



January 21, 2022

The Honorable Isabel Guzman  
Administrator, U.S. Small Business Administration  
409 3rd St, SW  
Washington, DC 20416

Dear Administrator Guzman:

We write today to urge the Small Business Administration to investigate potential abuse of the Paycheck Protection Program (PPP) committed by UNITE HERE Local 11, a hospitality workers union based in Southern California and Arizona. The Center for Union Facts is a watchdog group that seeks transparency and accountability in America's labor movement.

During your Congressional nomination, you committed to being “a good steward” of PPP funds. Accordingly, it is important that you are aware of disturbing issues recently reported by the *Washington Free Beacon*. In May 2020, the Hospitality Training Academy (HTA), a Local 11-linked nonprofit, applied for and received nearly \$260,000 in federal PPP loans. We believe the HTA’s PPP loan was wrongly submitted and granted for two reasons: (1) The HTA did not in good faith meet the criteria for a PPP loan, and (2) The money was used to circumvent clearly intended Congressional restrictions on labor groups receiving PPP funds.

PPP loans required applicants to attest that a loan was necessary because of “current economic uncertainty” caused by the COVID-19 pandemic. Yet, according to copies of the HTA’s 990 tax filings, the group’s annual revenue in 2020 increased by more than 1,800 percent compared to 2019. The group ended 2020 with more than \$4,500,000 in net income. The *Washington Free Beacon* reported that the HTA’s executive compensation went up by nearly 250 percent in 2020 compared to the year prior.

We believe the HTA’s PPP loan violated the spirit of the CARES Act, which barred 501c(5) groups from applying for funds. As the *Washington Free Beacon* has reported, many Local 11 employees suddenly began working for the HTA after the nonprofit received a PPP loan. According to Web Archive, the HTA’s website added these former Local 11 staff as employees in June 2020, approximately one month after the PPP loan was approved. As the *Washington Free Beacon* reported, the HTA spent 33 percent more on staff wages in 2020.

One notable example of this sudden influx of employees to the HTA was Sean Glynn, who spent years working as a union representative for Local 11, but parted ways with the union in March 2020 and joined the HTA as a project manager the next month. Similarly, the HTA also hired two former

probationary organizers for Local 11. Around the time of their hiring, one of the former organizers wrote to the Los Angeles County's Board of Supervisors as "a proud member of Unite Here Local 11," and the other became a new Executive Board member for Local 11. The HTA also hired a member of Local 11's Chair of Trustees who repeatedly promoted Local 11 activities and campaigns on Facebook during regular work hours after joining the HTA. At least two former Local 11 employees who joined the HTA around June 2020 even appeared to continue engaging in union-related work by helping Local 11 members file for unemployment.

The HTA's troubling hiring activities should not be viewed as an isolated case. Two other Local 11-backed nonprofits, the Los Angeles Alliance for a New Economy (LAANE) and Central Arizonans for a Sustainable Economy (CASE) also may have used PPP loans to employ Local 11 workers. LAANE and CASE received PPP loans in April 2020 and May 2020 respectively. In June 2020, a Local 11 probationary organizer suddenly listed herself as a relief coordinator for CASE. A few months later, in October 2020, a Local 11 organizer was identified by the *Fullerton Observer* as a researcher for LAANE.

We are concerned about the possibility that the HTA exploited pandemic funds to instead fund union organizing, in clear contravention of Congressional intent. We are equally concerned that when given the chance to explain these discrepancies to a media outlet, the HTA and Local 11 both refused to comment. In order to fully investigate the possible abuses that took place, we believe the SBA should seek the following information from UNITE HERE Local 11 and the HTA:

- Did the HTA apply for a PPP loan knowing it was financially secure?
- Did the HTA coordinate with Local 11 to keep union workers employed using COVID-19 pandemic funds?
- Did the Local 11 employees hired by the HTA continue to engage in union organizing?

We hope the SBA will take all appropriate measures to hold Local 11 and the HTA accountable for all possible abuses of taxpayer funds, and look forward to your addressing these abuses.

Thank you,

A handwritten signature in black ink, appearing to read "Charlyce Bozzello". The signature is stylized and cursive, with a large loop at the end.

Charlyce Bozzello, Center for Union Facts