

Julie Enea

Subject: FW: Inability to use our PPP if we are forced to remain closed
Attachments: PBFC Public Statement re Outside Services.pdf

From: Nicole Lecher
Sent: Friday, July 24, 2020 11:23 AM
Cc: Nicole Lecher
Subject: Inability to use our PPP if we are forced to remain closed

Good morning again,

I write to request measures that are critical to my ability to survive the COVID-19 pandemic, to reopen my business and to stay afloat (1) extend the time line of PPP to allow us to spend loan once we open (2) allow salons to open INSIDE.

I am a franchisee owner of seven LunchboxWax salons in the Bay Area. We were forced to close on March 16 and have not been able to re-open since.

- Pre-Covid we had 52 employees who earned \$20 to \$50 per hour and 2 Salon Directors making over \$75,000 per year - all of whom have been laid off.
- We have had zero revenue in 5 months
- Landlords have consistently demanded 100% of the rent (with deferrals but still 100% while we earn ZERO.
- Every day we are closed still cost us about \$3,327 just to hope to reopen.
- So far we have incurred about \$400,000 of expenses while closed and for the first time had to take on debt.
- We have invested over \$20,000 of out of pocket expenses on PPE to be prepared for when we can open – but we keep getting delayed.
- PPP funds are useless to us as we cannot open so we cannot even take advantage of the program money.

Your support would be greatly appreciated for myself and I'm sure many other franchisees and businesses in similar situations. Other businesses closed down or limited ability to spend on employees because of business

- We need the time to use the PPP to be expended for use until we are allowed to open for business
- We need grants for businesses still FORCED to close
- We need relief from landlords demanding 100% while we are forced to close
- We need LLC owners to be able to tap PPP funds as compensation (we can not pay ourselves W2 so we cannot pay ourselves with PPP money)

My business partner and I have worked tirelessly every day since March 16th preparing to reopen: figuring out our finances, learning, understanding and navigating possible financing strategies, educating ourselves and preparing the necessary training for our employees for our salons to re-open safely; acquiring all the required PPE. As a LLC taxed as a partnership we are not W2 employees and cannot pay ourselves for the 120 days of work we have each devoted. Despite all of this, we have obligations of \$55,971 monthly rent on 8

commercial leases (of which every landlord expects 100% of rent). We cannot use the PPP for employee compensation, we cannot use the PPP for owner compensation, and we cannot use the PPP for meeting any rent obligations.

As Congressional leaders consider the next legislative package for COVID-19 small business recovery, the initial terms of the CARES Act, more specifically the timeline of 24 weeks in which the loan needs to be spent, needs to be addressed and modified for business that have been forced to remain closed or not open long enough to spend the funds. The intent and purpose of the PPP loan is to provide financial support for businesses for employee compensation and rental obligations. I do not believe, when Congress approved to extend 8 week period to 24 weeks, any consideration was given to the situation where business were forced to remain closed by state and/or county orders past the period of time for spending . Changes need to be made to the existing terms and time period to allow business who are still closed, to have the ability to make use of the funds, as intended, once they can re-open. The PPP Flexibility Act altered the 60:40 spending but did not address the need for extending the spend period for the prolonged closure which we many businesses in various sectors in several states now face.

The level of preparedness and investment in PPE following state and local guidance and requirements to prepare to open to now be told my Governor Newsom it is safer to open outdoors offer our waxing services under a tent in a parking lot is beyond absurdity, a violation of our state licensing and ta threat to public safety. We will not get to the other side of the crisis without the support of Congress to first modify the terms of the CARES Act for the PPP spending time frame to allow the funds to be spent once business opens and second, to further support small business additional funding, tax relief and liability protection to stay afloat and survive the COVID-19 pandemic. We need your support to reopen our salons in CA.

A response or acknowledgement of receipt would be greatly appreciated.

Thank you.

Nicky Lecher

Nicky Lecher | SpringBOX, LLC

LunchboxWax

Franchise Owner

www.lunchboxwax.com