

IFA and AFA Fighting for Factors in Congress

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The International Factoring Association (IFA) assists the Factoring community by providing information, training, and opportunities to discuss industry issues and concerns. Right now, our biggest concern is the role factoring must play in helping the economy recover once this crisis subsides. To do so, Factors need to be able to access Payroll Protection Program (PPP) loans which the CARES Act recently created.

The IFA works alongside the American Factoring Association (AFA), which provides a single voice for Commercial Factors and lobbies on behalf of members to ensure equal opportunity and fair treatment. Given the rapidly-changing economic world due to the coronavirus, these roles are more important than ever, not just to the Factoring industry but to the national economy as well.

On the literal eve of the roll out of the PPP, the Small Business Administration (SBA) issued its Interim Final Rules which excluded a host of businesses, including Factors, from participating in the PPP. The IFA and AFA have been leading the charge to reverse that decision and ensure that Factors are treated fairly and in accordance with the explicit words of the CARES Act.

As soon as the Interim Final Rule came out, we began working with members of Congress, the White House and the SBA to make our case. First, we have pointed out that the Interim Final Rule misinterprets the CARES Act. The Act makes it clear that Congress intended all businesses with fewer than 500 employees to be eligible for PPP loans. It makes no sense to deny such relief to employers on the basis of their type of business. In addition, page 14 of the Act specifically states that “any business concern” with fewer than 500 employees is eligible for the program. It is baffling why the Administration would want to deny hundreds of thousands of workers the paycheck protection afforded by the CARES Act.

This is not just the IFA’s opinion, however. Senior and highly experienced lawyers all over the country agree that the PPP loans are supposed to be made available regardless of business type. Second, as a policy matter, it makes no sense to deny these loans to Factors. Factors are going to be an essential key to giving small businesses the liquidity they will need to help restart the economy when the crisis subsides.

We are working with a bipartisan group of experienced members of Congress and we are encouraged by the response we have received from both members of Congress and their staffers. We are also reaching out to senior officials in the executive branch as well as the SBA. In addition to seeking an administrative determination on the scope of coverage of the PPP, we are also in discussion with key figures on Capitol Hill to resolve the situation through a legislative solution. Our goal is to ensure that PPP funding is made available to the Factoring community.

The IFA encourages everyone in the Factor community to reach out to his or her members of Congress to urge them to (1) contact the Treasury Department and (2) ask Treasury to reverse its self-imposed restrictions on the PPP eligibility. Neither the law nor good public policy justifies such restrictions.

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