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# Hughes Hubbard & Reed

## CARES Act Developments and Newly Proposed Fiscal Stimulus Legislation as of August 7, 2020

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**August 7, 2020** – This week, as Democratic and Republican negotiators continue to haggle over the scope of another round of federal economic relief and stimulus, the Financial Crimes Enforcement Network warned financial institutions to be on the alert for cybercrime relating to the pandemic, while legislators introduced bills proposing to expand the Paycheck Protection Program, extend its forgiveness provisions to other types of Small Business Administration loans, and diversify the Congressional Oversight Commission.

### Regulatory Developments Relating to the Pandemic

#### FinCEN Issues Advisory on Cybercrime Related to the Pandemic

On July 30, the Financial Crimes Enforcement Network (FinCEN) issued an advisory alerting financial institutions to potential indicators of cybercrime and cyber-enabled crime observed during the COVID-19 pandemic. The advisory contains descriptions of COVID-19-related malicious cyber activity and scams, associated financial red flag indicators, and information on reporting suspicious activity.

- [Press release](#)
- [Advisory](#)

### Legislative Proposals

#### H.R. 7894: The Paycheck Protection Program Small Business Enhancement Act

On July 31, Reps. John Curtis (R-UT), Chip Roy (R-TX), Susan Wild (D-PA), Dan Meuser (R-PA), and Jeff Van Drew (R-NJ) introduced bipartisan legislation to extend the Paycheck Protection Program (PPP). The legislation would (1) allow a second PPP loan for businesses that have lost more than 20% of their gross receipts compared to 2019; (2) extend the PPP to 501(c)(6) nonprofits and franchised businesses; (3) allow PPP borrowers to spend PPP funds on protective equipment and testing expenses; (4) clarify that PPP borrowers can deduct expenses paid with a forgiven PPP loan from taxes; (5) establish a safe harbor from PPP lender liability for the statements and representations of borrowers; (6) allow automatic forgiveness for PPP loans under \$150,000 while maintaining the ability of SBA to audit those loans for compliance; and (7) extend the PPP application deadline through December 31, 2020.

- [Press release](#)

#### **H.R. 7928: Loan Interest Forgiveness for Taxpayers Under a Pandemic (LIFT UP) Act**

On Aug. 4, Reps. Lizzie Fletcher (D-TX) and Pete Olson (R-TX) introduced bipartisan legislation that would apply the six months of debt forgiveness provided by the CARES Act to small businesses that receive Small Business Administration (SBA) Business Physical Disaster Loans or non-COVID Economic Injury Disaster Loans. Companion legislation was introduced in the Senate by Senators Ted Cruz (R-TX), Shelly Moore Capito (R-WV), and Thom Tillis (R-NC).

- [Press release](#)

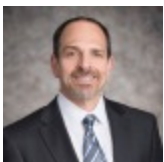
#### **S. 4459: The CARES Congressional Oversight Commission Diversity Act**

On Aug. 5, Senators Chris Van Hollen (D-MD), Kamala Harris (D-CA), Robert Menendez (D-NJ), and Cory Booker (D-NJ) introduced a bill to ensure a diversity of representation on the Congressional Oversight Commission, charged with overseeing CARES Act programs. The bill would add four new commission members – doubling the number of non-Chair members, and require half of the total members to be from underrepresented groups.

- [Press release](#)

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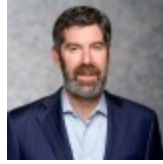
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