

A \$9 Million Main Street Loan Went To A Firm Tied To A Four-Time Convicted Felon Currently In Prison For Tax Fraud

SUMMARY: A \$9 million Main Street Lending Program (MSLP) loan went to Warren L.C., a registered cargo carrier based in Kansas that reports to have just three drivers.

Until late May 2019, Warren L.C.'s annual reports were [signed](#) by Thomas Fritzel, a Lawrence, Kansas based businessman [convicted](#) of federal criminal conspiracy after he used city development tax breaks for [hundreds](#) of personal purchases, including home improvements, party tents, and landscaping materials.

Before this case was elevated to federal court, the City of Lawrence's original complaint [identified](#) Warren L.C. itself as one of the companies through which Thomas Fritzel fraudulently claimed expenses. As the city began to probe tax discrepancies surrounding the Oread hotel in 2016, Warren L.C. drew further [suspicion](#) for registering its office at the hotel but not appearing on the hotel's official list of tenants.

In addition to Thomas Fritzel's criminal conspiracy conviction related to the tax issues, he was also found [guilty](#) of three counts of illegal asbestos disposal at a nearby country club project. Although the U.S. Department of Justice's (DOJ's) original [indictment](#) for all of these charges carried a combined maximum of 27 years in federal prison and up to \$1.25 million in fines, Fritzel's final plea agreement gave him just a year-and-a-day in prison and just \$250,000 in fines.

Fritzel is currently incarcerated in FPC Yankton, a federal prison in South Dakota, but he has [asked](#) to serve his sentence at his \$2.7 million home in Kansas—at an address where his wife is [still listed](#) as an owner of Warren L.C.

The Main Street Lending Program—which prohibits lending to businesses significantly owned or controlled by anyone indicted for a felony or incarcerated—was intended to provide taxpayer-backed loans to small- and medium-sized businesses struggling through the pandemic. Given Warren L.C.'s ongoing ties to a four-time convicted felon who exploited the tax system for personal gain, this loan deserves further scrutiny.

A \$9 Million Main Street Lending Program Loan Went To Warren L.C., A Kansas Company And Registered Cargo Carrier With Just 3 Drivers And 4 Registered Vehicles.

In August 2020, A \$9 Million Main Street Lending Program Loan Went To Kansas Company Warren L.C.

On August 3, 2020, Warren, L.C. Of Lawrence, Kansas Received A Main Street Lending Program Loan Worth \$9,000,000. [Federal Reserve – Main Street New Loan Facility, “Transaction-specific Disclosures XLSX,” [09/08/20](#)]

- **The Federal Reserve's (The Fed's) Main Street Lending Program (MSLP) Is Intended To Offer \$600 Billion In Emergency Loans To Struggling “Small And Medium-Sized Businesses” That Need Capital To Maintain Operations During The Pandemic.** “The program is designed to help credit flow to small and medium-sized businesses that were in sound financial condition before the onset of the COVID-19 crisis, but now need loans to help maintain their operations until they have recovered from, or adapted to, the impacts of the pandemic.” [Federal Reserve Bank of Boston, accessed [06/17/20](#)]

Warren L.C.'s Registered Office Is 1200 Oread Avenue, Lawrence, KS 66044. [Search for Warren L.C., Kansas Secretary of State, accessed [09/11/20](#)]

The US Department of Transportation Lists Warren LC As An Actively Registered Carrier, Registered To Transport “Garbage/Refuse” Within The State Of Kansas, Having Three Drivers.

<u>Entity Type:</u>	CARRIER		
<u>Operating Status:</u>	ACTIVE	<u>Out of Service Date:</u>	None
<u>Legal Name:</u>	WARREN LC		
<u>DBA Name:</u>			
<u>Physical Address:</u>	209 FALL CREEK ROAD LAWRENCE, KS 66049		
<u>Phone:</u>			
<u>Mailing Address:</u>	PO BOX 1476 LAWRENCE, KS 66044		
<u>USDOT Number:</u>	136593q	<u>State Carrier ID Number:</u>	
<u>MC/MX/FF Number(s):</u>		<u>DUNS Number:</u>	-
<u>Power Units:</u>	4	<u>Drivers:</u>	3
<u>MCS-150 Form Date:</u>	11/25/2019	<u>MCS-150 Mileage (Year):</u>	10,000 (2018)
<u>Operation Classification:</u>			
	Auth. For Hire Exempt For Hire <input checked="" type="checkbox"/> Private(Property) Priv. Pass. (Business)	Priv. Pass.(Non- business) Migrant U.S. Mail Fed. Gov't	State Gov't Local Gov't Indian Nation
<u>Carrier Operation:</u>			
	Interstate	Intrastate Only (HM)	<input checked="" type="checkbox"/> Intrastate Only (Non-HM)
<u>Cargo Carried:</u>			
	General Freight Household Goods Metal: sheets, coils, rolls Motor Vehicles Drive/Tow away Logs, Poles, Beams, Lumber Building Materials Mobile Homes Machinery, Large Objects Fresh Produce	Liquids/Gases Intermodal Cont. Passengers Oilfield Equipment Livestock Grain, Feed, Hay Coal/Coke Meat <input checked="" type="checkbox"/> Garbage/Refuse US Mail	Chemicals Commodities Dry Bulk Refrigerated Food Beverages Paper Products Utilities Agricultural/Farm Supplies Construction Water Well

[US Department of Transportation [Carrier Search](#) For Warren LC, accessed 09/17/2020]

Warren L.C Is Closely Tied To Thomas Fritzel, A Property Developer In Lawrence, Kansas And Lists The Oread Hotel – A Fritzel Developed Property – As Its Registered Address With The State Of Kansas.

Warren L.C.'s Annual Reports Were Signed By Developer Thomas Fritzel Until 2019 And They Continue To Show His Wife Dru Fritzel As The Only Individual Owning More Than 5% Of The Firm.

Thomas Fritzel Had Previously “Signed Annual Reports As A Manager Of Warren LC” And His Wife Dru Fritzel Is Listed As The Only Individual Owning More Than 5% Of The Company’s Capital. “Thomas Fritzel, the Lawrence businessman at the heart of the tax dispute with City Hall, is listed as an executive with both firms. [...] Fritzel also signed annual reports as a manager of Warren LC, and his wife, Dru Fritzel, is listed

as the only member who owns 5 percent or more of that company's capital." [Lawrence Journal-World, [01/22/16](#)]

As Recently As May 26, 2019, Thomas Fritzel Signed Warren L.C.'s 2018 Annual Report With The Kansas Secretary Of State. [Warren L.C. 2018 Annual report, Kansas Secretary of State, [05/26/19](#)]

Dru. S. Fritzel Was The Only Individual Listed As Owning More Than 5% OF Warren, L.C. In The Same 2018 Annual Report. [Warren L.C. 2018 Annual report, Kansas Secretary of State, [05/26/19](#)]

- **Dru Fritzel Appears To Have Been Thomas Fritzel's Spouse.** "Tucker, son of Thomas and Dru Fritzel, said his older sisters contacted KU officials last year and got him in as a ball boy at two games." [Lawrence Journal-World, [01/27/03](#)]

While Thomas Fritzel Is Absent From The Company's Following Annual Report For 2019, Dru. S. Fritzel Was Still The Only Individual Listed As Owning More Than 5% OF Warren, L.C. In Its Annual Report Filed On July 16, 2020. [Warren L.C. 2019 Annual Report, Kansas Secretary of State, [07/16/20](#)]

Warren L.C.'s Registered Office Is 1200 Oread Avenue, Lawrence, KS 66044. [Search for Warren L.C., Kansas Secretary of State, accessed [09/11/20](#)]

- **2008: Thomas Fritzel "Signed An Agreement With The City Of Lawrence To Develop The Oread Hotel."** "The indictment alleges that in 2008 Fritzel signed an agreement with the City of Lawrence to develop the Oread Hotel in Lawrence, a seven-story hotel with restaurants, bars and a gift shop." [U.S. Department of Justice, [06/27/18](#)]
- **The Oread Hotel Is Located At 1200 Oread Avenue, Lawrence, KS 66044.** [Oread Hotel, accessed [09/11/20](#)]

In February 2020, Thomas Fritzel Was Federally Convicted Of Criminal Conspiracy For Using The Oread Hotel's Tax Breaks For Personal Purchases—And Kansas' Original Lawsuit Named Warren L.C. As One Of The Entities He Used For "Hundreds" Of Personal Purchases.

In February 2020, Thomas Fritzel Was Sentenced To One Federal Count Of Criminal Conspiracy Related To The Hotel And Three Federal Counts Of Illegal Asbestos Disposal At A Country Club.

February 2020: A Federal Judge Sentenced Lawrence, Kansas Developer Thomas Fritzel To One Count Of Criminal Conspiracy Related To The Development Of The Oread Hotel And Three Counts Related To Illegal Asbestos Disposal At A Country Club. "In February, U.S. District Court Judge Holly Teeter sentenced Fritzel to three months in prison and a \$55,000 fine for three felony convictions related to illegal disposal of asbestos during a construction project at the former Alvarado Country Club, now known as the Jayhawk Club. In the other felony case, related to the development of The Oread hotel, Fritzel pleaded guilty to one count of criminal conspiracy for scheming to collect more than \$400,000 in fraudulent tax refunds from the City of Lawrence." [Lawrence Journal-World, [04/30/20](#)]

- **The Department Of Justice's (DOJ's) Original Indictment Charged That Fritzel And Others Violated Federal Asbestos Disposal Laws "To Save Money On Demolition And Renovations" At A Country Club.** "The indictment alleges the defendants conspired with Fritzel to violate federal laws for handling asbestos in order for Fritzel to save money on demolition and renovations at the Alvarado Country Club in Lawrence." [Topeka Capital-Journal, [06/27/18](#)]

July 2018: The DOJ Indicted Thomas S. Fritzel, And His Bookkeeper For Defrauding The City Of Lawrence, Kansas And Transporting Stolen Goods Across State Lines. “The developer of the Oread Hotel and his bookkeeper were indicted Wednesday on federal charges of scheming to collect more than \$400,000 in fraudulent tax refunds from the City of Lawrence. Thomas S. Fritzel, 52, Lawrence, Kan., and Keela Lam, 46, Lawrence, Kan., are charged with one count of conspiracy to defraud the city and one count of interstate transportation of stolen funds. Also named as defendants are companies controlled by Fritzel including Oread Construction LC, Oread Wholesale LC, Oread Inn LC and R6 LC.” [U.S. Department of Justice, [06/27/18](#)]

- **DOJ Headline: Indictment: Developer of Oread Hotel Collected \$400,000+ in Fraudulent Tax Refunds** [U.S. Department of Justice, [06/27/18](#)]

The DOJ Indictment Alleged That Fritzel Fraudulently Collected Over \$400,000 Through Local Tax Break Reimbursements For “Hundreds Of Transactions.” “The developer of the Oread Hotel and his bookkeeper were indicted Wednesday on federal charges of scheming to collect more than \$400,000 in fraudulent tax refunds from the City of Lawrence. [...] The indictment alleges that in 2008 Fritzel signed an agreement with the City of Lawrence to develop the Oread Hotel in Lawrence, a seven-story hotel with restaurants, bars and a gift shop. The city set up a Tax Increment Financing District and a Transportation Development District around the hotel and agreed to reimburse Fritzel for his development costs. The funds to pay Fritzel were to come from property tax and sales taxes collected inside the redevelopment district. The indictment alleges Fritzel and Lam conspired to defraud the city by seeking reimbursement for hundreds of transactions that were not generated within the redevelopment district.” [U.S. Department of Justice, [06/27/18](#)]

Fritzel Allegedly Sought Refunds For Taxes He Paid On Home Improvements, Party Tent Rentals, And Other Transactions. “The indictment alleges the defendants fraudulently sought refunds for taxes paid on furniture and appliances, work on houses Fritzel owned in Lawrence and Colorado, landscaping materials, party tent rentals, car batteries, equipment for a car wash and other items.” [U.S. Department of Justice, [06/27/18](#)]

The DOJ Also Indicted Fritzel And Others For Violating The Clean Air Act By Improperly Disposing Asbestos. “A separate indictment alleges Fritzel and others violated the requirements of the Clean Air Act for disposal of asbestos.” [U.S. Department of Justice, [06/27/18](#)]

In Its Original Lawsuit Against Fritzel, The City Of Lawrence, Kansas Named Warren L.C. As One Of The Companies He Used To Fraudulently Apply The Oread Hotel’s Tax Breaks For “Hundreds” Of Personal Purchases.

November 2016, The City Of Lawrence, Kansas Sued Thomas Fritzel And His Affiliated Companies For Fraudulently Collecting Tax Rebates Through The City’s “Multimillion-Dollar Incentive Agreement With The Oread Hotel.” “The City of Lawrence is citing personal purchases and faked retail sales as grounds to terminate a multimillion-dollar incentive agreement with The Oread hotel. A lawsuit alleges that, instead of using tax incentives provided by the city as intended, the developer of The Oread hotel fraudulently collected tax rebates for hundreds of unrelated purchases, including landscaping for his home, a cabin in Colorado and rental of a party tent. [...] The city is taking legal action against the Lawrence businessman leading the development, Thomas Fritzel, and three of his affiliated companies, based on findings of a report commissioned by the city to study transactions billed to the district.” [Lawrence Journal-World, [11/16/16](#)]

In A November 2016 Lawsuit, The City Of Lawrence, Kansas Alleged That Warren L.C. Was Among The Affiliates Through Which Oread Wholesale Sought Tax Reimbursement. “From 2009 through 2015, Oread Wholesale sought reimbursement from over 30 affiliated companies, individuals or other entities for material, property and services Oread Wholesale obtained from third party vendors using its tax-exempt status and for projects or transactions that occurred outside the Special Taxing District. These companies, individuals, other entities and projects include but are not limited to the following: [...] Warren LC [...]” [Petition, City of Lawrence, Kansas v. Thomas Fritzel et. al, [11/16/16](#)]

December 2016: The City Of Lawrence, Kansas' Lawsuit Against Fritzel Was Moved To Federal Court. "The lawsuit filed by the City of Lawrence alleging Oread hotel developer Thomas Fritzel committed a fraudulent tax scheme has been moved to federal court. The request to remove the case from Douglas County District Court was made Thursday by Fritzel's attorney. The motion also means that any trial that would be conducted as part of the case would be held in Kansas City rather than Lawrence. The request to remove the case from district court was made because the case falls under the federal court's jurisdiction owing to claims of racketeering made in the lawsuit, according to the removal notice." [Lawrence Journal-World, [12/09/16](#)]

As The City Of Lawrence Began Probing The Oread Hotel's Tax Discrepancies, Warren L.C. Drew Suspicion For Registering Its Office At The Hotel But Not Appearing On The Hotel's Official List Of Tenants.

January 2016: In A \$500,000 Tax Dispute With Thomas Fritzel, The City Of Lawrence, Kansas Found That Warren LC Was Absent From A List Of Tenants At The Hotel Despite Having Its Office Registered There. "The final deadline for Oread Inn LC to comply with the city's demands in a \$500,000 tax dispute passed Monday with more contention, and city officials are remaining silent about their next move. And while the dispute continues, a potential discrepancy has been found in the information the development group has provided to the city. Two companies listed by the state as having registered offices at The Oread hotel — Warren LC and Oread Construction LC — are absent from a list of tenants given to the city in October from an attorney representing Oread Inn. Thomas Fritzel, the Lawrence businessman at the heart of the tax dispute with City Hall, is listed as an executive with both firms. Interim City Manager Diane Stoddard said she was not aware of Warren LC or Oread Construction LC." [Lawrence Journal-World, [01/22/16](#)]

Warren LC's Registered Agent Would Not Respond When Asked Why The Company Was Not Listed Among The Oread Hotel's Tenants. "According to the state, the registered agent for Warren LC, previously named Earnie's LC, is Earnest Oshel. [...] When called Friday at the number on the storefront's sign, Oshel declined to comment about whether he was the registered agent of Warren LC and whether the company had an office at The Oread. He repeated 'no comment' when asked why Warren LC was not present on a document sent to the city listing the hotel's tenants." [Lawrence Journal-World, [01/22/16](#)]

The City Raised Questions About Warren LC After it Investigated Allegations That Thomas Fritzel Was Inflating Sales Tax Totals in Order To Collect Rebates. "The city has spent months gathering information about The Oread hotel project after allegations came to light that a firm led by Fritzel, Oread Wholesale LC, was used to inflate sales tax totals at 1200 Oread Ave., the site of The Oread hotel. The hotel is part of a special taxing district where a large percentage of local sales tax dollars collected at the property are rebated back to the hotel development group, which is led by Fritzel." [Lawrence Journal-World, [01/22/16](#)]

Thomas Fritzel Is Currently Incarcerated In Federal Prison In South Dakota, Though He Recently Asked To Serve His Sentence At His \$2.7 Million Home... Where His Wife Is Still Listed As An Owner Of Warren L.C.

Although The Original Charges Against Fritzel Could Have Carried A Total Of 27 Years In Federal Prison And \$1.25 Million In Fines, He Was Only Sentenced To A Year And A Day In Federal Prison And Just \$250,000 In Fines.

Thomas Fritzel Reached A Plea Agreement Of "12 Months And A Day In Federal Prison And A Fine Of Up To \$250,000." "As part of the plea agreement in that case, attorneys for both parties agreed to recommend a sentence of 12 months and a day in federal prison and a fine of up to \$250,000." [Lawrence Journal-World, [04/30/20](#)]

The DOJ's Original Indictment Carried A Maximum Total Prison Sentences Of Up To 15 Years And \$500,000 In Fines For Fritzel's Criminal Conspiracy Charges. "The indictment alleges Fritzel and Lam

conspired to defraud the city by seeking reimbursement for hundreds of transactions that weren't generated within the redevelopment district. [...] If convicted on those charges, Fritzel and Lam could face up to five years in federal prison and a fine up to \$250,000 on the conspiracy count and up to 10 years and a fine up to \$250,000 on the count of transporting stolen funds." [Topeka Capital-Journal, [06/27/18](#)]

The DOJ's Original Asbestos-Related Charges Against Fritzel Carried A Maximum Total Prison Sentence Of Up To 12 Years In Federal Prison And \$750,000 In Fines. "The indictment alleges the defendants conspired with Fritzel to violate federal laws for handling asbestos in order for Fritzel to save money on demolition and renovations at the Alvarado Country Club in Lawrence. If convicted, the defendants could face up to five years in federal prison and a fine up to \$250,000 on count one, up to two years and a fine up to \$250,000 on count two and up to five years and a fine up to \$250,000 on counts three and four." [Topeka Capital-Journal, [06/27/18](#)]

Following His Sentencing, Thomas Fritzel Requested To Serve His Time At His \$2.7 Million 12,700 Sq. Ft. Home—An Address Where His Wife Was Still Listed As An Owner Of Warren L.C. In A July 16, 2020 Filing.

Following His Sentencing, Thomas Fritzel Requested To Serve His Sentence At Home, Citing Concerns About COVID-19 In Prison Facilities. "Lawrence developer and four-time convicted felon Thomas Fritzel has requested to serve his prison sentences not behind bars but at his multimillion-dollar home. Fritzel, who was convicted of the felony counts in two federal cases, has requested in both cases to serve his prison sentence in home confinement because of the COVID-19 pandemic." [Lawrence Journal-World, [04/30/20](#)]

As Of April 30, 2020 Thomas Fritzel's Home Is Reportedly At 209 N. Fall Creek Road In Lawrence, Kansas. "An aerial photo on file with Douglas County property records, shows 209 N. Fall Creek Road. Records have indicated that the house has been Thomas Fritzel's primary residence." [Lawrence Journal-World, [04/30/20](#)]

In Warren L.C.'s 2019 Annual Report, Signed July 16, 2020, Dru Fritzel's Address Was Also 209 N. Fall Creek Road, Lawrence, KS 66049. [Warren L.C. 2019 Annual Report, Kansas Secretary of State, [07/16/20](#)]

- **The Next Year, Dru. S. Fritzel Was Still The Only Individual Listed As Owning More Than 5% Of Warren, L.C. In The Company's 2019 Annual Report.** [Warren L.C. 2019 Annual Report, Kansas Secretary of State, [07/16/20](#)]

Thomas Fritzel's 12,700 Square Foot Home Is Valued At About \$2.98 Million. "Fritzel's home is located in the Fall Creek Farms subdivision in Lawrence. Douglas County property tax records indicate the home is valued at approximately \$2.98 million. Real estate listings describe the residence as a 12,700-square-foot home, located on more than four acres, that includes eight bedrooms, 9.5 bathrooms and a pool." [Lawrence Journal-World, [04/30/20](#)]

As Of August 21, 2020, It Was Unknown if Fritzel's Request To Serve His Sentence From Home Had Been Granted. "It has been five weeks since Lawrence developer Thomas Fritzel was *sentenced to a year in prison* for his scheme to collect fraudulent tax refunds from the City of Lawrence, but it is unclear where his request to serve his sentence at home stands." [Lawrence Journal-World, [08/21/20](#)]

Thomas Fritzel Is Currently Incarcerated At FPC Yankton, A Minimum Security Prison In South Dakota.

Thomas Fritzel Is Currently Incarcerated In FPC Yankton, A Minimum Security Prison In South Dakota. [[Bureau of Prisons Search](#) For Thomas Fritzel, accessed 09/22/20]

2013: Thomas Fritzel Ran A Housing Development With \$3.42 Million In Back Taxes In Junction City, Kansas, Contributing To “Major Financial Problems For The City”

In 2013, Thomas Fritzel Ran A Housing Development In Junction City, Kansas With \$3.42 Million In Back Taxes.

February 2013: Thomas Fritzel Was Owner Of A Development Company That Had \$3.42 Million In Unpaid Property Taxes From A Housing Development Near A Military Base In Junction City, Kansas. “Records provided by the Geary County Treasurer’s Office show that a development company of which Fritzel is an owner has \$3.42 million in unpaid property taxes and special assessments dating to 2009. The unpaid taxes and fees stem from Fritzel’s involvement in Fort Development LLC, a company that in 2008 built the now-struggling Olivia Farms housing development near the Fort Riley military base in Junction City, about 90 miles west of Lawrence.” [Lawrence Journal-World, [02/03/13](#)]

Fritzel Was Resident Agent And “The Key Point Of Contact” For The Housing Development. “Fritzel served as resident agent for the project, which made him the key point of contact for the partnership under state law. Fort Development is owned by multiple Lawrence residents, including other members of Fritzel’s family.” [Lawrence Journal-World, [02/03/13](#)]

The Project Helped Cause “Major Financial Problems For The City”—Commissioners Complained It Caused Taxes To Go Up For Working People And That Fritzel’s Company “Just Refuse[d] To Pay” The Taxes.

The Project “Contributed To Major Financial Problems For The City.” “Junction City officials are not happy about the stalled project and unpaid debts, which have contributed to major financial problems for the city.” [Lawrence Journal-World, [02/03/13](#)]

A City Commissioner Said Fritzel’s Project Caused Taxes To Rise For Working People, “A Lot Of Them Soldiers Who Have Done Two Or Three Tours.” “I hope that group is proud of itself, because it has caused the taxes of a lot of working people — a lot of them soldiers who have done two or three tours — to go up,’ said Scott Johnson, a Junction City commissioner.” [Lawrence Journal-World, [02/03/13](#)]

Another Commissioner Said, “It Looks To Me Like They Have The Money. They Just Refuse To Pay It.” “It looks to me like they have the money. They just refuse to pay it.’ ‘Some of us feel like we were overcharged,’ said Jack Taylor, a Junction City commissioner who also is a real estate agent. ‘We feel like we weren’t treated fairly.’” [Lawrence Journal-World, [02/03/13](#)]

The MSLP Prohibits Lending To Businesses Significantly Owned Or Controlled By Anyone Indicted For A Felony, Incarcerated, Or Otherwise Engaged In Illegal Activity.

The MSLP Prohibits Lending To Businesses Which Are Significantly Owned Or Significantly Controlled By Anyone Who Has Been Indicted For A Felony Or Has Been Incarcerated.

The Main Street Lending Program’s Ineligible Businesses Are Defined By The U.S. Small Business Administration (SBA) Rule 13 CFR 120.110(b)-(j), (m)-(s). “The Business must not be an Ineligible Business. Ineligible Businesses include Businesses listed in 13 CFR 120.110(b)-(j), (m)-(s), as modified and clarified by SBA regulations for purposes of the PPP on or before April 24, 2020. Such modifications and clarifications include the SBA’s recent interim final rules available at 85 Fed. Reg. 20811, 85 Fed. Reg. 21747, and 85 Fed.

Reg. 23450 (released by the SBA on April 24, 2020). In addition, as of July 15, 2020, the Federal Reserve has incorporated the SBA's Interim Final Rules published in the Federal Register on June 18, 2020 (85 Fed. Reg. 36717) and June 26, 2020 (85 Fed. Reg. 38301), which amended the SBA's earlier Interim Final Rule published in the Federal Register on April 15, 2020 (85 Fed. Reg. 20811). The Federal Reserve may further modify the application of these restrictions to Main Street." [Federal Reserve Bank of Boston, accessed [09/18/20](#) (PDF)]

13 CFR 120.110(n) Prohibits Lending To “Businesses With An Associate Who Is Incarcerated [...] Or Has Been Indicted For A Felony.” “[...] (n) Businesses with an Associate who is incarcerated, on probation, on parole, or has been indicted for a felony or a crime of moral turpitude; [...]” [Small Business Administration 13 CFR Ch. I (1–1–11 Edition), accessed [09/18/20](#)]

- **The SBA’s Definition Of An Associate Includes Officers, Directors, Owners With More Than 20% Equity In The Company, Or A “Key Employee Of The Business.”** “(2) An Associate of a small business is: (i) An officer, director, owner of more than 20 percent of the equity, or key employee of the small business; (ii) Any entity in which one or more individuals referred to in paragraphs (2)(i) of this definition owns or controls at least 20 percent; [...]” [Small Business Administration 13 CFR Ch. I (1–1–09 Edition), accessed [09/18/20](#)]

The SBA’s Definition Of An Associate Also Includes “Any Individual Or Entity In Control Of Or Controlled By The Small Business.” “[...] and (iii) Any individual or entity in control of or controlled by the small business (except a Small Business Investment Company (‘SBIC’) licensed by SBA).” [Small Business Administration 13 CFR Ch. I (1–1–09 Edition), accessed [09/18/20](#)]

The MSLP Also Generally Prohibits Lending To Any Businesses Engaged In Illegal Activity.

13 CFR 120.110(H) Prohibits “Businesses Engaged In Any Illegal Activity.” “[...] (h) Businesses engaged in any illegal activity; [...]” [Small Business Administration 13 CFR Ch. I (1–1–11 Edition), accessed [09/18/20](#)]