) of the CARES Act on Loans to Air Carriers, Eligible Businesses, and National Security Businesses* (January 1, 2023), <https://home.treasury.gov/system/files/136/4026b1CLoanReport01012023.pdf>; see also U.S. Department of the Treasury, *Loans to Air Carriers, Eligible Businesses, and National Security Businesses*, <https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/loans-to-air-carriers-eligible-businesses-and-national-security-businesses> (last updated Jan. 21, 2021).

FINDINGS AND DEVELOPMENTS

Borrower Name	Borrower Type ¹	City ²	State ²	Date of Loan Agreement	Maturity Date	Total Authorized Loan Amount	Disbursements ³	Total Outstanding Loan Amount ⁴	Total Repaid Loan Principal	Cash Interest Receipts
Aero Hydraulics, Inc.	Repair Station Operator	Fayetteville	GA	10/26/2020	10/24/2025	\$450,000	\$450,000	\$537,801	\$0	\$11,860
Alaska Airlines, Inc. ⁵	Passenger Air Carrier	Seattle	WA	9/28/2020 (amended 10/3/2020 and 1/15/2021)	9/26/2025	\$1,928,000,000	\$135,000,000	\$0	\$135,000,000	\$2,538,900
Allflight Corporation ⁶	Repair Station Operator	Kent	WA	11/5/2020	11/5/2025	\$4,721,260	\$4,721,260	\$4,423,544	\$297,716	\$723,995
American Airlines, Inc. ⁷	Passenger Air Carrier	Fort Worth	TX	9/25/2020 (amended 10/21/2020 and 1/15/2021)	6/30/2025	\$7,500,000,000	\$550,000,000	\$0	\$550,000,000	\$10,257,500
American Jet International Corporation	Passenger Air Carrier	Houston	TX	11/5/2020	11/5/2025	\$1,162,124	\$1,162,124	\$1,181,571	\$0	\$161,646
Aviation Management & Repairs, Inc. ⁸	Repair Station Operator	Fort Pierce	FL	11/5/2020	11/5/2025	\$4,026,705	\$4,026,705	\$4,578,996	\$100,000	\$0
Bristin Travel, LLC ⁹	Ticket Agent	Fayetteville	AR	10/26/2020	10/24/2025	\$549,651	\$549,651	\$372,992	\$248,826	\$21,087
Caribbean Sun Airlines, Inc. ¹⁰	Passenger Air Carrier	Virginia Gardens	FL	11/5/2020 (amended 12/7/2020)	11/5/2025	\$6,768,749	\$6,768,749	\$7,857,356	\$0	\$0

Borrower Name	Borrower Type ¹	City ²	State ²	Date of Loan Agreement	Maturity Date	Total Authorized Loan Amount	Disbursements ³	Total Outstanding Loan Amount ⁴	Total Repaid Loan Principal	Cash Interest Receipts
Channel Logistics, LLC	National Security	Camden	NJ	11/12/2020	11/12/2025	\$2,500,000	\$2,500,000	\$2,755,410	\$0	\$142,372
Core Avionics & Industrial, Inc. ¹¹	National Security	Tampa	FL	11/5/2020	11/5/2025	\$6,000,000	\$6,000,000	\$0	\$6,489,033	\$213,998
Eastern Airlines, LLC	Passenger Air Carrier	Wayne	PA	10/28/2020	10/28/2025	\$15,000,000	\$15,000,000	\$17,542,206	\$0	\$0
Elite Airways, LLC ¹²	Passenger Air Carrier	Portland	ME	11/9/2020 (amended 12/1/2020)	11/7/2025	\$2,630,274	\$2,630,274	\$3,056,716	\$0	\$0
Frontier Airlines, Inc. ¹³	Passenger Air Carrier	Denver	CO	9/28/2020 (amended 1/15/2021)	9/26/2025	\$574,000,000	\$150,000,000	\$0	\$150,000,000	\$5,548,667
Hawaiian Airlines, Inc. ¹⁴	Passenger Air Carrier	Honolulu	HI	9/25/2020 (amended 10/23/2020 and 1/15/2021)	6/28/2024	\$622,000,000	\$45,000,000	\$0	\$45,000,000	\$450,450
Island Wings, Inc.	Cargo Air Carrier	Fl. Lauderdale	FL	11/5/2020	11/5/2025	\$294,350	\$294,350	\$342,838	\$0	\$0
JetBlue Airways Corporation ¹⁵	Passenger Air Carrier	Long Island City	NY	9/29/2020 (amended 11/3/2020 and 1/15/2021)	9/29/2025	\$1,948,000,000	\$115,000,000	\$0	\$115,000,000	\$3,330,113
Legacy Airways, LLC	Cargo Air Carrier	Conroe	TX	10/20/2020	10/20/2025	\$1,817,306	\$1,817,306	\$2,221,365	\$0	\$0

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Borrower Name	Borrower Type ¹	City ²	State ²	Date of Loan Agreement	Maturity Date	Total Authorized Loan Amount	Disbursements ³	Total Outstanding Loan Amount ⁴	Total Repaid Loan Principal	Cash Interest Receipts
Map Large, Inc.	National Security	Atlanta	GA	11/2/2020	10/31/2025	\$10,000,000	\$10,000,000	\$12,186,022	\$0	\$0
Meridian Rapid Defense Group, LLC	National Security	Pasadena	CA	10/30/2020	10/30/2025	\$7,100,000	\$7,100,000	\$8,562,990	\$0	\$79,019
Mesa Airlines, Inc. ¹⁶	Passenger Air Carrier	Phoenix	AZ	10/30/2020	10/30/2025	\$195,000,000	\$195,000,000	\$204,947,017	\$0	\$8,577,090
Ovation Travel Group, Inc. ¹⁷	Ticket Agent	New York	NY	10/15/2020	10/15/2025	\$20,000,000	\$20,000,000	\$0	\$20,294,156	\$181,881
oVio Technologies, Inc.	National Security	Newport Beach	CA	11/2/2020	10/31/2025	\$1,186,900	\$1,186,900	\$1,446,359	\$0	\$0
Republic Airways, Inc. ¹⁸	Passenger Air Carrier	Indianapolis	IN	11/6/2020	11/6/2025	\$58,000,000	\$58,000,000	\$0	\$58,000,000	\$1,622,308
Semahtronix, LLC ¹⁹	National Security	Flippin	AR	11/13/2020	11/13/2025	\$1,999,100	\$1,999,100	\$0	\$2,112,957	\$777
Semantic AI, Inc.	National Security	San Diego	CA	11/13/2020	11/13/2025	\$506,300	\$506,300	\$590,355	\$0	\$0
SkyWest Airlines, Inc. ²⁰	Passenger Air Carrier	St George	UT	9/29/2020 (amended 10/28/2020 and 1/15/2021)	9/29/2025	\$725,000,000	\$60,000,000	\$0	\$60,000,000	\$1,196,767
Borrower Name	Borrower Type ¹	City ²	State ²	Date of Loan Agreement	Maturity Date	Total Authorized Loan Amount	Disbursements ³	Total Outstanding Loan Amount ⁴	Total Repaid Loan Principal	Cash Interest Receipts
Southern Airways Express, LLC ²¹	Passenger Air Carrier	Pompano Beach	FL	10/28/2020	10/28/2025	\$1,838,501	\$1,838,501	\$0	\$1,838,501	\$188,254
SpinLaunch, Inc.	National Security	Long Beach	CA	11/13/2020	11/13/2025	\$2,519,200	\$2,519,200	\$2,538,304	\$0	\$369,054
Sun Country, Inc. ²²	Passenger Air Carrier	Minneapolis	MN	10/26/2020	10/24/2025	\$45,000,000	\$45,000,000	\$0	\$46,182,421	\$77,125
Thomas Global Systems, LLC ²³	Repair Station Operator	Irvine	CA	11/9/2020	11/7/2025	\$1,400,000	\$1,400,000	\$0	\$1,530,278	\$22,745
Timco Engine Center, Inc. ²⁴	Repair Station Operator	Oscoda	MI	11/5/2020	11/5/2025	\$8,390,240	\$8,390,240	\$9,777,808	\$0	\$0
United Airlines, Inc. ²⁵	Passenger Air Carrier	Chicago	IL	9/28/2020 (amended 11/6/2020, 12/8/2020, and 1/15/2021)	9/26/2025	\$7,491,000,000	\$520,000,000	\$0	\$520,000,000	\$9,517,733
Visual Semantics, Inc.	National Security	Austin	TX	10/30/2020	10/30/2025	\$1,053,200	\$1,053,200	\$1,270,217	\$0	\$11,722
Wiser Imagery Services, LLC	National Security	Murfreesboro	TN	10/30/2020	10/30/2025	\$3,069,700	\$3,069,700	\$3,743,430	\$0	\$0
Yellow Corporation ²⁶	National Security	Overland Park	KS	7/7/2020	9/30/2024	\$700,000,000	\$700,000,000	\$725,676,120	\$230	\$46,740,630

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Borrower Name	Borrower Type ¹	City ²	State ²	Date of Loan Agreement	Maturity Date	Total Authorized Loan Amount	Disbursements ³	Total Outstanding Loan Amount ⁴	Total Repaid Loan Principal	Cash Interest Receipts
TOTAL						\$21,890,983,560	\$2,677,983,560	\$1,015,609,415	\$1,712,094,116	\$91,985.691

Note: Data are as of the date of this report.

Footnotes

- Only certain categories of entities were eligible to receive loans under sections 4003(b)(1), (2), and (3) of the CARES Act. Under those provisions, a borrower must be a passenger air carrier, a business that is certified under 14 CFR part 145 and approved to perform inspection, repair, replace, or overhaul services; a ticket agent (as defined in 49 U.S.C. 40102); a cargo air carrier, or a business critical to maintaining national security.
- The locations provided are the addresses included by the borrowers in their applications and may not indicate all locations in which a borrower operates.
- "Disbursements" includes all loan disbursements.
- "Total Outstanding Loan Amount" includes all loan disbursements and increases of loan principal amount arising from payment-in-kind (PIK) interest, less any repayments of principal.
- Alaska Airlines, Inc. entered into a loan agreement for up to \$1.301 billion on September 28, 2020, an amendment on October 30, 2020, increasing the maximum loan amount by \$627 million, and an additional amendment on January 15, 2021, extending the termination date for Treasury's commitment to May 28, 2021. Alaska Airlines, Inc. paid in full all outstanding principal and interest on June 3, 2021.
- Allflight Corporation has made principal repayments in the amount of \$99,782 on September 23, 2022; \$97,933 on November 30, 2022; and \$100,000 on December 15, 2022.
- American Airlines, Inc. entered into a loan agreement for up to \$5.477 billion on September 25, 2020, an amendment on October 21, 2020, increasing the maximum loan amount by \$2.023 billion, and an additional amendment on January 15, 2021, extending the termination date for Treasury's commitment to May 28, 2021. American Airlines, Inc. paid in full all outstanding principal and interest on March 24, 2021.
- Aviation Management & Repairs Inc. repaid \$100,000 in principal on April 1, 2021.
- Bristin Travel, LLC, repaid \$248,826 in principal on December 30, 2022.
- Caribbean Sun Airlines, Inc. entered into a loan agreement for up to \$15 million on November 5, 2020, and an amendment on December 7, 2020, extending the termination date for Treasury's commitment to December 7, 2020, and decreasing the maximum loan amount by \$8,231,251.
- Core Avionics & Industrial, Inc. repaid \$800,000 in principal on June 8, 2021; Core Avionics & Industrial, Inc. paid in full all principal and interest on April 1, 2022.
- Elite Airways, LLC entered into a loan agreement for up to \$2,630,274 on November 9, 2020, and an amendment on December 1, 2020, extending the termination date for Treasury's commitment to December 1, 2020.
- Frontier Airlines, Inc. entered into a loan agreement for up to \$574 million on September 28, 2020, and an amendment on January 15, 2021, extending the termination date for Treasury's commitment to May 28, 2021. Frontier Airlines, Inc. paid in full all principal and interest on February 2, 2022.
- Hawaiian Airlines entered into a loan agreement for up to \$420 million on September 25, 2020, an amendment on October 23, 2020, increasing the maximum loan amount by \$202 million, and an additional amendment on January 15, 2021, extending the termination date for Treasury's commitment to May 28, 2021. Hawaiian Airlines, Inc. paid in full all principal and interest on February 4, 2021.
- JetBlue Airways Corporation entered into a loan agreement for up to \$1.14 billion on September 29, 2020, an amendment on November 3, 2020, increasing the maximum loan amount by \$808 million, and an additional amendment on January 15, 2021, extending the termination date for Treasury's commitment to May 28, 2021. JetBlue Airways Corporation paid in full all outstanding principal and interest on September 15, 2021.
- Mesa Airlines, Inc. entered into a loan agreement for up to \$200 million on October 30, 2020, and elected to draw \$43 million on October 30, 2020, and \$152 million on November 13, 2020. Mesa Airlines, Inc. entered into a technical Modification and Waiver Agreement on December 22, 2022, available on Treasury.gov.
- Ovation Travel Group, Inc. paid in full all outstanding principal and interest on January 21, 2021.
- Republic Airlines, Inc. entered into a loan agreement for up to \$77 million on November 6, 2020, and elected to draw \$58 million on December 7, 2020. Republic Airlines, Inc. paid in full all outstanding principal and interest on September 10, 2021.
- Semahtronix LLC paid in full all outstanding principal and interest on September 17, 2021.
- SkyWest Airlines, Inc. entered into a loan agreement for up to \$573 million on September 29, 2020, an amendment on October 28, 2020, increasing the maximum loan amount by \$152 million, and an additional amendment on January 15, 2021, extending the termination date for Treasury's commitment to May 28, 2021. SkyWest Airlines, Inc. paid in full all outstanding principal and interest on May 10, 2021.
- Southern Airways Express, LLC paid in full all outstanding principal and interest on April 29, 2021.
- Sun Country, Inc. paid in full all outstanding principal and interest on March 24, 2021.
- Thomas Global Systems, LLC paid in full all outstanding principal and interest on May 27, 2022.
- Timco Engine Center, Inc. is in default under certain payment and other requirements under its loan agreement.
- United Airlines, Inc. entered into a loan agreement for up to \$5.17 billion on September 28, 2020, an amendment on November 6, 2020, increasing the maximum loan amount by \$2.33 billion, an amendment on December 8, 2020, reducing the maximum loan amount by \$9 million, and an additional amendment on January 15, 2021, extending the termination date for Treasury's commitment to May 28, 2021. United Airlines paid in full all outstanding principal and interest on April 20, 2021.
- The loan to Yellow Corporation consists of two tranches in the original principal amounts of \$300 million and \$400 million, and current outstanding principal amounts of \$316 million and \$400 million, respectively. It was announced on February 4, 2021, that YRC Worldwide, Inc. had changed its name to Yellow Corporation. Yellow Corporation repaid \$230 in principal on June 13, 2021.

Other Investments

CARES Act section 4003(b)(4) allocated at least \$454 billion for "loans and loan guarantees to, and other investments in, programs or facilities established by the Board of Governors of the Federal Reserve System for the purpose of providing liquidity to the financial system that supports lending to eligible businesses, States, or municipalities" by "purchasing obligations or other interests" directly from the issuer or through secondary markets, and "making loans, including loans or other advances secured by collateral."¹⁰

The Federal Reserve established several liquidity programs (facilities) pursuant to section 13(3) of the Federal Reserve Act.¹¹ That provision, used extensively during the 2008 financial crisis and amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act,¹² allows the Federal Reserve to lend money in "unusual and exigent circumstances" to participants in "any program or facility with broad-based eligibility" who are "unable to secure adequate credit accommodations from other banking

¹⁰ CARES Act § 4003(b)(4)(A)-(C)

¹¹ See 12 U.S.C. § 343(3)

¹² Pub. L. 111-203, 124 Stat. 1375

institutions.”¹³ The Federal Reserve Board was required to consult with the Secretary of the Treasury prior to the Federal Reserve Board’s 2015 issuance of its regulations governing emergency lending under section 13(3) of the Federal Reserve Act.¹⁴ The Federal Reserve may not establish any emergency lending program under section 13(3) without prior approval of the Secretary of the Treasury.¹⁵

Of note, as of December 31, 2022, MS Facilities, LLC—a special-purpose vehicle (SPV) jointly formed by Treasury and the Federal Reserve Bank of Boston to operate the MSLP—has recognized approximately \$95 million in actual loan losses, net of subsequent recoveries.¹⁶ This number has over doubled from \$45 million since SIGPR’s last quarterly report. In addition, an evaluation of loan participations purchased by the MS Facilities, LLC resulted in a reported loan loss allowance in the amount of \$1.4 billion.¹⁷ The allowance for loan losses is estimated based upon MS Facilities, LLC’s holdings as of September 30, 2022.¹⁸

These facilities have stopped extending loans or purchasing obligations. Additional details for the facilities are available on the Federal Reserve’s website.¹⁹ The Federal Reserve has indicated that because the MSLP ceased purchasing participations on January 8, 2021, it will not provide additional transaction-specific disclosures about the MSLP on a periodic basis going forward.

The following table summarizes the total amount of remaining CARES Act funds that Treasury invested in MS Facilities, LLC and other SPVs created in conjunction with other lending programs as of December 31, 2022.²⁰

Recipient	Treasury Investment Remaining as of December 31, 2022
MS Facilities, LLC	\$11,647,683,604.49
TALF II, LLC	\$1,042,930,200.31
Corporate Credit Facilities, LLC	\$0.00
Municipal Liquidity Facility, LLC	\$2,918,475,815.47

The SPVs have returned the following amounts to Treasury as of December 31, 2022.

Recipient	Investment Returned to Treasury as of December 31, 2022
MS Facilities, LLC	\$26,047,299,812.42
TALF II, LLC	\$8,958,103,834
Corporate Credit Facilities, LLC	\$37,980,215,713.55
Municipal Liquidity Facility, LLC	\$14,629,455,817.27

¹³ 12 U.S.C. § 343(3)(A); see also 12 C.F.R. § 201.4(d)

¹⁴ 12 U.S.C. § 343(3)(B)(i)

¹⁵ 12 U.S.C. § 343(3)(B)(iv)

¹⁶ See Bd. of Governors of the Fed. Reserve Sys., *Periodic Report: Update on Outstanding Lending Facilities Authorized by the Board under Section 13(3) of the Federal Reserve Act*, <https://www.federalreserve.gov/publications/files/13-3-report-20230111.pdf> (last updated January 11, 2023).

¹⁷ See *id.*

¹⁸ See *id.*

¹⁹ See *id.*

²⁰ Letter from Michelle Dickerman, Dep. Ass’t Gen. Counsel, Off. of Gen. Counsel, Treasury, to David B. Dwyer, Counsel for Audits and Banking, Off. of Gen. Counsel, SIGPR, Treasury (Jan. 20, 2023) (on file with SIGPR).



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